



County  
of  
Cumberland  
North Carolina

Comprehensive  
Annual  
Financial  
Report

Fiscal Year Ending  
June 30, 2009

COUNTY OF CUMBERLAND  
NORTH CAROLINA

Board of County Commissioners

Jeannette M. Council, Chairman

Billy R. King, Vice Chairman  
J. Breeden Blackwell  
Kenneth S. Edge

Marshall Faircloth  
Jimmy Keefe  
Edward Melvin

Comprehensive Annual  
Financial Report

For the Year Ended June 30, 2009

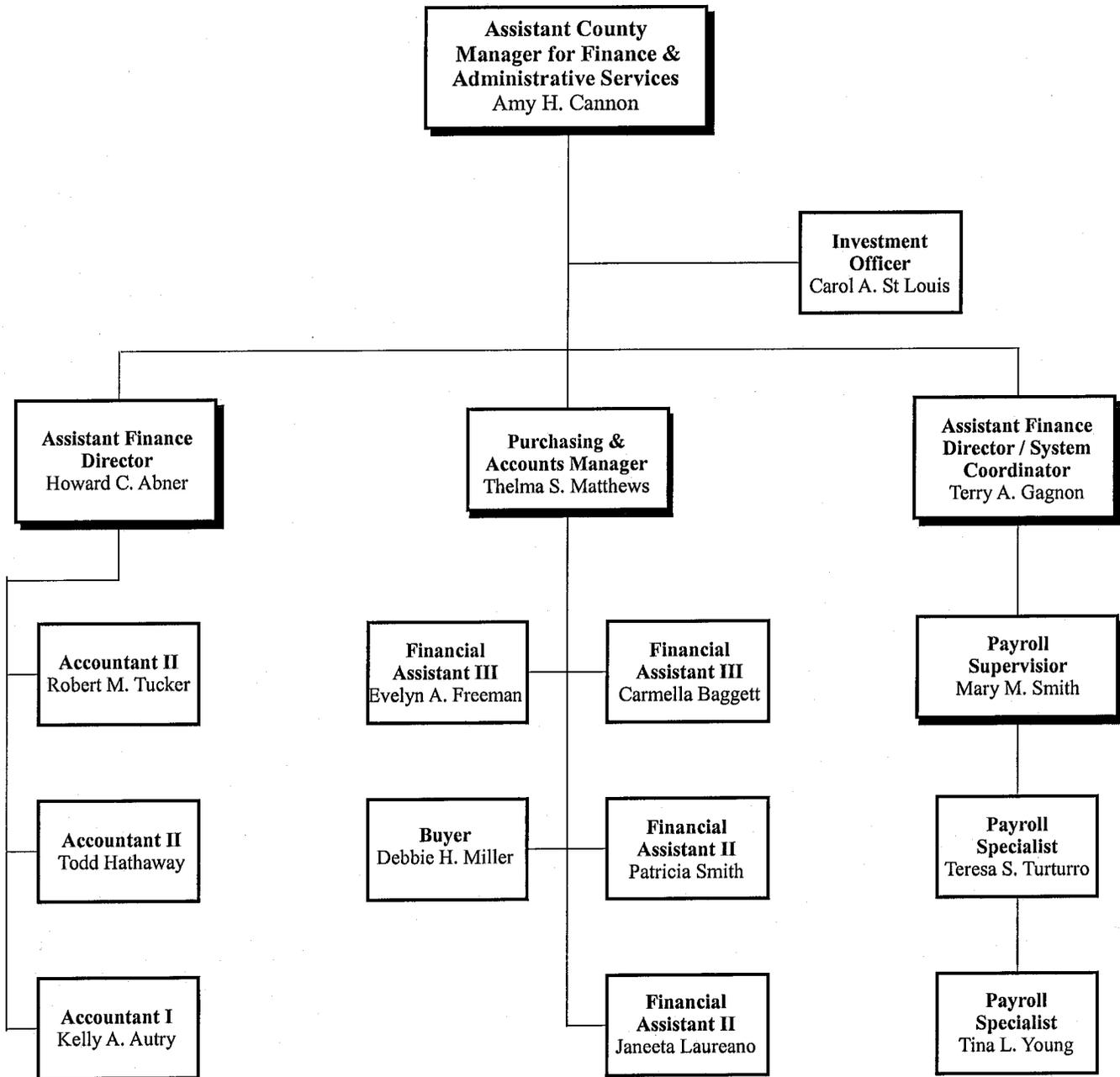
Prepared by:  
Cumberland County Finance Department

County Officials

County Manager  
Interim County Attorney  
Deputy County Manager  
Assistant County Manager

James E. Martin  
Harvey Raynor III  
Juanita Pilgrim  
Amy H. Cannon, CPA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Year Ended June 30, 2009**  
*Prepared by the Finance Department*



COUNTY OF CUMBERLAND, NORTH CAROLINA

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Year Ended June 30, 2009

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## INTRODUCTORY SECTION

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- \* Organizational Chart



# COUNTY of CUMBERLAND

## *Finance Department*

November 23, 2009

The Honorable Jeanette M. Council, Chairman  
The Honorable Billy R. King, Vice Chairman  
The Honorable J. Breeden Blackwell  
The Honorable Kenneth S. Edge  
The Honorable Marshall Faircloth  
The Honorable Jimmy Keefe  
The Honorable Edward Melvin 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, 2009. 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.

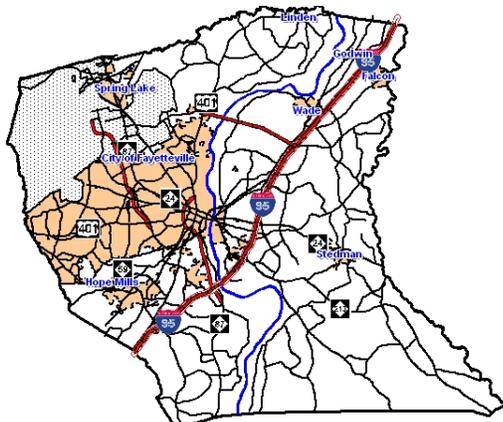
Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent 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 independent auditor's internal control and compliance reports on the basic financial statements and major federal and state programs; Schedule of Findings and Questioned Costs; Corrective Action Plan; Schedule of Prior Audit Findings; and Schedule of Expenditures of Federal and State Awards 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.

## 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. 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 316,914 is the fifth largest in the state. The City of Fayetteville is the largest municipality in the County and serves as the County seat. On September 1, 2008, Fayetteville annexed the portion of Fort Bragg within the boundaries of the county raising its population to an estimated 207,352. Fayetteville is the sixth largest municipality in the state. 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 the 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. The two military bases encompass approximately 160,832 and 251 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.

The 1970s would find Fort Bragg drawing down the number of troops being sent to the waning Vietnam War. Fort Bragg became home to the 1<sup>st</sup> Corps Support Command in June 1972. Also, 1972 marked the end of the military draft and the beginning of the Volunteer Army. To accommodate the "volunteer" soldiers and their families, new construction would be earmarked for family housing and community support. The main post commissary was built in 1974. Several housing areas were built in 1975.

During the 1980s, Fort Bragg earned its reputation as the Army's premier rapid deployment post. In 1983, the 82<sup>nd</sup> Airborne Division (82<sup>nd</sup>) conducted a successful no-notice deployment of two brigade sized elements to Grenada to rescue American citizens and defeat Communist aggression. The 82<sup>nd</sup> deployed to Honduras in 1988 to conduct stability operations. In September 1989, soldiers from the XVIII Airborne Corps provided humanitarian relief to St. Croix in the US Virgin Islands after the devastation of Hurricane Hugo. In December 1989, the 82<sup>nd</sup> deployed to Panama for Operation Just Cause. In the 1980s, construction continued to upgrade Fort Bragg's facilities with the addition of a junior high school, two child development centers, a new headquarters for the 82<sup>nd</sup>, and a state of the art gymnasium.

The 1990s started with the August 1990 rapid deployment of the XVIII Airborne Corps to Saudi Arabia to counter Iraqi aggression in Operation Desert Shield/Storm. In August 1992, XVII Airborne Corps soldiers provided humanitarian relief to southern Florida after the devastation of Hurricane Andrew. In September 1994, 3,800 paratroopers from the 82<sup>nd</sup> were deployed to Haiti to reinstate the duly elected president. The modernization of Fort Bragg's facilities continued in the 1990s with: a new main post exchange, a new elementary school, a new library, barracks renovation, and the reorganization of Fort Bragg's Garrison Command.

The 2000s have seen the constant rotation of Fort Bragg units to Iraq and Afghanistan to fight the War on Terror in the wake of the terrorist 9/11 attacks in 2001. In September 2005, XVIII Airborne Corps soldiers provided humanitarian relief to southern Louisiana and Mississippi in the wake of Hurricane Katrina. Fort Bragg's facility modernization and growth has continued a steady pace through the 2000s. In March 2000, the new \$400 million Womack Army Medical Center was dedicated. Major construction projects to construct/upgrade: unit headquarters, barracks, and maintenance facilities have been ongoing. As discussed later under the "Military" and "BRAC" sections in this document, Fort Bragg is undergoing a major transformation.

## **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>
2008	\$2,526,560,488	\$9,687,398,244
2007	\$2,502,218,086	\$8,282,154,306
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

<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>
2008	55,066	4,150	59,216
2007	45,057	5,152	50,209
2006	43,023	5,293	48,316
2005	42,539	5,969	48,508
2004	41,458	6,381	47,839

<b>Civilian Employment at Fort Bragg and Pope Air Force Base</b>		
<b>Year</b>	<b>Number of Employees</b>	<b>Payroll</b>
2008	11,506	\$504,296,348
2007	10,598	\$412,310,056
2006	10,778	\$374,054,382
2005	8,791	\$354,266,956
2004	9,531	\$349,605,427

Military construction projects are programmed according to federal fiscal year and are ongoing for many years due to planning, design, and construction phases. For federal fiscal year 2008, Fort Bragg received more than \$644 million. Major projects include: \$217 million for construction and renewal of several barracks complexes; \$142 million for unit operations & maintenance facilities; \$59.4 million for family housing units; \$51 million for the unaccompanied enlisted housing at the JFK Special Warfare School; and \$41.5 million for BRAC related construction. For federal fiscal year 2009, Fort Bragg is scheduled to receive more than \$437 million. Major projects include: \$150 million for Phase 1 of the combined FORSCOM/USARC Headquarters; \$88 million for Transitioning Warrior Campus; \$78 million for construction of three on-post schools; \$21.8 million for Murchison Road widening (Defense Access Rd); and \$20.5 million for a training support center. For the federal fiscal year 2008, Pope AFB spent approximately \$5.3 million on construction projects.

## **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 is:

FORSCOM and USARC will move in phases between 2008-2011 depending on the construction of a new headquarters on Fort Bragg. In September 2008, a \$288.5 million contract was awarded to build the new headquarters. The ground breaking ceremony for the headquarters was December 2008. Construction should be completed in early summer 2011. As of the end of August the building was twenty percent complete. An advance party from FORSCOM and USARC will begin moving into temporary offices October 1, 2010. The main group will move in six groups of four hundred. Total employment at the headquarters is estimated to be 2,800.

The 7<sup>th</sup> SFG will relocate to Eglin AFB some time between 2010-2011 depending on the timing of the construction for new facilities at Eglin AFB. Ground was broken in March 2009 for the 7<sup>th</sup> Group complex on Eglin.

At Pope Air Force Base, the BRAC legislation approved the transfer of 36 A-10s to Moody AFB, GA and 25 C-130Es to Little Rock AFB, AK. The legislation approved the establishment of an Air Force reserve/active duty associate unit of 16 C-130H aircraft at Pope AFB to support Fort Bragg's mission. Finally, the legislation approved a change in the status of Pope from an Air Force Base to an Army Airfield. The move of the 36 A-10s to Moody AFB was completed in December 2007. The last of the 25 C-130Es flew out of Pope in June 2008. The 440<sup>th</sup> Airlift Wing moved from Milwaukee, WI. and set up shop at Pope in 2007. The change in the status of Pope from an Air Force Base to an Army Airfield is still pending.

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 now projected at more than 40,000.

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. BRTF has been instrumental in securing a number of grants for the planning and workforce development needed to prepare the region for the BRAC growth.

In September 2007, then Lt. Governor Beverly Purdue (now Governor) 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 Southport/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 \$2,844,376,173\*. This represents a 3.36% increase from fiscal year 2008. For 2008, gross sales of \$359,305,061 realized by the commissaries and post exchanges located on Fort Bragg increased by 3.74% over fiscal year 2007. \*[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, 2007, 2008 and 2009 cannot be compared to the retail sales figures from 2005.]

Taxable Sales						
	Cumberland County	% Change	Fort Bragg Commissaries & Exchanges	% Change	Total	% Change
2009	\$2,844,376,173	3.36*	Not Available	---	---	---
2008	\$2,751,850,877*	0.19*	\$359,305,061	3.74	\$3,111,155,938	0.59
2007	\$2,746,626,602*	9.66*	\$346,343,355	8.22	\$3,092,969,957	9.49
2006	\$2,504,743,152*	*See Above	\$320,017,927	3.13	\$2,824,761,079	N/A
2005	\$3,683,503,849	9.90	\$310,312,864	-7.6	\$3,993,816,713	8.3

Since 1990, Cumberland County's population has grown at a rate below the state average. Since 2000, the County's population has only grown 4.6% versus the state average of 14.7%. 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		2008 Certified		2010 Projected		2015 Projected	
	Population	% Change	Population	% Change	Population	% Change	Population	% Change	Population	% Change
Cumberland County	291,897	--	302,958	3.8%	316,914	4.6%	323,409	2.0%	336,748	4.1%
North Carolina	7,657,934	--	8,046,822	5.1%	9,227,016	14.7%	9,571,403	3.7%	10,424,250	8.9%

The county's increasing unemployment rate for June is indicative of the slowing of the economy state wide. As noted in the table below, the county's unemployment rate has increased from 6.3% in December 2008 to 9.5% in June. The state's unemployment rate has increased from 6.3% to 11.2% over the same time period.

Employment					
	Total Civilian Labor Force	Number Employed	Number Unemployed	Cumberland County Unemployment Rate	State Unemployment Rate
2009 (6 mo)	134,368	121,595	12,773	9.5%	11.2%
2008	132,649	124,338	8,311	6.3%	6.3%
2007	129,236	122,360	6,876	5.3%	4.7%
2006	129,440	122,479	6,961	5.4%	4.8%
2005	127,814	120,922	6,892	5.4%	5.3%

The County's commitment to expanding and diversifying its economy includes maintaining a strong industrial base. Manufacturing and distribution services are diverse in the area. The leading products include tires, oil, air, fuel and cabin filters, sportswear, industrialized motor controls and plastics.

The County's workforce population is approximately 134,000 and is supplemented by military men and women separating from service from Fort Bragg.

The County also has the capacity for training workers. Fayetteville Technical Community College is the fourth largest comprehensive two-year college in North Carolina. Fayetteville State University, a master's-level branch of the University of North Carolina, and Methodist University, a private university, provide educational opportunities and a well-trained work force.

Site availability is strength for the County. The 1,270-acre Cumberland Industrial Center adjacent to Interstate 95 provides site opportunities for industry with all utilities developed. The Cumberland Industrial Center is located adjacent to the Fayetteville Regional Airport which is serviced by two of the country's major airlines. Additional strong support services are available in rail, motor freight, air freight, overnight mail, telecommunications, natural gas and electricity.

The County is currently developing the Cedar Creek Business Center (the "Center"), a 485-acre, State-certified industrial park. The County plans to create 20 sites totaling 347 acres in the Park, with the remaining 138 acres set aside as open space and natural areas. The Center is located off Highway 53/210, approximately 1.2 miles from Interstate 95. Phase I of the master plan for the Center and related sewer extension and road construction is complete. Funds for Phase II are available in the Industrial Development Fund. Manufacturing companies, as well as other designated businesses located in the County, are eligible for State tax credits for new job creation and machinery and equipment investments.

In June 2009, the County's Board of Commissioners (BOC) approved an incentive agreement with Clear Path Recycling LLC (CPR) to locate a PET plastic bottle recycling facility in the county. In Phase I, CPR expects to make a \$29 million capital outlay investment by January 1, 2011. The facility would have the capacity to process 280 million pounds of PET bottles annually. CPR expects to create 76 jobs with an average pay of \$11 per hour plus health and retirement benefits.

In September 2008, Goodyear Tire & Rubber Company was awarded a grant by the state Commerce Department. The grant authorizes up to \$30 million in incentives over ten years to help retain jobs and encourage the \$200 to \$300 million plant expansion. To remain eligible for the grant, the plant must maintain 2,398 jobs; complete the expansion by 2012; provide health insurance; and maintain wages at 140% of the average wage for private employers in the County. In November 2008, the BOC approved an incentive agreement for Goodyear through 2021 in consideration of Goodyear making a capital investment of at least \$200 million and up to \$300 million in Cumberland County. Assuming an additional capital investment of \$237 million by December 2013, and no change in the property tax rates, Goodyear would receive approximately \$7.8 million through January 2022 in County incentive payments. In September 2009, Goodyear workers approved a new four-year contract. 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.

In January 2009, M.J. Softe announced that they will closing their textile operation in the County resulting in the loss of approximately 107 jobs which are moving to Honduras.. However, the company will continue to employ about 550 people in other capacities at the company's County location.

The Cape Fear region's housing market has continued to slow down in 2009. Residential sales through the first nine months of 2009 totaled 4,242 units versus 5,364 units in 2008. However, in August 2009 Zillow.com reported that Fayetteville's housing market was ranked first in the nation for appreciating home values for the second quarter of 2009. The median value of a home in Fayetteville was up 13.4% over the second quarter of 2008. The continued deployment of soldiers from Fort Bragg has limited the demand for home sales. The county is also affected by the tightening of the mortgage lending standards nationwide.

New residential building permits for the first six months of 2009 are up 8% compared with the same period in 2008. New non-residential permits are down 21% in the first six months of 2009 compared with the same period in 2008.

<b>Building Permits</b>				
	<b>New Residential</b>		<b>New Non-Residential</b>	
<b>Calendar Year</b>	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
2009 (6 mo)	971	\$ 98,113,129	49	\$ 18,975,817
2008	1,693	\$ 176,157,981	98	\$ 88,870,896
2007	1,897	\$ 233,182,104	98	\$ 49,441,498
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

## **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 70% and 7% respectively, of the operating budget for the Cumberland County School Administrative Unit. For the fiscal year ended June 30, 2009, the County appropriated \$71,909,502 from General Fund revenues for school current operations. For the fiscal year ending June 30, 2010, the County's budgeted appropriation is \$74,280,249 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, 2009, the actual sales taxes totaled \$9,252,091. For the fiscal year ending June 30, 2010, budgeted sales tax is \$9,515,868. 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 \$1,877,400 to the Cumberland County School Administrative Unit for the fiscal year ended June 30, 2009. At June 30, 2009, the County had received \$48,427,706 from the Public School Building Capital Fund since its inception in 1987. The County received \$1,519,718 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2009. At June 30, 2009, the County has received \$13,136,001 from the North Carolina Education Lottery since its inception in 2007. 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.

County Schools ADM							
Year	K-5		6-8		9-12		Total ADM
	# Schools	ADM	# Schools	ADM	# Schools	ADM	
2008-2009*	51	24,967	15	11,914	14	16,281	53,162
2007-2008*	51	24,631	15	11,876	14	16,405	52,912
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

\* Number of schools excludes special schools and academies.

### Private and Parochial Schools

There are four independent schools and 22 religious schools in the County. The enrollment for the 2008-2009 school year was 3,895.

### 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 fourth largest community college in the State.

FTCC, a two-year public institution, serves over 35,000 students annually by providing 150 affordable vocational, technical, general education, college transfer, and continuing education programs to meet the needs of the community and students. In an average year, hundreds of classes teach new skills and improve quality of life. FTCC commitment to the community was recognized in August 2009 by its selection to be listed in the *2010 Guide to Military Friendly Schools*. This list honors the top 15 percent of colleges, universities, and trade schools that are doing the most to assist America's veterans as students. FTCC is the headquarters for the North Carolina Military Business Center (NCMBC) which is a state funded, business development organization that provides services to businesses across the state. The NCMBC leverages military and other federal business opportunities for economic development and job creation in the state.

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, 2009 totaled \$8,283,893. The County also appropriated capital outlay funds in the amount of \$912,316. For the fiscal year ending June 30, 2010, the appropriations from the County to FTCC are \$8,573,663 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. FSU offers programs in teacher education, the arts and sciences, health professions, business and economics, and unique and emerging fields. FSU Online offers degree completion programs in seven undergraduate majors, an MBA, and a

graduate degree in criminal justice. FSU has off-site campuses at Fort Bragg, Seymour Johnson AFB, and Fort Sam Houston.

Methodist University: Methodist University is a private, 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; church leadership, and radio communications. The university offers day, evening, and online courses year-round. About 1,600 students are in the day program and 600 students are in the evening program. 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 36 buildings, an 18-hole golf course, various athletic facilities, 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	5,602	4,905
Graduate	615	462
<b>Methodist University</b>		
Undergraduate	2,032	1,840
Graduate	158	144
<b>Fayetteville Technical Community College</b>		
Curriculum Students	14,455	7,560
Continuing Education Students	20,801	2,692

### **MAJOR INITIATIVES**

The County issued Certificates of Participation in the amount of \$22.4 million for the construction of a new library and elementary school in March 2009. In June 2009, the County's Board of Education (BOE) was notified by the Department of Public Instruction (DPI) that Cumberland County was allotted \$15.9 million of Qualified School Construction Bonds (QSCB). These bonds are zero interest bonds established as part of the American Recovery Reinvestment Act of 2009. The QSCB proceeds will be used for several classroom additions and renovations of existing schools. As of September 2009, the County's new \$26.5 million public health building was approximately 90% complete.

In spring 2008, the Fayetteville metropolitan Housing Authority was awarded a \$20 million federal Hope VI grant to demolish and replace two public housing projects comprising of barracks-style buildings with 249 units built in the 1940s and 1950s. The \$20 million grant requires the contribution of \$20.5 million from local sources. The County has committed \$4 million, Public Works Commission has committed \$3.4 million and the City will provide the remaining local contribution using borrowed money, waived fees and donated land. The grant is expected to be the catalyst for private and public investments. Plans include a community resource center, senior apartments, single family homes and an avenue lined with apartment building public housing units scattered among the homes. The project, completion of which is expected in approximately five years, will see an estimated \$119 million in total spending. In September 2009 the Fayetteville Metropolitan Housing Authority received a \$6.5 million infusion of funds to keep the project moving. Due to the recession and bank problems, investors had trouble getting financing for the project. The \$6.5 million will make up the shortfall and be applied to the first phase of construction.

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 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 Blue Cross Blue Shield of North Carolina 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, 2009, the County's General Obligation Bond debt was \$83,516,000. This amount includes \$1,221,000 of debt for the NORCRESS Water and Sewer District which is a blended component unit.

In September 2008, Standard and Poor's Rating Group upgraded the County's General Obligation Bond Rating from AA- to AA+ and the County's Certificates of Participation from A+ to AA. In March 2009, Moody's Investor Service upgraded the County's General Obligation Bond Rating from Aa3 to Aa2, and the County's Certificates of Participation from A1 to Aa3. Their decisions were based upon the County's improved financial performance due to prudent fiscal management coupled with an expanded economic base.

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, 2009, the General Obligation Debt of \$83,516,000 was significantly less than the legal debit margin of \$1,422,449,000.

### **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 \$3,574,432 on all investments for the year ended June 30, 2009. The General Fund's share of the revenue was \$1,403,181.

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, 2008. This was the fifteenth 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

County of Cumberland  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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.

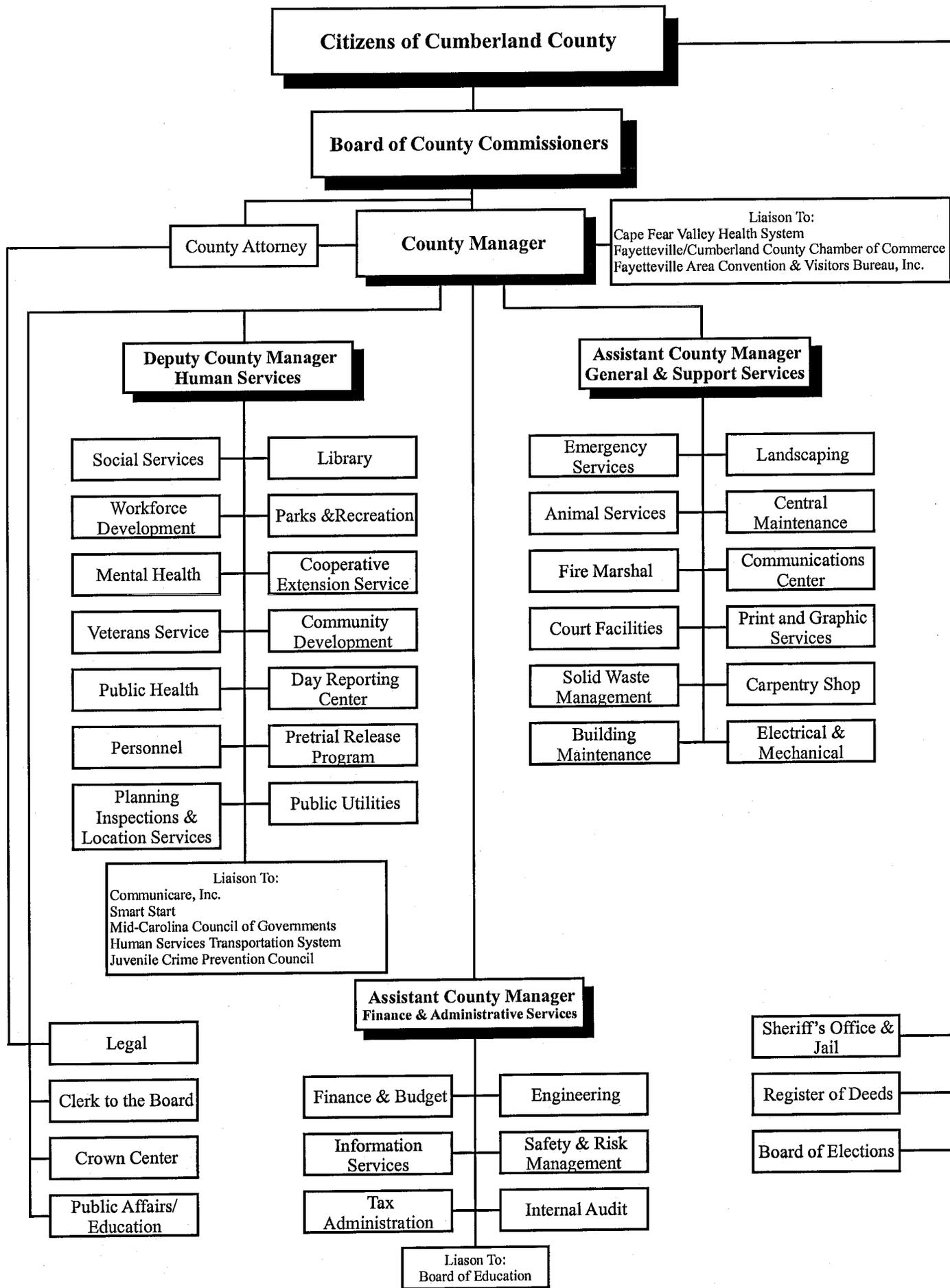


A handwritten signature in black ink, appearing to read "M. L. R.", is written over the printed name.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written over the printed name.

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, 2009, 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, 2009, 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 23, 2009 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 and the required supplementary information as listed in the table of contents 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, 2009 and 2008, as well as 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, 2009 and 2008, and the other supplemental financial data 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 23, 2009

## 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, 2009. 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

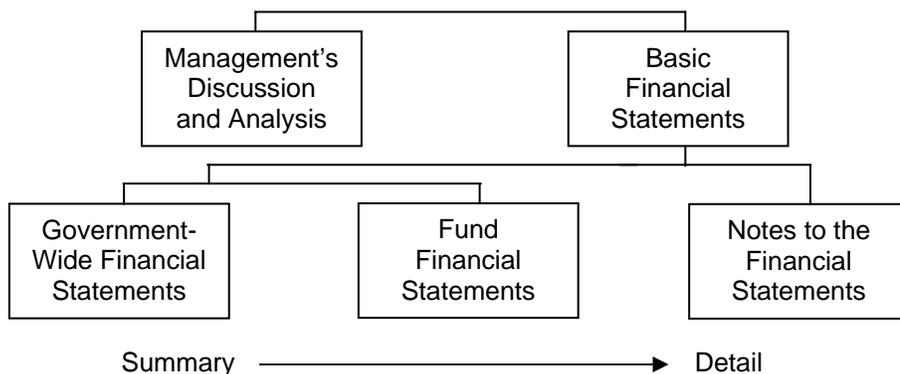
- The assets of the County of Cumberland exceeded its liabilities at the close of the fiscal year by \$173,267,304 (*net assets*). In accordance with North Carolina law, liabilities of the county include approximately \$116,054,510 in long-term debt associated with assets belonging to the Cumberland 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 decreased by \$7,337,562 (4.06%), primarily due to not funding postemployment health care benefits at the annual required contribution amount.
- As of the close of the current fiscal year, the County of Cumberland's governmental funds reported combined ending fund balances of \$156,782,756 a decrease of \$20,960,913 from the prior year due to spending down \$37,647,527 of previously unexpended capital project funds. Approximately 77.53 percent of this total amount, or \$121,087,712, 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 \$66,226,909 or 21.97 percent of total general fund expenditures including transfers for the fiscal year. Of this amount, \$26,375,618 has been designated for subsequent year's expenditures and other purposes leaving \$39,851,291 or 13.22 percent of total general fund expenditures as undesignated.
- The County of Cumberland's total debt increased by \$2,633,511 (1.07%) during the current fiscal year. The County issued new debt in the amount of \$22,425 to fund construction of new elementary school and county library. The County also issued \$89,490,000 of refunding Certificates of Participation to refinance the Crown Coliseum, Detention facility and the Social Service building.
- Cumberland County received a two-step upgrade to AA+, to its bond rating from Standard and Poor's Rating Group and a one-step upgrade to Aa2 from Moody's Investor Service'.

### 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.

**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. These funds are the same as those shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. *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 six 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 eight fiduciary funds; two of which are a pension trust fund and Special Allowance 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.

### **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 \$173,267,304 as of June 30, 2009. The County’s net assets decreased by \$7,337,562 for the fiscal year ended June 30, 2009. The decrease in net assets is due to the implementation of GASB 45 that requires governmental entities to record the liability associated with providing postemployment healthcare benefits (OPEB) to retirees of the County. For FY2009, the net OPEB obligation (expense) of \$11,814,594 was allocated between the governmental activities functional areas and business-type activities. Of total net assets, one of the largest portions \$149,144,927 (86.08%), 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

## The County of Cumberland's Net Assets

Figure 2

	Government Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
<b>Assets</b>						
Current and other	\$ 216,729,863	\$ 196,813,671	\$ 47,648,978	\$ 49,305,816	\$ 264,378,841	\$ 246,119,487
Capital	<u>142,173,301</u>	<u>171,236,443</u>	<u>76,149,943</u>	<u>74,504,697</u>	<u>218,323,244</u>	<u>245,741,140</u>
Total assets	358,903,164	368,050,114	123,798,921	123,810,513	\$ 482,702,085	\$ 491,860,627
<b>Liabilities</b>						
Long-term outstanding	220,297,583	242,275,077	50,829,855	48,813,273	271,127,438	291,088,350
Other	<u>26,840,690</u>	<u>23,960,249</u>	<u>4,129,091</u>	<u>3,544,724</u>	<u>30,969,781</u>	<u>27,504,973</u>
Total liabilities	247,138,273	266,235,326	54,958,946	52,357,997	302,097,219	318,593,323
<b>Net assets:</b>						
Invested in capital, net of related debt	46,663,703	113,222,386	34,904,003	35,922,541	81,567,706	149,144,927
Restricted	59,131,948	32,513,194	5,328,277	8,544,807	64,460,225	41,058,001
Unrestricted	<u>5,969,240</u>	<u>(43,920,792)</u>	<u>28,607,695</u>	<u>26,985,168</u>	<u>34,576,935</u>	<u>(16,935,624)</u>
<b>Total net assets</b>	<b><u>\$ 111,764,891</u></b>	<b><u>\$ 101,814,788</u></b>	<b><u>\$ 68,839,975</u></b>	<b><u>\$ 71,452,516</u></b>	<b><u>\$ 180,604,866</u></b>	<b><u>\$ 173,267,304</u></b>

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, \$41,058,001 (23.70%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a negative \$16,935,624 (-9.78%).

As with many counties in the State of North Carolina, the County's *unrestricted net assets*, is negative 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 \$116,054,510 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 99.21% for real and personal property and 81.17% for motor vehicles.
- Achieving an average overall tax collection rate including collection of prior year taxes of 99.23%.
- Low cost of debt due to the increase in the County's bond ratings.

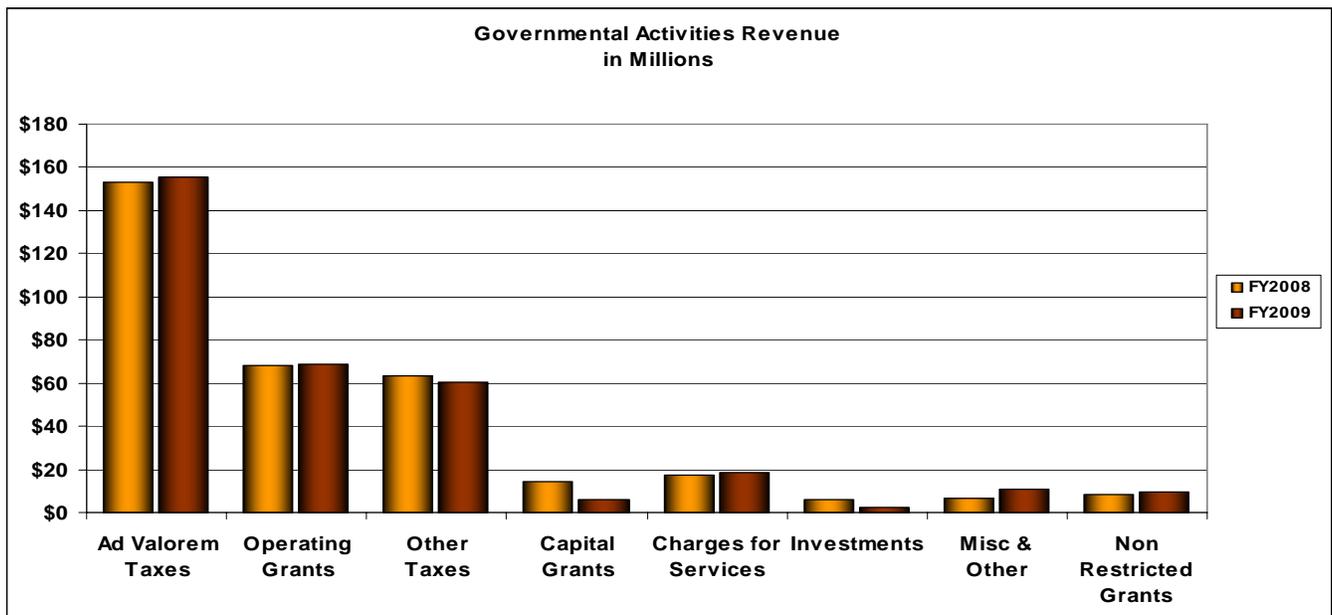
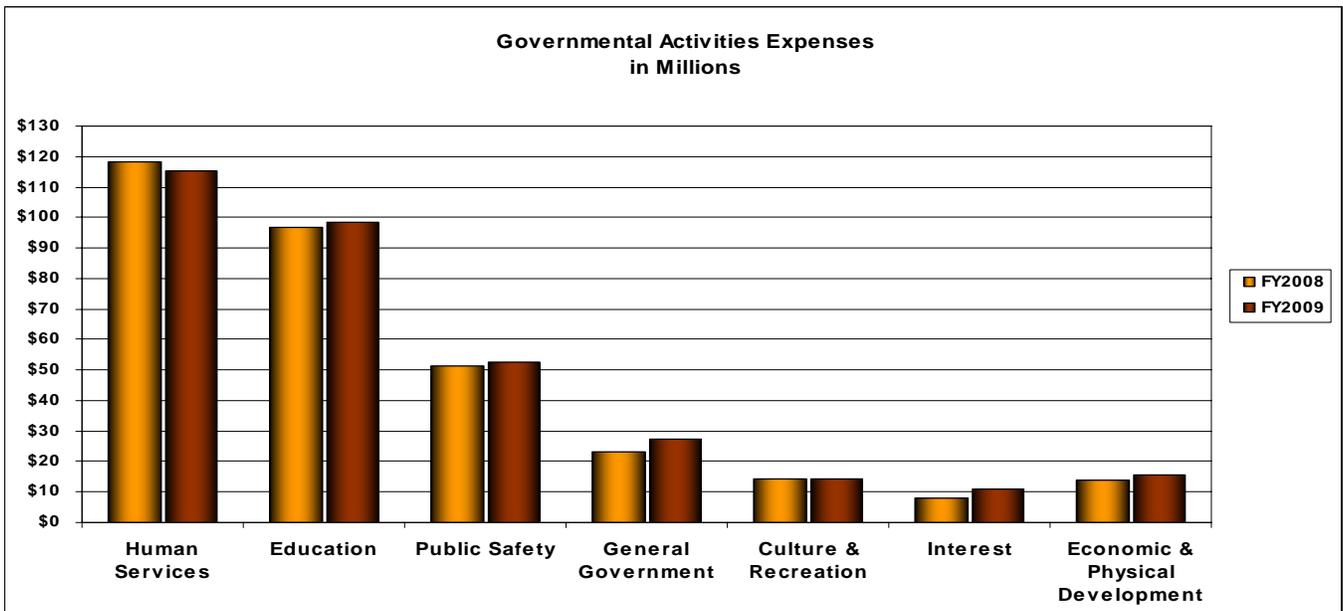
**The County of Cumberland Changes in Net Assets**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 17,533,042	\$ 18,463,699	\$ 6,956,477	\$ 6,557,814	\$ 24,489,519	\$ 25,021,513
Operating grants and contributions	67,907,709	68,818,755		10,472	67,907,709	68,829,227
Capital grants and contributions	14,273,076	5,996,305			14,273,076	5,996,305
General revenues:						
Property taxes	153,067,580	155,334,243			153,067,580	155,334,243
Other taxes	63,209,326	60,658,983	5,780,859	5,827,811	68,990,185	66,486,794
Grants and contributions not restricted to specific programs	8,498,758	9,354,732			8,498,758	9,354,732
Unrestricted investment earnings	5,932,341	2,237,751	2,045,131	1,336,681	7,977,472	3,574,432
Gain on sale of assets	250,912	898,377			250,912	898,377
Miscellaneous	6,396,576	10,059,655	28,779	290,162	6,425,355	10,349,817
Total revenues	<u>337,069,320</u>	<u>331,822,500</u>	<u>14,811,246</u>	<u>14,022,940</u>	<u>351,880,566</u>	<u>345,845,440</u>
<b>Expenses:</b>						
General government	23,237,459	27,423,609			23,237,459	27,423,609
Public safety	51,535,695	52,605,678			51,535,695	52,605,678
Economic and physical development	13,898,530	15,361,627			13,898,530	15,361,627
Human services	118,152,732	115,362,990			118,152,732	115,362,990
Culture and recreation	14,240,374	14,464,541			14,240,374	14,464,541
Education	96,807,818	98,329,043			96,807,818	98,329,043
Interest on long-term debt	8,179,997	10,948,170			8,179,997	10,948,170
Crown Center			10,374,820	10,062,189	10,374,820	10,062,189
Solid Waste			8,777,111	8,088,765	8,777,111	8,088,765
Kelly Hills Water and Sewer District			602	66,862	602	66,862
Norcross Water and Sewer District			475,019	469,528	475,019	469,528
Total expenses	<u>326,052,605</u>	<u>334,495,658</u>	<u>19,627,552</u>	<u>18,687,344</u>	<u>345,680,157</u>	<u>353,183,002</u>
Increase in net assets before transfers	11,016,715	(2,673,158)	(4,816,306)	(4,664,404)	6,200,409	(7,337,562)
Transfers	(7,386,525)	(7,276,945)	7,386,525	7,276,945		
Change in net assets	<u>3,630,190</u>	<u>(9,950,103)</u>	<u>2,570,219</u>	<u>2,612,541</u>	<u>6,200,409</u>	<u>(7,337,562)</u>
Net assets, July 1	<u>108,134,701</u>	<u>111,764,891</u>	<u>66,269,756</u>	<u>68,839,975</u>	<u>174,404,457</u>	<u>180,604,866</u>
Net assets, June 30	<u>\$ 111,764,891</u>	<u>\$ 101,814,788</u>	<u>\$ 68,839,975</u>	<u>\$ 71,452,516</u>	<u>\$ 180,604,866</u>	<u>\$ 173,267,304</u>

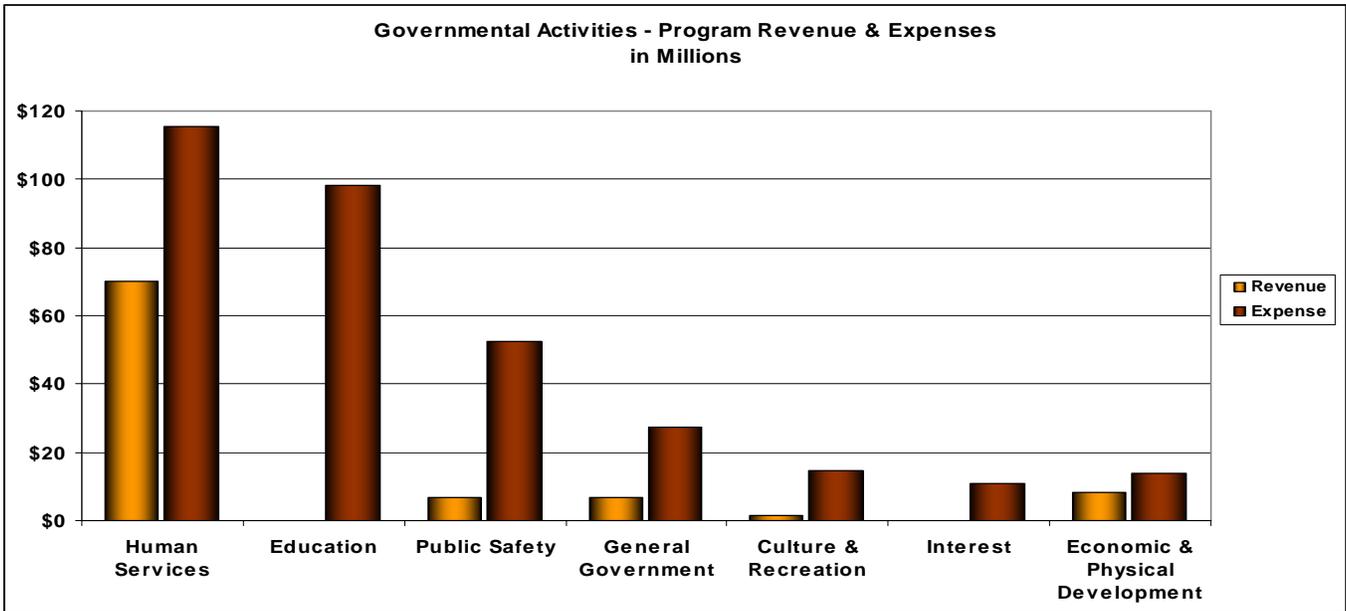
**Governmental activities.** Governmental activities decreased the County's net assets by \$9,950,103 thereby accounting for all of the decrease in net assets of the County of Cumberland. Key elements of this decrease are as follows:

- Spending on salaries and related benefits increased by \$5,401,010 from FY2008 due to a 3.0% COLA for all full-time and a pro-rata share for most part-time employees, the addition of 30 new positions and the reclassification of 82 other employees.
- Operating expenses increased by \$64,679,292 of which \$56,571,266 was for escrow fees related to refinancing debt. Of the remaining \$7,618,564, the largest increases were \$3,332,231 for cleanup and remodeling after a library fire and \$2,594,701 for contract services.
- Other charges and services decreased \$4,359,712 (3.21%). This was due primarily to a \$7,067,897 reduction in state Medicaid expense as part of the three-year phase out for counties. The other significant change for FY2009 included a \$2,257,188 increase for current expense for county schools and FTCC.

- Sales taxes decreased net assets by \$2,687,315 due to the weak economy and changes in sales tax distribution caused by the 2<sup>nd</sup> year phase-in of the “Medicaid swap”.
- Intergovernmental revenues decreased \$6,246,608 as a result of a \$7,846,903 decrease in lottery and NC School Building funds for school construction and capital expenses.

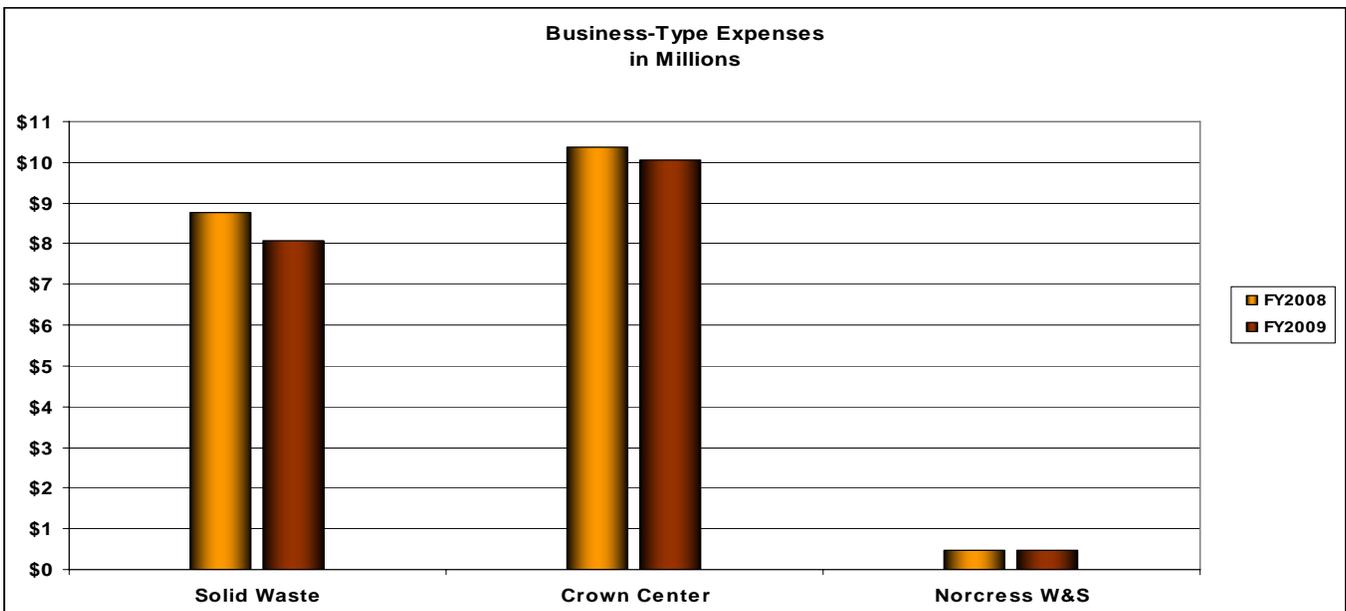


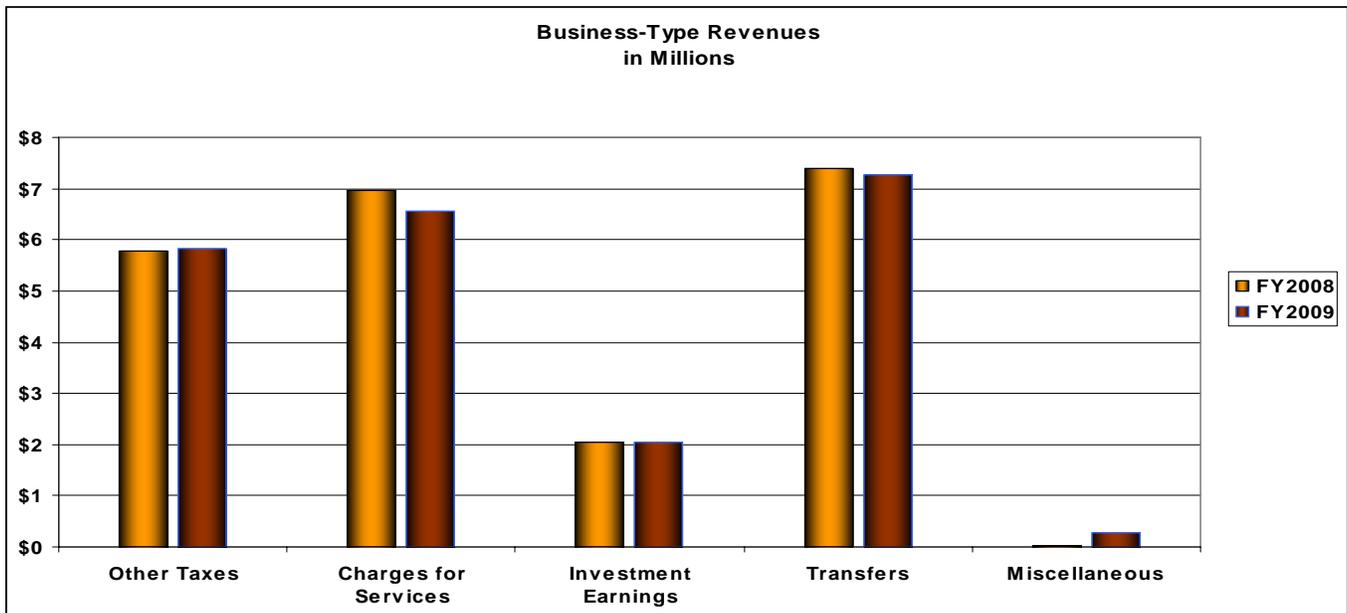
The graph on the next page represents a comparison of program revenues to program expenses for governmental activities. For each activity, general revenues were required to support expenses. Program revenues covered 27.89% of expenses at June 30, 2009 and 30.58% at June 30, 2008. The largest general revenue source for governmental activities was ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$155,334,243 amounted to 46.81% of the total revenue excluding transfers. The second largest general revenue source was Other Taxes at \$60,658,983 or 18.28% of the governmental activities revenues. All other revenue amounted to 115,829,274 or 34.91%.



**Business-type activities:** Business-type activities increased the County of Cumberland’s net assets by \$2,612,541 accounting for all 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 \$1,864,227 which represented 71.36% of the total business-type activities increase in net assets. This increase over the prior year was due to the continuing trend of charges for services and household fees exceeding expenses.
- The Crown Center increased net assets by \$1,046,676.





### 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 \$39,851,291; unreserved fund balance was \$66,226,909 while total fund balance reached \$96,085,532. 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 13.22 percent of total General Fund expenditures including transfers; unreserved fund balance was 21.97 percent while total fund balance represents 31.88 percent of that same amount.

At June 30, 2009, the governmental funds of the County of Cumberland reported a combined fund balance of \$156,782,756, an 11.79 percent decrease over last year. This decrease is due in part to spending down \$37,647,527 of previously unexpended capital project funds from last year.

**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 \$77,215,055 or 25.34 percent of total budget. Of this amount: \$991,061 represents increased ad valorem and other taxes; \$4,214,242 are additional/and or adjustments to federal and state funding estimates; local fees, licenses, permits and other increased \$1,179,175. A library fire caused a budgetary increase in insurance proceeds of \$3,350,000. In June, the County refinanced some outstanding COPS resulting in financing proceeds of \$56,571,265 which were offset by a corresponding expenditure amount. To close out the Emergency E-911 "Wired" special revenue fund, the County transferred the residual cash equity of \$3,280,951 to the General Fund. The remaining \$7,628,361 or 9.82% of the total increase is from fund balance. \$3,704,900

of this amount was appropriated to fund prior year obligations (encumbrances and unexpended grants), \$2,347,219 was from designated maintenance and renovations one-time funds, \$172,644 was from Health Department fund balance, and \$830,021 was appropriated for new initiatives.

Total actual revenues, excluding other financing sources, for the General Fund were less than the budgeted amount by \$3,181,004. Ad Valorem taxes collected exceeded the budget by \$541,664 (100.37%). This increase was due, in part, to an increase in the tax collection rate over the prior year. This marks six straight years that the tax collection rate has increased. Total sales tax collections were \$750,807 above budget estimates, but were \$1,594,688 below the prior year's actual collections. This reduction was caused by: a reduction in overall sales due to the weak economy; the ceding of half of our ½-cent Article 44 sales tax to the State as part of the "Medicaid Swap"; and the requirement to hold cities/municipalities harmless for their loss of the Article 44 sales tax. Unrestricted intergovernmental revenue was \$1,205,708 above budget due to increased ABC Store profits caused by the opening of a new store. Restricted intergovernmental revenues were less than the budgeted amount by \$3,540,247. Of this amount, \$3,088,558 is attributable to unrealized revenue in the Mental Health Department. Licenses and permit fees were \$435,539 above budget due to over realization of Register of Deeds fees and better than expected revenue realization in the Inspections Department. Despite significant variations in the 87 individual revenue sources, sales and fees for services was only \$247,091 below budget. Miscellaneous revenue was \$1,515,095 above budget. Due to the collapse of the financial market, interest rate on investments approached zero percent at times resulting in interest income \$2,410,053 below budget.

Total actual expenditures, excluding transfers, were less than the budgeted amount by \$24,045,014 resulting in an expenditure rate of 93.87%. Due to turnover and vacancies, personnel expenditures were \$5,004,544 less than budgeted. Basic operating expenditures were \$10,924,645 under budget. Of this amount, \$3,609,600 was for contracted services and \$3,547,275 was unspent contingency funds resulting from the equity transfer from the "wired" Emergency E-911 Fund. Another \$1,228,245 is being reserved for outstanding encumbrances. The remaining \$2,539,525 was unspent in 78 of the remaining 110 line items. Other charges & services was \$5,131,312 under budget. Under spending in Human Services of \$4,380,103 accounted for 83.56% of that total. While capital outlay was under spent by \$2,763,464, almost all of those funds will be re-budgeted next year. Lastly, Debt Service was under spent by \$284,477.

**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 \$26,561,120, a 6.94% decrease over the previous year, and those for the Cumberland County Crown Complex equaled \$106,444. The decrease in the Solid Waste unrestricted net assets was due to investing \$3,230,013 in securities that are classified as "restricted net assets" which resulted in a corresponding decrease in the unrestricted sub-category of total net assets. The other two proprietary funds had combined unrestricted net assets of \$317,604, an \$8,037 decrease. The total growth in net assets for Solid Waste was \$1,864,227, a 4.21% increase and the Crown Center was \$1,046,676, a 7.49% increase.

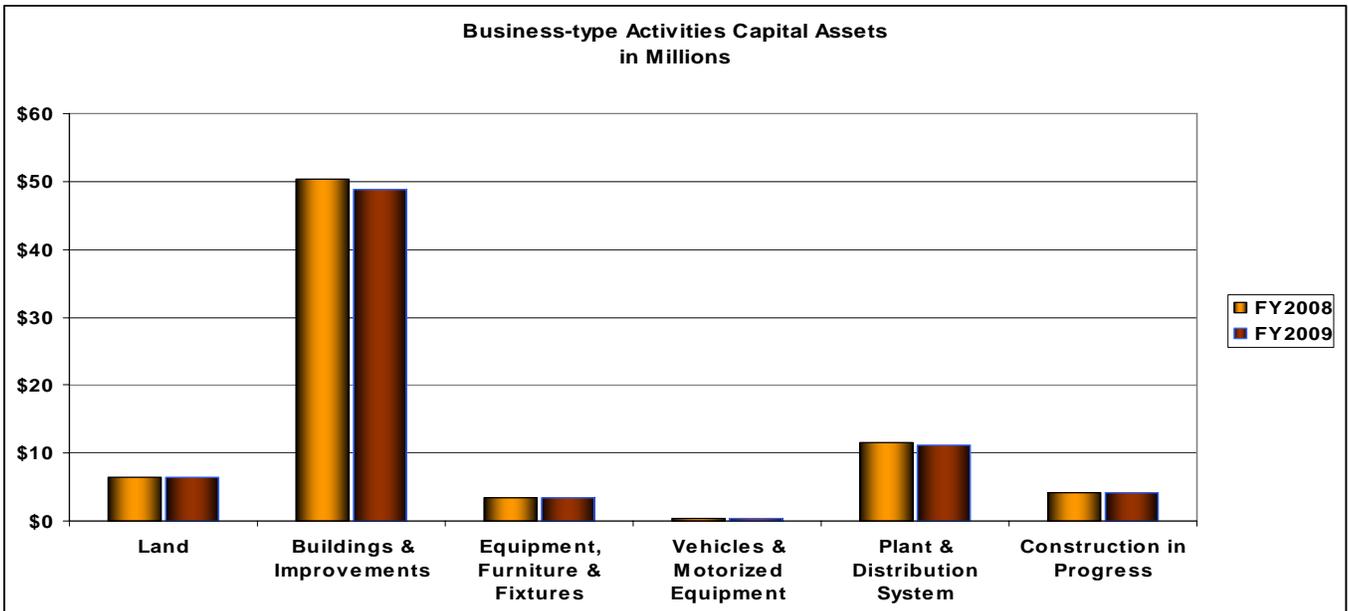
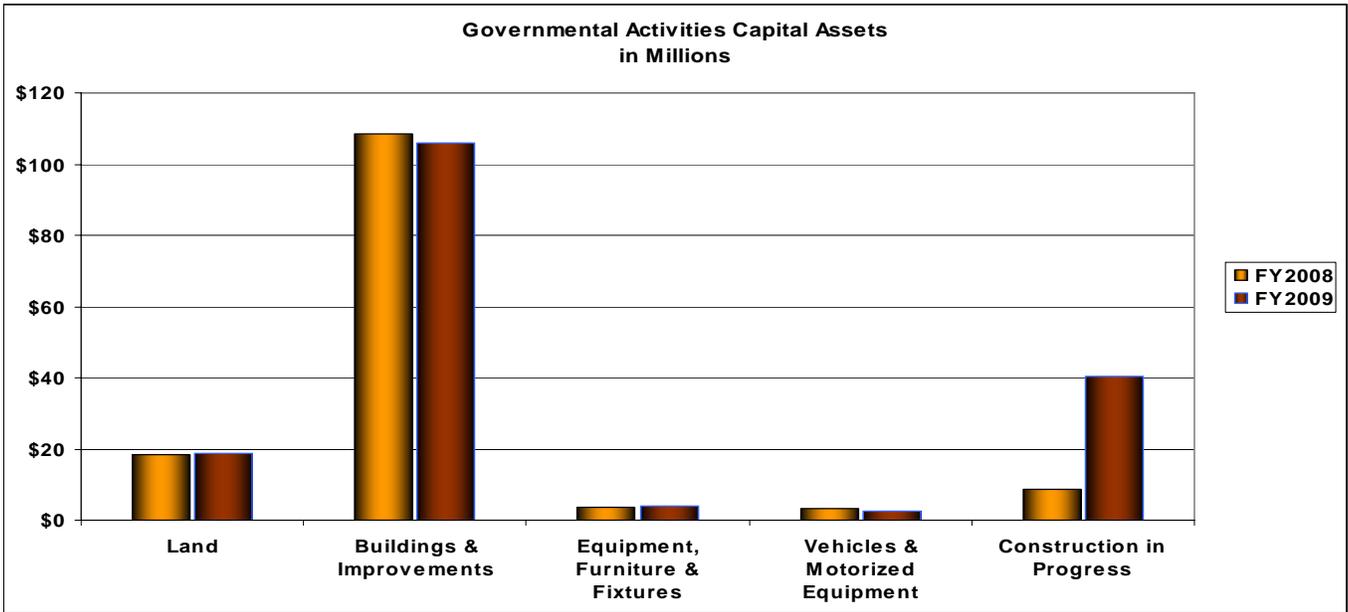
### ***Capital Asset and Debt Administration***

**Capital assets.** The County of Cumberland's capital assets for its governmental and business-type activities as of June 30, 2009, totals \$245,741,141 (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 \$31,848,603 increase in construction in progress related to the new Health Department facility, Gray's Creek and New Century Elementary Schools. Additional information on the County's capital assets can be found in note 4 of the Basic Financial Statements.

## The County of Cumberland's Capital Assets Figure 4

(net of depreciation)

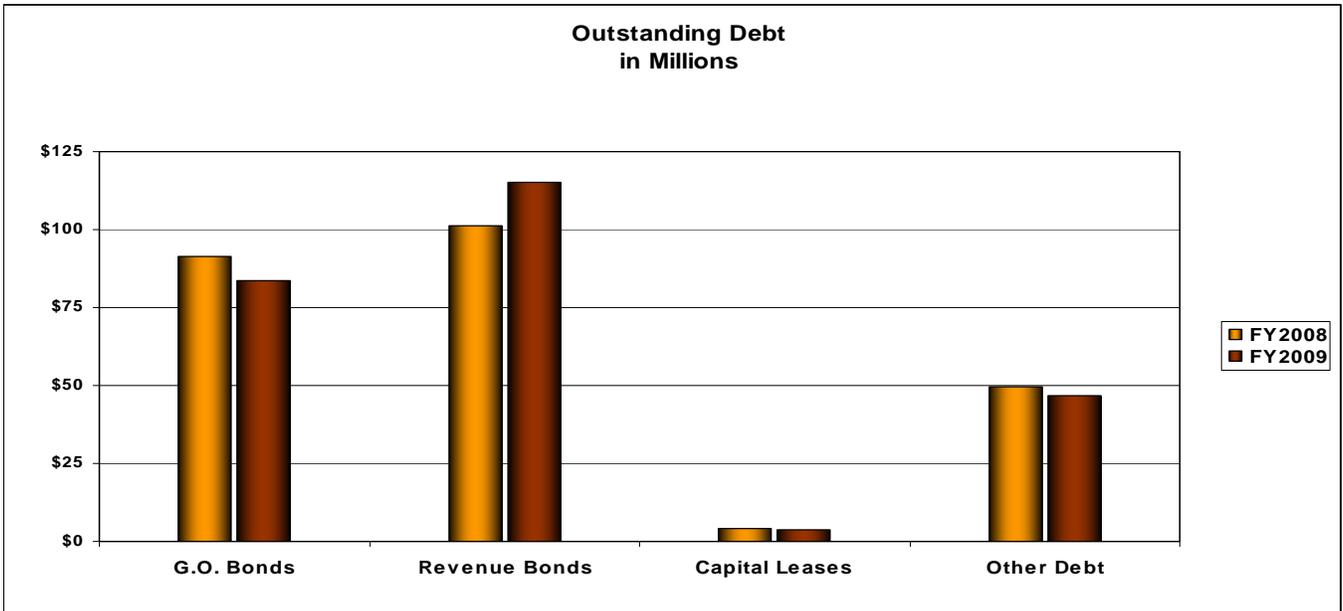
	Government Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Land	\$ 18,482,239	\$ 18,594,218	\$ 6,423,807	\$ 6,449,358	\$ 24,906,046	\$ 25,043,576
Buildings and improvements	108,490,172	105,871,295	50,332,835	48,831,297	158,823,007	154,702,592
Equipment, furniture and fixtures	3,532,948	3,869,083	3,488,170	3,460,063	7,021,118	7,329,146
Vehicles and motorized equipment	3,134,524	2,519,827	292,029	455,601	3,426,553	2,975,428
Plant and distribution system			11,479,603	11,174,879	11,479,603	11,174,879
Construction in progress	8,533,418	40,382,021	4,133,499	4,133,499	12,666,917	44,515,520
<b>Total net assets</b>	<b>\$ 142,173,301</b>	<b>\$ 171,236,444</b>	<b>\$ 76,149,943</b>	<b>\$ 74,504,697</b>	<b>\$ 218,323,244</b>	<b>\$ 245,741,141</b>



**Long-term Debt.** As of June 30, 2009, the County of Cumberland had total bonded debt outstanding of \$82,295,000 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	
	2008	2009	2008	2009	2008	2009
General obligation bonds	\$ 90,235,000	\$ 82,295,000	\$ 1,236,000	\$ 1,221,000	\$ 91,471,000	\$ 83,516,000
Revenue bonds	57,950,000	77,553,344	43,198,781	37,417,609	101,148,781	114,970,953
Capital leases	3,908,523	3,562,009			3,908,523	3,562,009
Other debt	49,554,052	46,666,905			49,554,052	46,666,905
<b>Total debt</b>	<b>\$ 201,647,575</b>	<b>\$ 210,077,258</b>	<b>\$ 44,434,781</b>	<b>\$ 38,638,609</b>	<b>\$ 246,082,356</b>	<b>\$ 248,715,867</b>



The County of Cumberland's total debt of \$248,715,867 increased \$2,633,511 (1.07%) during the past fiscal year. The County issued new debt in the amount of \$22,425,000 to fund construction of the New Century International Elementary school and adjoining County Western Library. The County also issued \$89,490,000 of refunding Certificates of Participation to refinance the Crown Coliseum, Detention facility and the Social Service building.

As mentioned in the financial highlights section of this document, the County of Cumberland recently received a two-step increase in its bond rating to AA+ from Standard and Poor's Rating Group and a one-step increase to Aa2 from Moody's Investor Service. This bond rating increase is a clear indication of the sound financial condition of the County during a time of financial turmoil in the nation. 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 \$1,427,522,000.

Additional information regarding the County of Cumberland's long-term debt can be found in note 9 beginning on page F-28 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 in June of 9.4% which is 1.6% lower than the state average.
- The county lowered its property tax rate from 88 cents to 86 cents.
- The locally generated point-of-delivery sales tax collection rate was significantly higher than the state average based on population.
- Continued presence and future expansion of Fort Bragg due to the implementation of BRAC recommendations.

### **Budget Highlights for the Fiscal Year Ending June 30, 2010**

The County approved a \$305,855,579 General Fund budget for fiscal year 2010, which represents a \$3,604,018 (1.16%) decrease over fiscal year 2009 approved budget. *Ad Valorem Taxes* have been budgeted at an increase of \$6,044,829 (4.19%). The county-wide ad valorem tax rate was reduced from 86.0 cents to the revenue neutral rate of 76.6 cents. *Other Taxes* are projected to decrease \$7,612,814 (16.55%). The new Article 46 ¼-cent sales tax is expected to generate \$9.1 million in its first full year of implementation. The Article 39 one-cent and Article 44 ½-cent sales taxes are being affected by the third year of the three year implementation plan for Medicaid. While Medicaid expenditures have been reduced from \$8,167,981 to \$0, the County has to forgo \$4,703,153 in the Article 44 taxes to the state and \$5,318,102 in the Article 39 taxes to hold municipalities harmless for their losses of sale tax revenue. Beginning with the second quarter, Article 44 taxes are reduced to \$0. *Unrestricted Intergovernmental revenue* is projected to increase \$2,311,478 (30.64%) due to increases in sales tax hold harmless reimbursements resulting from the annexation of Fort Bragg by the City of Fayetteville and Pope Air Force Base by the Town of Spring Lake. *Restricted Intergovernmental revenue* has been budgeted at a net increase of \$67,281 (0.11%) based on a FY2010 budget of \$59,748,693. Mental Health restricted revenue is projected to decrease \$940,612 (6.11%) while Social Services revenues are projected to increase \$513,383 (1.36). Both departments experienced significant fluctuation in their revenue streams as funding was shifted between programs. *Licenses and Fees* are projected to decrease by \$130,207 (5.93%) due to the reduction in Register of Deeds fees. *Sales and Service fees* are projected to increase \$889,741 (5.69%) due primarily to the continued statewide plan to outsource mental health services. *Miscellaneous Revenue* will decrease \$2,512,235 (30.98%) due to the much lower interest rates on investment of idle cash. *Other Financing Sources* will decrease \$2,662,091 (10.28%) due to reductions in fund balance appropriated for one-time expenditures and the use of one-funds for recurring expenditures of \$3,291,972. The reduction in fund balance use is off set by an increase in the transfers from the School Capital Fund of \$812,783 to pay for increased debt service on new schools.

Budgeted expenditures in the General Fund are \$305,855,579 which represents an increase of \$3,604,018 (1.16%) over fiscal year 2009. *Personal Services* increased \$1,212,380 (1.06%) due to the addition of 35 new positions, 40 reclassifications, an increase \$1,057,004 in medical insurance costs, and \$782,722 in over-time costs. *Operating Expenditures* will increase \$2,020,829 (5.11%). Mental Health contracted services accounts for a \$1,083,630 of the increase as the department continues the shift started last year from in-house provided services to outside contractors. A General Government contingency increase of \$938,756 accounts for the remainder of the increase. *Other Charges and Services* will decrease \$5,283,141 (4.44%) to \$113,786,743. Funding for education increased \$3,651,577 while Medicaid funding decreased from \$8,167,981 to \$0 due to the "Medicaid Swap". *Capital Outlay* expenditures decreased by \$309,581 (17.45%) to \$1,464,318. The majority of these expenditures are for replacement vehicles for law enforcement. *Debt Service* payments decreased \$1,001,324 (3.63%) due to the refinancing of debt at lower interest rates and additional new debt payments for the new Gray's Creek Middle School, Western Library and New Century International Elementary School. *Transfers* decreased \$243,181 (3.26%) as a transfer from the General Fund to the County's Mental Health Department was reduced as part of an overall countywide reduction in expenditures.

The Fayetteville Metropolitan Housing Authority has been granted a HOPE VI grant 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. The Board of County Commissioners has committed \$3,375,000 from the General Fund and \$625,000 from the Community Development Fund for a total of \$4.0.

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

In July 2009, the County issued Refunding Certificates of Participation to refinance certain 1998 school construction debt in the amount of \$34,670,000.

***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, 2009

	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	\$ 40,824,098	\$ 11,279,975	\$ 52,104,073	\$ 2,716,899	\$ 94,887	\$ 977,063	\$ 310,904
Investments	71,527,446	28,017,780	99,545,226	-	-	-	120,239
Taxes receivable, net	4,697,891	100,236	4,798,127	-	-	-	-
Sales tax receivable	15,117,541	289,352	15,406,893	-	3,425	-	-
Due from other governments	10,631,343	22,717	10,654,060	-	65,977	-	137,940
Patient receivables, net	1,150,956	-	1,150,956	-	-	-	-
Other receivables, net	3,923,698	647,342	4,571,040	-	-	-	-
Internal balances	5,500	(5,500)	-	-	-	-	-
Due from component units	737,531	-	737,531	-	-	-	-
Inventories	194,096	36,259	230,355	2,663,553	-	-	670
Prepaid expenses	39,343	-	39,343	5,303	-	-	14,137
Restricted cash and cash equivalents	46,416,170	2,228,203	48,644,373	12,594	216,730	-	-
Restricted investments	536,607	6,373,057	6,909,664	-	-	-	-
Restricted accounts receivable	19,787	-	19,787	-	76,894	-	-
Capital assets:							
Nondepreciable	58,976,238	10,582,857	69,559,095	1,215,516	4,785,798	-	-
Depreciable, net	112,260,205	63,921,840	176,182,045	2,682,832	5,520,616	-	304,142
Other assets	991,664	318,395	1,308,059	-	-	-	-
<b>Total assets</b>	<b>368,050,114</b>	<b>123,810,513</b>	<b>491,860,627</b>	<b>9,301,199</b>	<b>10,764,327</b>	<b>977,063</b>	<b>938,382</b>
<b>Liabilities</b>							
Accounts and vouchers payable	13,303,900	623,557	13,927,457	2,424,828	103,802	384,259	73,468
Due to other governments	3,963,090	303,124	4,266,214	-	-	-	-
Accrued payroll	3,833,598	106,947	3,940,545	-	-	-	-
Accrued interest payable	1,591,719	2,511,096	4,102,815	-	38,152	-	-
Other payables	964,285	-	964,285	-	44,875	-	-
Due to primary government	-	-	-	-	225,000	-	-
Unearned revenue	303,657	-	303,657	-	-	-	-
Long-term liabilities:							
Due in less than one year	20,630,250	3,638,721	24,268,971	37,364	77,500	-	-
Due in more than one year	219,686,944	45,174,552	264,861,496	518,260	3,620,500	-	-
Arbitrage rebates	1,757,883	-	1,757,883	-	-	-	-
<b>Total liabilities</b>	<b>266,235,326</b>	<b>62,357,997</b>	<b>318,593,323</b>	<b>2,980,452</b>	<b>4,109,829</b>	<b>384,259</b>	<b>73,468</b>
<b>Net assets</b>							
Invested in capital assets net of related debt	113,222,386	35,922,541	149,144,927	3,898,348	6,383,414	-	304,142
Restricted for debt service	9,418,258	8,544,807	17,963,065	-	293,624	-	-
Restricted by grants	14,664,368	-	14,664,368	-	-	-	-
Restricted for cemetery - nonexpendable	41,139	-	41,139	-	-	-	-
Restricted - claims	8,389,431	-	8,389,431	-	-	-	-
Restricted - law enforcement	-	-	-	757,580	-	-	-
Unrestricted	(43,920,792)	26,985,168	(16,935,624)	1,664,818	(22,540)	692,804	560,772
<b>Total net assets</b>	<b>\$ 101,814,788</b>	<b>\$ 71,452,516</b>	<b>\$ 173,267,304</b>	<b>\$ 6,320,746</b>	<b>\$ 6,654,498</b>	<b>\$ 592,804</b>	<b>\$ 864,914</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Statement of Activities**  
**Year Ended June 30, 2009**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Capital		Total	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau	
			Operating Grants and Contributions	Grants and Contributions						
<b>Governmental activities:</b>										
General government	\$ 27,423,609	\$ 2,745,345	\$ 766,005	\$ 3,397,118	\$ (20,514,141)	\$ -	\$ -	\$ -	\$ -	
Public safety	52,605,678	2,822,042	3,000,993	752,035	(46,030,608)	-	-	-	-	
Economic and physical development	15,361,627	907,184	5,880,722	1,349,603	(7,224,118)	-	-	-	-	
Human services	115,362,990	11,672,005	58,022,758	497,549	(45,170,678)	-	-	-	-	
Cultural and recreational	14,464,541	316,123	1,148,277	-	(13,000,141)	-	-	-	-	
Education	98,329,043	-	-	-	(98,329,043)	-	-	-	-	
Interest on long-term debt	10,948,170	-	-	-	(10,948,170)	-	-	-	-	
Total governmental activities	334,495,658	18,463,699	68,818,755	5,996,305	(241,216,899)	-	-	-	-	
<b>Business-type activities:</b>										
Crown Center	10,062,189	2,482,167	-	-	(7,580,022)	-	-	-	-	
Solid Waste	8,088,765	3,824,892	10,472	-	(4,253,401)	-	-	-	-	
NORCRESS Water and Sewer District	469,528	250,755	-	-	(218,773)	-	-	-	-	
Kelly Hills Water and Sewer District	66,862	-	-	-	(66,862)	-	-	-	-	
Total business-type activities	18,687,344	6,557,814	10,472	-	(12,119,058)	-	-	-	-	
Total primary government	\$ 353,183,002	\$ 25,021,513	\$ 68,829,227	\$ 5,996,305	(241,216,899)	(12,119,058)	-	-	-	
<b>Component unit:</b>										
ABC Board	\$ 19,371,515	\$ 19,177,638	\$ -	\$ -	-	(193,877)	-	-	-	
Eastover Sanitary District	624,923	325,181	-	913,204	-	-	613,462	-	-	
Tourism Development Authority	4,488,589	4,264,735	-	-	-	-	-	(223,834)	-	
Total component unit	\$ 24,485,027	\$ 23,767,554	\$ -	\$ 913,204	-	(193,877)	613,462	(223,834)	(126,027)	
<b>General revenues:</b>										
Property taxes			155,334,243							
Other taxes:										
Sales tax			53,872,975							
Animal registration			333,916							
Real estate transfer			875,787							
Beer and wine			473,232							
Solid waste			4,793,608							
Food and beverage			5,103,073							
Room and occupancy			1,034,203							
Grants and contributions not restricted to specific programs			9,354,732							
Unrestricted investment earnings			2,237,751							
Gain on sale of capital assets			898,377							
Miscellaneous			10,059,655							
Transfers			(7,276,945)							
Total general revenues and transfers			231,266,796							
Change in net assets			(9,990,103)							
Net assets - beginning			111,754,891							
Net assets - ending			101,814,788							

**FUND FINANCIAL STATEMENTS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Balance Sheet  
Governmental Funds  
June 30, 2009**

	General	County School Fund	Health Department Building Fund	Grays Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 20,933,722	\$ 4,936,821	\$ -	\$ -	\$ 14,953,555	\$ 40,824,098
Investments	64,371,447	1,499,687	-	-	5,656,312	71,527,446
Taxes receivable, net	3,527,588	-	-	-	374,163	3,901,751
Sales tax receivable	12,102,472	2,307,433	330,536	300,740	75,558	15,116,739
Due from other governments	8,608,494	41,048	-	-	1,895,001	10,544,543
Patient receivables	1,150,956	-	-	-	-	1,150,956
Other receivables, net	2,098,090	835	-	-	1,793,214	3,892,139
Due from other funds	1,338,930	-	-	-	-	1,338,930
Due from component units	487,531	-	-	-	250,000	737,531
Inventories	194,096	-	-	-	-	194,096
Restricted assets:						
Cash and cash equivalents	81,188	1,652,518	8,974,763	4,418,003	22,313,861	37,440,333
Investments	-	-	-	-	35,744	35,744
Accounts receivable	-	-	-	-	19,787	19,787
<b>Total assets</b>	<b>\$ 114,894,514</b>	<b>\$ 10,438,342</b>	<b>\$ 9,305,299</b>	<b>\$ 4,718,743</b>	<b>\$ 47,367,195</b>	<b>\$ 186,724,093</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts and vouchers payable	\$ 6,166,760	\$ 1,286,401	\$ 906,980	\$ 2,477,199	\$ 2,710,477	\$ 13,547,817
Due to other governments	3,944,875	-	-	-	18,215	3,963,090
Accrued payroll	3,576,817	-	-	-	248,141	3,824,958
Other payables	959,814	-	-	-	4,471	964,285
Due to other funds	-	-	-	-	1,333,430	1,333,430
Deferred revenue	4,160,716	568	-	-	2,146,473	6,307,757
<b>Total liabilities</b>	<b>18,808,982</b>	<b>1,286,969</b>	<b>906,980</b>	<b>2,477,199</b>	<b>6,461,207</b>	<b>29,941,337</b>
<b>Fund balances:</b>						
<b>Reserved:</b>						
Reserved for inventories	194,096	-	-	-	-	194,096
Reserved for register of deeds	461,343	-	-	-	-	461,343
Reserved for encumbrances	3,746,750	-	-	-	530,442	4,277,192
Reserved by State statute	25,456,434	2,348,748	330,536	300,740	2,261,250	30,697,708
Reserved for inmates	-	-	-	-	23,566	23,566
Reserved for cemetery	-	-	-	-	41,139	41,139
<b>Unreserved:</b>						
Designated for subsequent year's expenditures	12,606,247	-	-	-	-	12,606,247
Designated for tax office software	1,175,000	-	-	-	-	1,175,000
Designated for renovations and maintenance	3,536,479	-	-	-	-	3,536,479
Designated for "old" Health Department renovation	5,682,892	-	-	-	-	5,682,892
Designated for Hope VI Project	3,375,000	-	-	-	-	3,375,000
Undesignated	39,851,291	6,802,625	8,067,783	1,940,804	-	56,662,503
<b>Unreserved, reported in nonmajor:</b>						
Special revenue	-	-	-	-	3,155,966	3,155,966
<b>Undesignated</b>						
Special revenue	-	-	-	-	14,664,366	14,664,366
Capital projects	-	-	-	-	20,229,259	20,229,259
<b>Total fund balances</b>	<b>96,085,532</b>	<b>9,151,373</b>	<b>8,398,319</b>	<b>2,241,544</b>	<b>40,905,988</b>	<b>156,782,756</b>
<b>Total liabilities and fund balances</b>	<b>\$ 114,894,514</b>	<b>\$ 10,438,342</b>	<b>\$ 9,305,299</b>	<b>\$ 4,718,743</b>	<b>\$ 47,367,195</b>	<b>\$ 186,724,093</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Assets  
June 30, 2009

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

Ending fund balance - governmental funds \$ 156,782,756

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (see note 4). 171,232,468

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred Revenue	\$	6,004,101	
Accrued Tax Penalties		796,140	
Bond issue cost		991,664	
Prepaid Pension benefit		<u>39,343</u>	
			7,831,248

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. 8,004,187

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	\$	(240,444,152)	
Accrued interest payable		<u>(1,591,719)</u>	
			(242,035,871)

Net assets of governmental activities \$ 101,814,788

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2009

	General	County School Fund	Health Department Building Fund	Gray's Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Ad valorem taxes	\$ 145,948,975	\$ -	\$ -	\$ -	\$ 8,130,662	\$ 154,079,637
Other taxes	46,303,820	9,252,090	-	-	5,103,073	60,658,983
Unrestricted intergovernmental revenue	8,816,436	580,149	-	-	-	9,396,585
Restricted intergovernmental revenue	60,289,648	3,397,118	-	-	10,872,586	74,559,352
Licenses and permits	2,630,642	-	-	-	-	2,630,642
Sales and services	15,944,404	-	-	-	237,324	16,181,728
Interest earned on investments	1,403,181	222,413	165,610	101,821	360,838	2,253,863
Miscellaneous	8,189,280	184,104	-	314,591	1,556,209	10,244,184
Total revenues	289,526,386	13,635,874	165,610	416,412	26,260,692	330,004,974
<b>Expenditures</b>						
Current:						
General government	23,746,574	-	-	-	551,309	24,297,883
Public safety	40,351,518	-	-	-	5,888,507	46,240,025
Economic and physical development	4,748,225	-	-	-	9,692,308	14,440,533
Human services	106,783,803	-	-	-	1,607,546	108,391,349
Cultural and recreational	9,515,080	-	-	-	3,163,484	12,678,564
Education	81,586,763	16,742,280	-	11,673,012	-	110,002,055
Capital outlay	3,680,394	-	18,031,359	-	3,185,725	24,897,478
Debt service:						
Principal payments	15,388,661	-	-	-	150,000	15,538,661
Interest and fees	10,684,164	-	-	13,042	16,211	10,713,417
Total expenditures	296,485,182	16,742,280	18,031,359	11,686,054	24,255,090	367,199,965
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,958,796)</b>	<b>(3,106,406)</b>	<b>(17,865,749)</b>	<b>(11,269,642)</b>	<b>2,005,602</b>	<b>(37,194,991)</b>
<b>Other financing sources (uses)</b>						
Debt issuance	52,400,000	-	-	-	22,256,315	74,656,315
Debt issuance costs	846,413	-	-	-	-	846,413
Premium on debt issuance	3,331,681	-	-	-	-	3,331,681
Sale of capital assets	270,916	-	-	-	276,750	547,666
Payment to refund bond escrow agent	(55,622,909)	-	-	-	-	(55,622,909)
Transfers in	9,249,764	-	-	-	1,976,683	11,226,447
Transfers out	(5,148,297)	(5,405,750)	-	-	(8,168,250)	(18,722,297)
Total other financing sources (uses)	5,327,568	(5,405,750)	-	-	16,312,260	16,234,078
<b>Net change in fund balances</b>	<b>(1,631,228)</b>	<b>(8,512,156)</b>	<b>(17,865,749)</b>	<b>(11,269,642)</b>	<b>18,317,862</b>	<b>(20,960,913)</b>
<b>Fund balance - beginning</b>	<b>97,716,760</b>	<b>17,663,529</b>	<b>26,264,068</b>	<b>13,511,186</b>	<b>22,588,126</b>	<b>177,743,669</b>
<b>Fund balance - ending</b>	<b>\$ 96,085,532</b>	<b>\$ 9,151,373</b>	<b>\$ 8,398,319</b>	<b>\$ 2,241,544</b>	<b>\$ 40,905,988</b>	<b>\$ 156,782,756</b>

**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, 2009**

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

Net change in fund balances - total governmental funds \$ (20,960,913)

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	\$	36,357,506	
Depreciation		(6,511,409)	29,846,097

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) to increase net assets. (781,999)

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

Accrued tax penalties	\$	69,768	
Pension costs		1,295	
Deferred revenues		1,184,838	1,255,901

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	\$	15,548,648	
Proceeds		(23,998,400)	
Accrued interest payable		(464,539)	
Accrued vacation payable		219,047	
Bond issuance costs		793,222	
Other postemployment benefits		(11,260,577)	(19,162,599)

The net revenue of certain activities of the internal service fund is reported with governmental activities. (146,590)

Change in net assets of governmental activities \$ (9,950,103)

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances-  
Budget and Actual  
Year Ended June 30, 2009**

General Fund				
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 144,416,248	\$ 145,407,309	\$ 145,948,975	\$ 541,666
Other taxes	45,985,441	45,985,441	46,303,820	318,379
Unrestricted intergovernmental revenue	7,544,969	7,610,728	8,816,436	1,205,708
Restricted intergovernmental revenue	59,681,412	63,829,895	60,289,648	(3,540,247)
Licenses and permits	2,195,103	2,195,103	2,630,642	435,539
Sales and services	15,636,566	16,191,495	15,944,404	(247,091)
Interest earned on investments	3,813,234	3,813,234	1,403,181	(2,410,053)
Miscellaneous	4,297,259	7,674,185	8,189,280	515,095
Total revenues	<u>283,570,232</u>	<u>292,707,390</u>	<u>289,526,386</u>	<u>(3,181,004)</u>
<b>Expenditures:</b>				
Current:				
General government	21,695,678	29,278,346	23,746,574	5,531,772
Public safety	40,492,154	41,126,585	40,351,518	775,067
Economic and physical development	4,673,936	5,106,627	4,748,225	358,402
Human services	117,566,787	120,828,061	106,783,803	14,044,258
Cultural and recreational	9,608,888	9,863,150	9,515,080	348,070
Education	79,893,692	81,828,118	81,586,763	241,355
Capital outlay	448,524	6,426,484	3,680,394	2,746,090
Debt service:				
Principal payments	15,388,663	15,388,661	15,388,661	-
Interest and fees	9,687,593	10,684,164	10,684,164	-
Total expenditures	<u>299,455,915</u>	<u>320,530,196</u>	<u>296,485,182</u>	<u>24,045,014</u>
<b>Revenues over (under) expenditures</b>	<u>(15,885,683)</u>	<u>(27,822,806)</u>	<u>(6,958,796)</u>	<u>(20,864,010)</u>
<b>Other financing sources (uses):</b>				
Debt issuance	-	52,400,000	52,400,000	-
Debt issuance costs	-	839,583	846,413	(6,830)
Premium on debt issuance	-	3,331,682	3,331,681	1
Sale of capital assets	-	-	270,916	270,916
Payment to refund bond escrow agent	-	(55,622,909)	(55,622,909)	-
Transfers in	5,401,252	9,279,523	9,249,764	(29,759)
Transfers out	(5,293,843)	(5,811,708)	(5,148,297)	663,411
Appropriated fund balance	15,778,274	23,406,635	-	(23,406,635)
Total other financing sources (uses)	<u>15,885,683</u>	<u>27,822,806</u>	<u>5,327,568</u>	<u>(22,508,896)</u>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,631,228)</u>	<u>\$ (1,644,886)</u>
<b>Fund Balances:</b>				
Beginning of year, July 1			97,716,760	
End of year, June 30			<u>\$ 96,085,532</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**County School Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances-  
Budget and Actual  
Year Ended June 30, 2009**

	County School Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Other taxes	\$ 10,000,000	\$ 10,000,000	\$ 9,252,090	\$ (747,910)
Unrestricted intergovernmental revenue	500,000	500,000	580,149	80,149
Restricted intergovernmental revenue	5,652,500	5,783,763	3,397,118	(2,386,645)
Interest earned on investments	-	-	222,413	222,413
Miscellaneous	-	-	184,104	184,104
Total revenues	<u>16,152,500</u>	<u>16,283,763</u>	<u>13,635,874</u>	<u>(2,647,889)</u>
<b>Expenditures:</b>				
Current:				
Education	10,878,012	21,984,291	16,742,280	5,242,011
Total expenditures	<u>10,878,012</u>	<u>21,984,291</u>	<u>16,742,280</u>	<u>5,242,011</u>
Revenues over (under) expenditures	<u>5,274,488</u>	<u>(5,700,528)</u>	<u>(3,106,406)</u>	<u>(2,594,122)</u>
<b>Other financing sources (uses):</b>				
Transfers out	(5,274,488)	(5,405,750)	(5,405,750)	-
Appropriated fund balance	-	11,106,278	-	(11,106,278)
Total other financing sources (uses)	<u>(5,274,488)</u>	<u>5,700,528</u>	<u>(5,405,750)</u>	<u>(11,106,278)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(8,512,156)</u>	<u>\$ (8,512,156)</u>
<b>Fund Balances:</b>				
Beginning of year, July 1			17,663,529	
End of year, June 30			<u>\$ 9,151,373</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2009**

	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	\$ 7,850,920	\$ 3,095,318	\$ 26,936	\$ 306,801	\$ 11,279,975	\$ 1,087,269
Investments	28,017,780	-	-	-	28,017,780	-
Taxes receivable, net	100,236	-	-	-	100,236	-
Sales tax receivable	265,193	23,025	-	1,134	289,352	802
Due from other governments	-	-	369	22,348	22,717	86,800
Other receivables, net	342,435	283,774	-	21,133	647,342	31,559
Inventories	36,259	-	-	-	36,259	-
<b>Total current assets</b>	<b>36,612,823</b>	<b>3,402,117</b>	<b>27,305</b>	<b>351,416</b>	<b>40,393,661</b>	<b>1,206,430</b>
<b>Noncurrent assets</b>						
<b>Restricted:</b>						
Cash and cash equivalents	655,774	1,572,429	-	-	2,228,203	7,888,568
Investments	6,316,604	56,453	-	-	6,373,057	500,863
Capital assets, net of accumulated depreciation	12,620,481	50,709,337	2,481,264	8,693,615	74,504,697	3,975
Debt issue costs	-	316,395	-	-	316,395	-
<b>Total noncurrent assets</b>	<b>19,592,859</b>	<b>52,654,614</b>	<b>2,481,264</b>	<b>8,693,615</b>	<b>83,422,352</b>	<b>8,393,406</b>
<b>Total assets</b>	<b>56,205,682</b>	<b>56,056,731</b>	<b>2,508,569</b>	<b>9,045,031</b>	<b>123,816,013</b>	<b>9,599,836</b>
<b>Liabilities and net assets</b>						
<b>Current liabilities</b>						
Accounts and vouchers payable	396,053	170,584	-	56,920	623,557	47,729
Due to other governments	-	303,124	-	-	303,124	-
Accrued payroll	58,957	47,990	-	-	106,947	8,640
Accrued interest payable	-	2,506,899	-	4,197	2,511,096	-
Incurred but not reported	-	-	-	-	-	1,466,237
Current portion of long-term debt and accrued vacation	140,245	3,482,476	-	16,000	3,638,721	21,295
Due to other funds	-	5,500	-	-	5,500	-
<b>Total current liabilities</b>	<b>595,255</b>	<b>6,516,573</b>	<b>-</b>	<b>77,117</b>	<b>7,188,945</b>	<b>1,543,901</b>
<b>Noncurrent liabilities</b>						
Post closing liability	8,772,855	-	-	-	8,772,855	-
Long-term debt	-	33,935,134	-	1,205,000	35,140,134	-
Accrued vacation	5,539	114,634	-	-	120,173	1,121
Other postemployment benefits liability	678,054	463,336	-	-	1,141,390	50,627
<b>Total noncurrent liabilities</b>	<b>9,456,448</b>	<b>34,513,104</b>	<b>-</b>	<b>1,205,000</b>	<b>45,174,552</b>	<b>51,748</b>
<b>Total liabilities</b>	<b>10,051,703</b>	<b>41,029,677</b>	<b>-</b>	<b>1,282,117</b>	<b>52,363,497</b>	<b>1,595,649</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	12,620,481	13,348,181	2,481,264	7,472,615	35,922,541	3,975
Restricted net assets - debt service	6,972,378	1,572,429	-	-	8,544,807	-
Restricted net assets - claims	-	-	-	-	-	8,389,431
Unrestricted	26,561,120	106,444	27,305	290,299	26,985,168	(389,219)
<b>Total net assets</b>	<b>\$ 46,153,979</b>	<b>\$ 15,027,054</b>	<b>\$ 2,508,569</b>	<b>\$ 7,762,914</b>	<b>\$ 71,452,516</b>	<b>\$ 8,004,187</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2009**

	Enterprise Funds					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	Total	
<b>Operating revenues</b>						
Charges for services	\$ 3,327,515	\$ 2,482,167	\$ 1,494	\$ 249,261	\$ 6,060,437	\$ 510
Contributions	-	-	-	-	-	16,531,447
Other operating revenue	507,849	-	-	-	507,849	-
Solid Waste fees	4,793,608	-	-	-	4,793,608	-
<b>Total operating revenues</b>	<u>8,628,972</u>	<u>2,482,167</u>	<u>1,494</u>	<u>249,261</u>	<u>11,361,894</u>	<u>16,531,957</u>
<b>Operating expenses</b>						
Salaries and employee benefits	2,677,491	2,415,409	-	-	5,092,900	16,340,978
Other supplies	1,034,539	243,719	-	-	1,278,258	-
Repairs and maintenance	1,322,190	305,418	-	244,394	1,872,002	-
Utilities	90,200	780,479	-	-	870,679	-
Administrative costs	2,082,928	1,777,955	-	-	3,860,883	648,202
Depreciation	813,083	1,991,954	66,862	237,861	3,109,760	955
Landfill closure and postclosure care costs	69,087	-	-	-	69,087	-
<b>Total operating expenses</b>	<u>8,089,518</u>	<u>7,514,934</u>	<u>66,862</u>	<u>482,255</u>	<u>16,153,569</u>	<u>16,990,135</u>
<b>Operating income (loss)</b>	<u>539,454</u>	<u>(5,032,767)</u>	<u>(65,368)</u>	<u>(232,994)</u>	<u>(4,791,675)</u>	<u>(458,178)</u>
<b>Nonoperating revenue (expense)</b>						
Interest earned on investments	1,308,306	28,375	-	-	1,336,681	92,683
Motel occupancy tax	-	1,034,203	-	-	1,034,203	-
Gain (loss) on disposal of capital assets	1,055	(8,205)	-	-	(7,150)	-
Miscellaneous	15,412	274,750	-	-	290,162	-
Interest expense	-	(2,526,625)	-	-	(2,526,625)	-
<b>Total nonoperating revenue (expense)</b>	<u>1,324,773</u>	<u>(1,197,502)</u>	<u>-</u>	<u>-</u>	<u>127,271</u>	<u>92,683</u>
<b>Income (loss) before transfers and contributions</b>	<u>1,864,227</u>	<u>(6,230,269)</u>	<u>(65,368)</u>	<u>(232,994)</u>	<u>(4,664,404)</u>	<u>(365,495)</u>
Transfers in	-	7,332,138	-	-	7,332,138	218,905
Transfers out	-	(55,193)	-	-	(55,193)	-
<b>Change in net assets</b>	<u>1,864,227</u>	<u>1,046,676</u>	<u>(65,368)</u>	<u>(232,994)</u>	<u>2,612,541</u>	<u>(146,590)</u>
<b>Total net assets - beginning</b>	<u>44,289,752</u>	<u>13,980,378</u>	<u>2,573,937</u>	<u>7,995,908</u>	<u>68,839,975</u>	<u>8,150,777</u>
<b>Total net assets - ending</b>	<u>\$ 46,153,979</u>	<u>\$ 15,027,054</u>	<u>\$ 2,508,569</u>	<u>\$ 7,762,914</u>	<u>\$ 71,452,516</u>	<u>\$ 8,004,187</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2009

	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	\$ 8,134,710	\$ 2,605,665	\$ 1,494	\$ 249,261	\$ 10,991,130	\$ -
Other operating revenue	235,269	-	-	-	235,269	-
Cash received from contributions	-	-	-	-	-	16,536,257
Cash paid to employees	(2,360,751)	(2,193,268)	-	-	(4,554,019)	1,121
Cash paid for goods and services	(4,933,122)	(3,563,383)	-	(187,761)	(8,684,266)	(515,347)
Cash received for goods and services	-	-	9	-	9	(154,694)
Cash paid for claims	-	-	-	-	-	(16,301,472)
<b>Net cash provided by (used in) operating activities</b>	<b>1,076,106</b>	<b>(3,150,986)</b>	<b>1,503</b>	<b>61,500</b>	<b>(2,011,877)</b>	<b>(434,135)</b>
<b>Noncapital financing activities</b>						
Transfers in	-	7,332,138	-	-	7,332,138	218,905
Transfers out	232,442	(55,193)	-	-	177,249	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>232,442</b>	<b>7,276,945</b>	<b>-</b>	<b>-</b>	<b>7,509,367</b>	<b>218,905</b>
<b>Capital and related financing activities</b>						
Acquisition and construction of capital assets	(1,443,211)	(35,410)	-	-	(1,478,621)	-
Other capital asset transactions	15,412	-	-	-	15,412	-
Proceeds from sales of capital assets	15,162	(8,205)	-	-	6,957	-
Proceeds from issuance of long-term debt	-	-	-	(16,052)	(16,052)	-
Principal paid on long-term debt	-	(2,869,387)	-	-	(2,869,387)	-
Interest paid on bonds	-	(2,248,929)	-	1,000	(2,247,929)	-
Motel occupancy tax	-	1,034,203	-	-	1,034,203	-
Miscellaneous	-	274,750	-	-	274,750	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,412,637)</b>	<b>(3,852,978)</b>	<b>-</b>	<b>(15,052)</b>	<b>(5,280,667)</b>	<b>-</b>
<b>Investing activities</b>						
Proceeds from sale of investments	(3,093,174)	-	-	-	(3,093,174)	2,000,224
Purchase of investments	(6,316,604)	(56,453)	-	-	(6,373,057)	-
Investment earnings	1,308,306	28,375	-	-	1,336,681	92,683
<b>Net cash provided (used) in investing activities</b>	<b>(8,101,472)</b>	<b>(28,078)</b>	<b>-</b>	<b>-</b>	<b>(8,129,550)</b>	<b>2,092,907</b>
<b>Net Increase in cash and cash equivalents</b>	<b>(8,205,581)</b>	<b>244,903</b>	<b>1,503</b>	<b>46,448</b>	<b>(7,912,707)</b>	<b>1,877,677</b>
<b>Cash and cash equivalents</b>						
Beginning of year	16,712,255	4,422,844	25,433	260,353	21,420,885	7,098,160
End of year	\$ 8,506,694	\$ 4,667,747	\$ 26,936	\$ 306,801	\$ 13,508,178	\$ 8,975,837
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>						
Operating income (loss)	\$ 539,454	\$ (5,032,767)	\$ (65,368)	\$ (232,994)	\$ (4,791,675)	\$ (458,178)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	813,083	1,991,954	66,862	237,861	3,109,760	955
Landfill closure and post closure care costs	69,087	-	-	-	69,087	-
<b>Change in assets and liabilities</b>						
(increase) decrease in accounts receivable	13,587	-	-	-	13,587	-
(increase) decrease in other receivables	(272,580)	80,706	9	(384)	(192,249)	11,036
(increase) decrease in inventories	108,694	-	-	7,815	116,509	(83,580)
(increase) decrease in internal balances	(4,990)	-	-	-	(4,990)	-
Increase (decrease) in accounts payable and accrued liabilities	(198,404)	(203,282)	-	-	(401,686)	92,931
Increase (decrease) in compensated absences payable	409	12,403	-	-	12,812	1,121
Increase (decrease) in deferred revenue	-	-	-	49,202	49,202	-
Increase (decrease) in contract retainage	42,766	-	-	-	42,766	1,580
Total adjustments	536,652	1,881,781	66,871	294,494	2,779,798	24,043
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,076,106</b>	<b>\$ (3,150,986)</b>	<b>\$ 1,503</b>	<b>\$ 61,500</b>	<b>\$ (2,011,877)</b>	<b>\$ (434,135)</b>
<b>Noncash Investing, capital, and financing activities:</b>						
<b>Cash and cash equivalents</b>						
Unrestricted	\$ 7,850,920	\$ 3,095,318	\$ 26,936	\$ 306,801	\$ 11,279,975	\$ 1,087,269
Restricted	655,774	1,572,429	-	-	2,228,203	7,888,568
Total	\$ 8,506,694	\$ 4,667,747	\$ 26,936	\$ 306,801	\$ 13,508,178	\$ 8,975,837

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009**

	<u>Pension Trust Fund</u>	
	<u>Special Separation Allowance Fund</u>	<u>Agency Funds</u>
<b>Assets</b>		
Taxes receivable	\$ -	\$ 4,698,424
Restricted cash and cash equivalents	177,133	648,053
Restricted investments - U.S. Government Agencies	<u>1,110,914</u>	<u>-</u>
Total assets	<u>1,288,047</u>	<u>\$ 5,346,477</u>
<b>Liabilities</b>		
Accounts and vouchers payable	-	\$ 5,323,977
Due to other governments	-	22,500
Accrued payroll	<u>7,923</u>	<u>-</u>
Total liabilities	<u>7,923</u>	<u>\$ 5,346,477</u>
<b>Net assets</b>		
Net assets held in trust for pension benefits	<u>\$ 1,280,124</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**Year Ended June 30, 2009**

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	<b>Pension Trust Fund</b>
	<b>Special Separation Allowance Fund</b>
<b>Additions</b>	
Employee contributions	\$ 290,000
Interest earned on investments	28,691
Total additions	<u>318,691</u>
<b>Deductions</b>	
Benefits	322,250
Total deductions	<u>322,250</u>
<b>Change in net assets</b>	(3,559)
<b>Total net assets - beginning</b>	<u>1,283,683</u>
<b>Total net assets - ending</b>	<u><u>\$ 1,280,124</u></u>

**NOTES TO FINANCIAL STATEMENTS**

## NOTES TO FINANCIAL STATEMENTS

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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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, 2009

**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, 2009

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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.

*Health Department Building Fund.* This fund accounts for all financial resources associated with the construction of the new Health Department facility.

*Gray's Creek Middle School Fund.* This fund accounts for all financial resources associated with the construction of the school 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 Telephone 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; Flea Hill Drainage District Fund; Community Development Fund; Fire Protection Fund; Federal Drug Forfeiture

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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

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

**Basis of Presentation (continued)**

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: Animal Control Building Fund; Sheriff Training Facility Fund; Averasboro Battlefield Fund; West Regional Library Fund; New Century Elementary Fund.

*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, Workers' Compensation Fund, General Litigation Fund, Vehicle Insurance Fund, and Retiree Insurance 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 and 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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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 2008 through February 2009 apply to

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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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, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual 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 that 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, 2009

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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, 2009

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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, 2008.

**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, 2009

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:

	<u>Years</u>
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:

	<u>Years</u>
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:

	<u>Years</u>
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, 2009

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

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

**9. Compensated Absences**

The vacation policies of the County and the ABC Board provide for the accumulation of up thirty (30) days earned vacation leave with such leave being fully vested when earned. The vacation policy of the Bureau provides for the accumulation of up to forty-five (45) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the ABC Board and the Bureau, 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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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)

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. 159-8(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 2009-2010 budget ordinance.

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

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 designed by the management for renovation to health department buildings.

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.

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, 2009

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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. 51, "Accounting and Financial Reporting for Intangible Assets."** This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

**GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments."** Statement 53 is intended to improve how state and local governments report information about derivative instruments financial arrangements used by governments to manage specific risks or make investments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.

**GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions."** The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

The guidance in this Statement is effective for financial statements for reporting periods beginning after June 15, 2010, with earlier application encouraged. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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**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 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, 2009, the County's deposits had a carrying amount of \$94,158,181 and a bank balance of \$98,608,487. Of the bank balance, \$1,288,922 was covered by Federal depository insurance, \$97,275,126 was covered by collateral under the Pooling Method and \$34,797 was related to retainage with an insurance administrator for future claim payments. Included in the County's deposits is cash of \$311,617 and \$977,063 for the District and the TDA, respectively. The County had \$14,940 in the petty cash and change funds.

At June 30, 2009, the ABC Board's deposits had a carrying amount of \$2,710,643 and a bank balance of \$2,718,282. Of the bank balance, \$250,000 was covered by Federal depository insurance and \$2,468,282 was covered by collateral under the Pooling Method. The ABC Board has petty cash of \$18,850.

At June 30, 2009, the Bureau's deposits had a carrying amount of \$310,425 and a bank balance of \$577,875. Of the bank balance, \$250,000 was covered by Federal depository insurance. The Bureau has petty cash of \$479.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

**B - Investments - County**

As of June 30, 2009 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>
Certificate of Deposit	\$ 2,719,897	\$ -	\$ 2,719,897	\$ -
US Government Agencies	52,573,177	8,996,850	27,035,967	16,540,360
Commercial Paper	10,243,340	10,243,340	-	-
NC Capital Management Trust -- Cash Portfolio	44,401,978	N/A	N/A	N/A
NC Capital Management Trust -- Term Portfolio	6,316,604	N/A	N/A	N/A
<b>Total</b>	<b>\$ 116,254,996</b>	<b>\$ 19,240,190</b>	<b>\$ 29,755,864</b>	<b>\$ 16,540,360</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, 2009, 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, 2009. The County's investments in US Agencies (Federal Home Loan Bank, Federal Farm Credit Banks, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poor's and Aaa by Moody's Investor Service.

**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. 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 Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Fannie Mae (FNMA). These investments represent 12%, 41%, 19%, and 8% of total investments, respectively.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

**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	\$ 116,254,996	\$ -	\$ -	\$ -	\$ 120,239
Cash (demand deposits)	92,869,500	2,710,643	311,617	977,063	310,425
Petty cash	14,940	18,850	-	-	479
Total cash and investments	<u>209,139,436</u>	<u>2,729,493</u>	<u>311,617</u>	<u>977,063</u>	<u>431,143</u>
Less: investments	(107,565,804)	-	-	-	(120,239)
Total cash and equivalents	<u>\$ 101,573,632</u>	<u>\$ 2,729,493</u>	<u>\$ 311,617</u>	<u>\$ 977,063</u>	<u>\$ 310,904</u>

Total per Statement of Net Assets:

Cash and cash equivalent - unrestricted	\$ 52,104,073	\$ 2,716,899	\$ 94,887	\$ 977,063	\$ 310,904
Cash and cash equivalent - restricted	48,644,373	12,594	216,730	-	-
Cash and cash equivalent - pension trust fund	177,133	-	-	-	-
Cash and cash equivalent - agency funds	648,053	-	-	-	-
Total cash and equivalents	<u>\$ 101,573,632</u>	<u>\$ 2,729,493</u>	<u>\$ 311,617</u>	<u>\$ 977,063</u>	<u>\$ 310,904</u>
Investments - unrestricted	\$ 99,545,226	\$ -	\$ -	\$ -	\$ 120,239
Investments - restricted	6,909,664	-	-	-	-
Investments - restricted - pension trust fund	1,110,914	-	-	-	-
Total investments	<u>\$ 107,565,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,239</u>

**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, 2009 is as follows:

Taxes receivable - General Fund	\$ 7,711,860
Patient receivable - General Fund	5,050,632
	<u>\$ 12,762,492</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

**Note 4 - Capital Assets**

	Beginning Balances	Increases & Adjustments	Decreases & Adjustments	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 18,482,239	\$ -	\$ 4,000	\$ 115,979	\$ 18,594,218
Construction in progress	8,533,418	31,848,602	-	-	40,382,020
Total capital assets not being depreciated	27,015,657	31,848,602	4,000	115,979	58,976,238
Capital assets being depreciated:					
Buildings and improvements	161,943,409	2,671,398	979,110	(115,979)	163,519,718
Equipment, furniture and fixtures	18,019,047	1,405,977	3,063,244	-	16,361,780
Vehicles	12,075,291	431,528	2,278,917	-	10,227,902
Total capital assets being depreciated	192,037,747	4,508,903	6,321,271	(115,979)	190,109,400
Less accumulated depreciation for:					
Buildings and improvements	53,453,237	4,518,412	323,226	-	57,648,423
Equipment, furniture and fixtures	14,486,099	974,450	2,967,852	-	12,492,697
Vehicles	8,940,767	1,018,547	2,251,239	-	7,708,075
Total accumulated depreciation	76,880,103	\$ 6,511,409	\$ 5,542,317	\$ -	77,849,195
Total capital assets being depreciated, net	115,157,644				112,260,205
Governmental activity capital assets, net	\$ 142,173,301				\$ 171,236,443

**Primary Government**

Capital asset activity for the governmental activities for the year ended June 30, 2009 was as follows:

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

General government	\$ 1,169,998
Public safety	2,869,746
Human services	1,223,559
Economic and physical development	368,251
Cultural and recreational	878,901
Internal Service	954
Total depreciation expense	<u>\$ 6,511,409</u>

Total governmental activities capital assets include internal service fund capital assets with a book value of \$3,975.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

Note 4 - Capital Assets (continued)

Primary Government (continued)

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

Business-type activities:	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
<b>Cumberland County Solid Waste</b>				
Capital assets not being depreciated:				
Land	\$ 2,920,645	\$ 25,551	\$ -	\$ 2,946,196
Construction in progress	4,133,499	-	-	4,133,499
Total capital assets not being depreciated	7,054,144	25,551	-	7,079,695
Capital assets being depreciated:				
Landfill	7,198,817	-	-	7,198,817
Buildings and building improvements	6,400,578	431,492	-	6,832,070
Furniture, fixtures and equipment	6,815,807	640,361	(28,483)	7,427,685
Vehicles	1,911,369	331,700	(23,996)	2,219,073
Total capital assets being depreciated	22,326,571	1,403,553	(52,479)	23,677,645
Less accumulated depreciation for:				
Landfill	7,198,817	-	-	7,198,817
Buildings and building improvements	3,764,295	215,812	-	3,980,107
Furniture, fixtures and equipment	4,788,675	434,273	(28,483)	5,194,465
Vehicles	1,624,468	162,998	(23,996)	1,763,470
Total accumulated depreciation	17,376,255	\$ 813,083	\$ (52,479)	18,136,859
Total capital assets being depreciated, net	4,950,316			5,540,786
Cumberland County Solid Waste capital assets, net	\$ 12,004,460			\$ 12,620,481
<b>Cumberland County Crown Center</b>				
Capital assets not being depreciated:				
Land	\$ 3,503,162	\$ -	\$ -	\$ 3,503,162
Capital assets being depreciated:				
Buildings and building improvements	69,440,324	-	-	69,440,324
Furniture, fixtures and equipment	4,079,779	43,615	(509,437)	3,613,957
Vehicles	54,629	-	-	54,629
Total capital assets being depreciated	73,574,732	43,615	(509,437)	73,108,910
Less accumulated depreciation for:				
Building and building improvements	21,743,772	1,717,217	-	23,460,989
Furniture, fixtures and equipment	2,618,738	269,609	(501,232)	2,387,115
Vehicles	49,503	5,128	-	54,631
Total accumulated depreciation	24,412,013	\$ 1,991,954	\$ (501,232)	25,902,735
Total capital assets being depreciated, net	49,162,719			47,206,175
Cumberland County Crown Center capital assets, net	\$ 52,665,881			\$ 50,709,337
<b>Kelly Hills Water and Sewer District</b>				
Capital assets being depreciated:				
Plant and distribution system	\$ 2,676,498	\$ -	\$ -	\$ 2,676,498
Total capital assets being depreciated	2,676,498	-	-	2,676,498
Less accumulated depreciation for:				
Plant and distribution system	128,372	66,862	-	195,234
Total accumulated depreciation	128,372	\$ 66,862	\$ -	195,234
Total capital assets being depreciated, net	2,548,126			2,481,264
Kelly Hills Water and Sewer District capital assets, net	\$ 2,548,126			\$ 2,481,264

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

**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	\$ 9,523,623	\$ -	\$ -	\$ 9,523,623
Total capital assets being depreciated	<u>9,523,623</u>	<u>-</u>	<u>-</u>	<u>9,523,623</u>
Less accumulated depreciation for:				
Plant and distribution system	592,147	237,861	-	830,008
Total accumulated depreciation	<u>592,147</u>	<u>\$ 237,861</u>	<u>\$ -</u>	<u>830,008</u>
Total capital assets being depreciated, net	<u>8,931,476</u>			<u>8,693,615</u>
Norcross Water and Sewer District capital assets, net	<u>\$ 8,931,476</u>			<u>\$ 8,693,615</u>
Business-type activities capital assets, net	<u>\$ 76,149,945</u>			<u>\$ 74,504,697</u>

Construction contracts of approximately \$66,732,782 exist for various renovation and construction projects for the County. At June 30, 2009, the remaining commitment on these contracts approximated \$22,349,719. Construction contracts of approximately \$4,179,786 exist for various renovation and construction projects for Eastover Sanitary District. At June 30, 2009, the remaining commitment on these contracts approximated \$4,780.

**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	\$ 1,215,516	\$ -	\$ -	\$ 1,215,516
Total capital assets not being depreciated	<u>1,215,516</u>	<u>-</u>	<u>-</u>	<u>1,215,516</u>
Capital assets being depreciated:				
Buildings and improvements	3,068,274	-	-	3,068,274
Leasehold improvements	336,950	165,356	-	502,306
Furniture and equipment	736,902	83,594	-	820,496
Vehicles	225,633	77,241	-	302,874
Total capital assets being depreciated	<u>4,367,759</u>	<u>326,191</u>	<u>-</u>	<u>4,693,950</u>
Less accumulated depreciation	1,725,968	285,150	-	2,011,118
Total capital assets being depreciated, net	<u>2,641,791</u>			<u>2,682,832</u>
ABC capital assets, net	<u>\$ 3,857,307</u>			<u>\$ 3,898,348</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

**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>Balances</u>	<u>Increases</u>	<u>Transfers</u>	<u>Balances</u>
<i>Eastover Sanitary District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 4,100,503	\$ 685,295	\$ -	\$ 4,785,798
Total capital assets not being depreciated	<u>4,100,503</u>	<u>685,295</u>	<u>-</u>	<u>4,785,798</u>
Capital assets being depreciated:				
Water lines	6,654,954	-	-	6,654,954
Total capital assets being depreciated	6,654,954	-	-	6,654,954
Less accumulated depreciation	(967,495)	(166,843)	-	(1,134,338)
Total capital assets being depreciated, net	<u>5,687,459</u>	<u>\$ (166,843)</u>	<u>\$ -</u>	<u>5,520,616</u>
Total capital assets being depreciated, net	<u>\$ 9,787,962</u>			<u>\$ 10,306,414</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	\$ 23,458	\$ 3,208	\$ -	\$ 26,666
Equipment	126,614	79,181	-	205,795
Software	31,719	41,312	-	73,031
Capital improvements	139,156	-	-	139,156
Total capital assets being depreciated	<u>320,947</u>	<u>123,701</u>	<u>-</u>	<u>444,648</u>
Less accumulated depreciation	(99,471)	(41,035)	-	(140,506)
Total capital assets being depreciated, net	<u>221,476</u>	<u>\$ 82,666</u>	<u>\$ -</u>	<u>304,142</u>
Bureau capital assets, net	<u>\$ 221,476</u>			<u>\$ 304,142</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, 2009

**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, 2008 the Separation Allowance's membership consisted of:

Retirees receiving benefits	28
Active plan members	<u>317</u>
Total	<u>345</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 \$290,000. 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, 2007 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, 2008 was 22 years.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

**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	\$	289,058
Interest on net pension obligation		(2,758)
Adjustment to annual required contribution		2,405
Annual pension cost		<u>288,705</u>
Contributions made		<u>(290,000)</u>
Increase (decrease) in net pension obligation		(1,295)
Net pension obligation beginning of year		<u>(38,048)</u>
Prepaid pension benefit end of year	\$	<u><u>(39,343)</u></u>

**Three Year Trend Information**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation (Prepaid)</u>
2007	\$ 221,626	117.31%	\$ (26,289)
2008	248,241	104.74%	(38,048)
2009	288,705	100.45%	(39,343)

**Funded Status and Funding Progress**

As of December 31, 2008, the most recent actuarial valuation date, the plan was 39.04% funded. The actuarial accrued liability for benefits was \$3,606,040 and the actuarial value of the assets (AAL) was \$1,407,726, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,198,314. The covered payroll (annual payroll of active employees covered by the plan) was \$13,552,212 and the ratio of the UAAL to the covered payroll was 16.22%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial accrued liability for benefits

**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, 2009, membership of the Board's Separation Allowance consisted of one retiree receiving benefits and six 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, 2009 and 2008, 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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

**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.

**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 4.80%, 5.27%, and 4.80%, 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 7.44% 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, 2009, 2008 and 2007 were \$4,174,468, \$3,961,497, and \$3,786,437 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2009, 2008 and 2007 were \$148,784, \$130,677, and \$115,780 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, 2009 were \$1,051,294 which consisted of \$692,626 from the County and \$358,668 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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

**C – Supplemental Retirement Income Plan for Law Enforcement Officers (continued)**

**Funding Policy (continued)**

For the year ended June 30, 2009, contributions for law enforcement officers were \$16,405, which consisted of \$14,350 from the Board and \$2,055 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2009 were \$128,610, which consisted of \$83,362 from the Board and \$45,248 from the employees.

**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 one and one-half percent (1.5%) 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, 2009, the County's required and actual contributions were \$27,062.

**E – Other Post-employment Benefits (OPEB)**

Under the terms of a County resolution, the County administers a single-employer defined benefit Health Care Benefits Plan. (the HCB Plan) As of July 1, 2008, this plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees Retirement System and have at least twenty-five years of consecutive years of creditable service with the County. Prior to July 1, 2008, employees qualified for a similar level of benefits after at least ten years of creditable service with the County. The county is self-insured and contracts with a private insurer to provide all administrative services.

Membership of the HCB Plan consisted of the following as December 31, 2007 the date of the latest actuarial valuation:

Retired Members	500
General Employees	2,021
Law Enforcement Members	<u>298</u>
Total	<u>2,819</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

**Funding Policy**

Currently, active County employees pay a monthly premium for the HCB Plan. The premium is adjusted based on whether or not the employee submitted to the County's health risk assessment. Premiums for dependants are based on the number of dependants and whether or not the dependant has submitted to the County's risk assessment. 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. The Board of Commissioners has established the contribution requirements of plan and may amend the plan. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 19.52% of annual covered payroll. For the current year the County contributed \$4,172,389 or 5.09% of annual covered payroll.

**Summary of Significant Accounting Policies**

Postemployment expenditures are made from the Group Health Insurance internal service fund which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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

Annual required contribution	\$15,986,983
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>15,986,983</u>
Contributions made	<u>(4,172,389)</u>
Increase (decrease) in net OPEB obligation	11,814,594
Net OPEB obligation, beginning of the year	<u>14,875,304</u>
Net OPEB obligation, end of the year	<u>\$26,689,898</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009:

<u>For Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2008	\$17,786,721	16.37%	\$14,875,304
2009	15,986,983	26.10%	26,689,898

# COUNTY OF CUMBERLAND, NORTH CAROLINA

## Notes to the Financial Statements (continued)

June 30, 2009

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

#### **Funding Status and Funding Progress**

As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and thus, the unfunded actuarial accrued liability (UAAL) was \$166,139,584. The covered payroll (annual payroll of active employees covered by the plan) was \$81,910,914 and the ratio of the UAAL to the covered payroll was 202.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 11.00% to 5.00% annually. Both rates included a 3.75% inflation assumption. The actuarial value of the assets, if any, was determined using techniques that spread the effects of short term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007 was 30 years.

#### **F - Other Employment Benefits**

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, 2009

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

For the fiscal year ended June 30, 2009 the County made contributions to the State for death benefits of \$92,540. The County's required contributions for employees not engaged in law enforcement, Crown Center employees and law enforcement officers, represented .10 percent, .09 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 \$0 and \$2,000 of benefits for the years ended June 30, 2009 and 2008, respectively. There are currently 17 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 \$8,807,855 reported as landfill closure and postclosure care liability at June 30, 2009 consists of a closed landfill with estimated costs of \$1,363,858 a Construction & Demolition (C&D) landfill with estimated costs of \$1,552,794 and the subtitle D landfill with estimated costs of \$5,891,203. The costs associated with the C & D landfill and the subtitle D landfill represent a cumulative amount reported to date based on the use of 26.08% and 43.70%, respectively of the total estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$4,401,864 and \$7,590,280 for the 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 2009. The life expectancy of the C & D landfill is estimated at 17.24 years and the subtitle D landfill at 12.44 years. 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.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

**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:

	<b>Unearned/ Deferred Revenue</b>	<b>Unearned Revenue</b>
Taxes receivable net of allowance - General Fund	\$ 3,527,586	\$ -
Taxes receivable net of allowance - Other Governmental Funds	374,163	-
Accounts receivable - General Fund	330,041	-
Accounts receivable - Other Governmental Funds	1,772,310	-
Unearned - County School Fund	568	568
Prepaid taxes not yet earned - General Fund	303,089	303,089
	<u>\$ 6,307,757</u>	<u>\$ 303,657</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 Blue Cross Blue Shield 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, 2009 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, 2009 and 2008 were as follows:

	<b>Beginning-of- Fiscal-Year Liability</b>	<b>Current-Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year-End</b>
2008-09	\$ 1,427,284	\$ 14,276,710	\$ (14,237,757)	\$ 1,466,237
2007-08	\$ 1,790,739	\$ 12,983,269	\$ (13,346,724)	\$ 1,427,284

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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

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.

**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, 2006, including interest at 3.945%. \$ 3,562,009

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, 2009, the value of the capital assets associated with this lease is \$3,927,936.

**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, 2009 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%. \$ 7,320,000

**\$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%. 27,880,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

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

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

Serial bonds payable annually March 1, 2001 and March 1, 2010 in amounts ranging from \$1,100,000 to \$1,200,000; interest of 5.5%. 1,200,000

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

Serial bonds payable annually from February 1, 2004 through February 1, 2021 in amounts ranging from \$500,000 to \$2,000,000; Interest ranges from 4.0% to 5.0%. \$ 11,875,000

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

Serial bonds payable annually from February 1, 2006 through February 1, 2023 in amounts ranging from \$500,000 to \$2,000,000; Interest ranges from 4.0% to 5.0%. 4,275,000

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

Serial bonds payable annually from May 1, 2005 through May 1, 2019 in amounts ranging from \$430,000 to \$4,390,000; Interest ranges from 3.0% to 5.0%. 29,745,000

	<u>82,295,000</u>
Bond premium	1,832,362
Deferred amount on defeasance	<u>(2,028,708)</u>
<b>Total</b>	<b><u>\$ 82,098,654</u></b>

*Business type Activities:*

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

Serial bonds payable annual from June 1, 2008 through June 1, 2045 in amounts ranging from \$14,000 to \$52,000; interest of 4.125% \$ 1,221,000

At June 30, 2009, the County had bonds authorized but unissued of \$51,601,000 and a legal debt margin of \$1,427,522,000.

**C - Certificates of Participation**

On March 25, 2009, the County issued Series 2009A certificates to fund construction of a combined elementary school and branch library. On May 13, 2009, the County issued Series 2009B refunding certificates of participation to refinance certificates previously issued 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. Debt related to the Series 2009A certificates and the Series 2009B refunding certificates are accounted for as governmental activities. Certificates outstanding for the year ended June 30, 2009 are as follows:

*Governmental Activities:*

**\$22,425,000 Current Interest Serial 2009A Certificates,**

due in various annual installments ranging from \$1,180,000 to \$1,185,000 from December 1, 2010 through December 1, 2028. Interest is paid semi-annually at rates ranging from 3.0% to 5.125%. \$ 22,425,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

**C - Certificates of Participation (continued)**

**\$27,235,000 Current Interest Serial 2009B Refunding Certificates**, due in various annual installments ranging from \$115,000 to \$4,295,000, from December 1, 2009 through December 1, 2023. Interest is paid semi-annually at rates ranging from 2.0% to 5.0%. \$ 27,235,000

**\$13,295,000 Current Interest Serial 2009B Refunding Certificates**, due in various annual installments ranging from \$275,000 to \$3,050,000, from December 1, 2011 through December 1, 2022. Interest is paid semi-annually at rates ranging from 2.5% to 4.0%. 13,295,000

**\$11,870,000 Current Interest Serial 2000B Refunding Certificates**, Due in various annual installments ranging from \$900,000 to \$2,575,000, from December 1, 2012 through December 1, 2016. Interest is paid semi-annually at rates ranging from 3.0% to 4.0%. 11,870,000

	<u>74,825,000</u>
Premium on COPS	3,422,122
Deferred amount on defeasance	<u>(693,778)</u>
	<u>\$ 77,553,344</u>

The County issued certificates of participation in 1995 to finance the construction of a new Coliseum. In July 1998, the County issued Series 1998 refunding certificates to refinance this debt. On May 13, 2009, the County issued Series 2009B refunding certificates to refinance the 1998 issue. Coliseum related debt is accounted for in the County's enterprise fund. Certificates outstanding for the year ended June 30, 2009 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

**\$25,690,000 Current Interest Serial 2009B Refunding Certificates**, due in various annual installments ranging from \$60,000 to \$3,785,000, from December 1, 2009 to December 1, 2024. Interest is paid semi-annually at rates ranging from 2.0% to 5.0%. 25,690,000

**\$8,495,000 Current Interest Serial 2009B Refunding Certificates**, due in various annual installments ranging from \$100,000 to \$2,430,000, from December 1, 2011 through December 1, 2022. Interest is paid semi-annually at rates ranging from 2.5% to 4.0%. 8,495,000

**\$2,905,000 Current Interest Serial 2009B Refunding Certificates**, due in various annual installments ranging from \$75,000 to \$2,190,000, from December 1, 2012 through December 1, 2016. Interest is paid semi-annually at rates ranging from 3.0% to 4.0%. 2,905,000

	<u>38,518,781</u>
Premium on COPS	2,111,481
Deferred amount on defeasance	<u>(3,212,653)</u>
	<u>\$ 37,417,609</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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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 at June 30, 2009 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%.	\$ 27,230
Note payable in ten annual installments of \$150,000 plus variable interest at an average rate of 5.86%.	150,000
Note payable in nineteen quarterly installments of \$236,158 beginning August 24, 2008 plus a final payment of \$236,158 on April 24, 2011. Interest accrues at 3.65%.	1,814,675
Note payable in forty semi-annual installments of \$500,000 plus interest at the rate of 4.21%.	19,500,000
Note payable in twenty annual installments of \$1,325,000 plus interest at the rate of 4.42%.	<u>25,175,000</u>
	<u>\$ 46,666,905</u>

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**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

**E - Long-term Obligation Activity**

The following is a summary of changes in the County's long-term obligations as of June 30, 2009:

	Balance June 30, 2008	Additions	Refundings	Payments	Balance June 30, 2009	Current Portion of Long-term Liabilities
Governmental activities:						
Bonds payable	\$ 90,235,000	\$ -		\$ 7,940,000	\$ 82,295,000	\$ 7,885,000
Bond premium	2,019,480	-		187,118	1,832,362	187,118
Deferred amount on defeasance	(2,235,895)	-		(207,187)	(2,028,708)	(207,187)
Capital lease obligations	3,908,523	-		346,514	3,562,009	360,319
Certificates of participation payable	57,950,000	74,825,000	53,585,000	4,365,000	74,825,000	4,145,000
Certificates of participation premium	-	3,460,433		38,311	3,422,122	299,933
Deferred amount on defeasance	-	(702,033)		(8,255)	(693,778)	(66,043)
Notes payable	49,554,052			2,887,147	46,666,905	3,392,723
Accrued vacation	4,629,119	4,856,319		4,397,664	5,087,774	4,833,387
OPEB payable	14,237,304	15,305,684		3,994,480	25,548,508	-
<b>Total governmental activities</b>	<b>\$ 220,297,583</b>	<b>\$ 97,745,403</b>	<b>\$ 53,585,000</b>	<b>\$ 23,940,792</b>	<b>\$ 240,517,194</b>	<b>\$ 20,830,250</b>

	Balance June 30, 2008	Additions	Refundings	Payments	Balance June 30, 2009	Current Portion of Long-term Liabilities
Business-type activities:						
Certificates of participation payable	\$ 43,198,781	\$ 37,090,000	\$ 38,610,000	\$ 3,160,000	\$ 38,518,781	\$ 3,445,000
Certificates of participation premium	-	2,128,601	-	17,120	2,111,481	136,951
Deferred amount on defeasance	(3,186,534)	(3,238,702)	(2,949,061)	(263,522)	(3,212,653)	(208,388)
Bond payable	1,236,000	-	-	15,000	1,221,000	16,000
Accrued landfill closure and postclosure costs	8,738,768	69,087	-	-	8,807,855	35,000
Accrued vacation	204,840	215,177	-	194,598	225,419	214,148
OPEB payable	638,000	681,299	-	177,909	1,141,390	-
<b>Total business-type activities</b>	<b>\$ 50,829,855</b>	<b>\$ 36,945,462</b>	<b>\$ 35,660,939</b>	<b>\$ 3,301,105</b>	<b>\$ 48,813,273</b>	<b>\$ 3,638,721</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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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, OPEB liability 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:											2010	\$ 7,865,000	\$ 3,927,180	\$ 4,145,000	\$ 3,061,754	\$ 360,319	\$ 137,002	\$ 3,392,723	\$ 1,983,211	\$ 15,783,042	\$ 9,129,147	2011	7,945,000	3,590,481	5,480,000	2,811,038	374,674	122,648	3,249,182	1,842,946	16,948,866	8,337,113	2012	7,920,000	3,182,719	5,555,000	2,588,993	389,600	107,721	2,325,000	1,721,830	16,189,600	7,601,233	2013	7,865,000	2,799,101	5,620,000	2,378,638	405,122	92,200	2,325,000	1,621,165	16,215,122	6,891,104	2014	7,915,000	2,413,860	5,680,000	2,155,367	421,261	76,060	2,325,000	1,520,500	16,341,261	6,165,797	2015-2019	37,315,000	6,336,637	26,680,000	7,372,500	1,611,033	129,592	11,625,000	6,092,525	77,231,033	19,981,304	2020-2024	5,550,000	435,250	15,765,000	3,142,368	-	-	11,625,000	3,975,900	32,940,000	7,153,518	2025-2029	-	-	5,900,000	740,450	-	-	9,800,000	1,069,275	15,700,000	1,799,725		82,295,000	22,655,268	74,825,000	24,271,098	3,562,009	665,223	46,668,905	19,417,352	207,348,914	67,008,941	Premium	1,832,362	-	3,422,122	-	-	-	-	-	5,254,484	-	Deferred Defeasance (net of amortization)	(2,028,709)	-	(683,778)	-	-	-	-	-	(2,722,486)	-		\$ 82,098,654	\$ 22,655,268	\$ 77,563,344	\$ 24,271,098	\$ 3,562,009	\$ 665,223	\$ 46,668,905	\$ 19,417,352	\$ 209,880,912	\$ 67,008,941	Business-type Activities:											2010	\$ 16,000	\$ 50,366	\$ 3,445,000	\$ 1,588,745	\$ -	\$ -	\$ -	\$ -	\$ 3,461,000	\$ 1,639,111	2011	16,000	49,706	3,786,000	1,382,375	-	-	-	-	3,801,000	1,432,081	2012	17,000	49,046	947,326	2,321,889	-	-	-	-	954,326	2,370,945	2013	18,000	48,345	930,519	2,340,591	-	-	-	-	948,519	2,388,926	2014	18,000	47,603	915,966	2,357,594	-	-	-	-	933,936	2,405,167	2015-2019	104,000	226,060	11,270,000	5,069,413	-	-	-	-	11,374,000	5,295,463	2020-2024	125,000	202,960	14,066,000	2,314,812	-	-	-	-	14,160,000	2,517,762	2025-2029	156,000	174,694	3,150,000	79,760	-	-	-	-	3,346,000	254,444	2030-2034	189,000	139,920	-	-	-	-	-	-	189,000	139,920	2035-2039	232,000	97,474	-	-	-	-	-	-	232,000	97,474	2040-2044	274,000	45,870	-	-	-	-	-	-	274,000	45,870	2045-2049	56,000	2,310	-	-	-	-	-	-	56,000	2,310		1,221,000	1,134,334	38,518,781	17,455,139	-	-	-	-	38,739,781	18,589,473	COFS Premium	-	-	2,111,481	-	-	-	-	-	2,111,481	-	Deferred Defeasance (net of amortization)	-	-	(3,212,663)	-	-	-	-	-	(3,212,663)	-		\$ 1,221,000	\$ 1,134,334	\$ 37,417,609	\$ 17,455,139	\$ -	\$ -	\$ -	\$ -	\$ 38,638,609	\$ 18,589,473
2010	\$ 7,865,000	\$ 3,927,180	\$ 4,145,000	\$ 3,061,754	\$ 360,319	\$ 137,002	\$ 3,392,723	\$ 1,983,211	\$ 15,783,042	\$ 9,129,147																																																																																																																																																																																																																																																																																																																															
2011	7,945,000	3,590,481	5,480,000	2,811,038	374,674	122,648	3,249,182	1,842,946	16,948,866	8,337,113																																																																																																																																																																																																																																																																																																																															
2012	7,920,000	3,182,719	5,555,000	2,588,993	389,600	107,721	2,325,000	1,721,830	16,189,600	7,601,233																																																																																																																																																																																																																																																																																																																															
2013	7,865,000	2,799,101	5,620,000	2,378,638	405,122	92,200	2,325,000	1,621,165	16,215,122	6,891,104																																																																																																																																																																																																																																																																																																																															
2014	7,915,000	2,413,860	5,680,000	2,155,367	421,261	76,060	2,325,000	1,520,500	16,341,261	6,165,797																																																																																																																																																																																																																																																																																																																															
2015-2019	37,315,000	6,336,637	26,680,000	7,372,500	1,611,033	129,592	11,625,000	6,092,525	77,231,033	19,981,304																																																																																																																																																																																																																																																																																																																															
2020-2024	5,550,000	435,250	15,765,000	3,142,368	-	-	11,625,000	3,975,900	32,940,000	7,153,518																																																																																																																																																																																																																																																																																																																															
2025-2029	-	-	5,900,000	740,450	-	-	9,800,000	1,069,275	15,700,000	1,799,725																																																																																																																																																																																																																																																																																																																															
	82,295,000	22,655,268	74,825,000	24,271,098	3,562,009	665,223	46,668,905	19,417,352	207,348,914	67,008,941																																																																																																																																																																																																																																																																																																																															
Premium	1,832,362	-	3,422,122	-	-	-	-	-	5,254,484	-																																																																																																																																																																																																																																																																																																																															
Deferred Defeasance (net of amortization)	(2,028,709)	-	(683,778)	-	-	-	-	-	(2,722,486)	-																																																																																																																																																																																																																																																																																																																															
	\$ 82,098,654	\$ 22,655,268	\$ 77,563,344	\$ 24,271,098	\$ 3,562,009	\$ 665,223	\$ 46,668,905	\$ 19,417,352	\$ 209,880,912	\$ 67,008,941																																																																																																																																																																																																																																																																																																																															
Business-type Activities:											2010	\$ 16,000	\$ 50,366	\$ 3,445,000	\$ 1,588,745	\$ -	\$ -	\$ -	\$ -	\$ 3,461,000	\$ 1,639,111	2011	16,000	49,706	3,786,000	1,382,375	-	-	-	-	3,801,000	1,432,081	2012	17,000	49,046	947,326	2,321,889	-	-	-	-	954,326	2,370,945	2013	18,000	48,345	930,519	2,340,591	-	-	-	-	948,519	2,388,926	2014	18,000	47,603	915,966	2,357,594	-	-	-	-	933,936	2,405,167	2015-2019	104,000	226,060	11,270,000	5,069,413	-	-	-	-	11,374,000	5,295,463	2020-2024	125,000	202,960	14,066,000	2,314,812	-	-	-	-	14,160,000	2,517,762	2025-2029	156,000	174,694	3,150,000	79,760	-	-	-	-	3,346,000	254,444	2030-2034	189,000	139,920	-	-	-	-	-	-	189,000	139,920	2035-2039	232,000	97,474	-	-	-	-	-	-	232,000	97,474	2040-2044	274,000	45,870	-	-	-	-	-	-	274,000	45,870	2045-2049	56,000	2,310	-	-	-	-	-	-	56,000	2,310		1,221,000	1,134,334	38,518,781	17,455,139	-	-	-	-	38,739,781	18,589,473	COFS Premium	-	-	2,111,481	-	-	-	-	-	2,111,481	-	Deferred Defeasance (net of amortization)	-	-	(3,212,663)	-	-	-	-	-	(3,212,663)	-		\$ 1,221,000	\$ 1,134,334	\$ 37,417,609	\$ 17,455,139	\$ -	\$ -	\$ -	\$ -	\$ 38,638,609	\$ 18,589,473																																																																																																																																															
2010	\$ 16,000	\$ 50,366	\$ 3,445,000	\$ 1,588,745	\$ -	\$ -	\$ -	\$ -	\$ 3,461,000	\$ 1,639,111																																																																																																																																																																																																																																																																																																																															
2011	16,000	49,706	3,786,000	1,382,375	-	-	-	-	3,801,000	1,432,081																																																																																																																																																																																																																																																																																																																															
2012	17,000	49,046	947,326	2,321,889	-	-	-	-	954,326	2,370,945																																																																																																																																																																																																																																																																																																																															
2013	18,000	48,345	930,519	2,340,591	-	-	-	-	948,519	2,388,926																																																																																																																																																																																																																																																																																																																															
2014	18,000	47,603	915,966	2,357,594	-	-	-	-	933,936	2,405,167																																																																																																																																																																																																																																																																																																																															
2015-2019	104,000	226,060	11,270,000	5,069,413	-	-	-	-	11,374,000	5,295,463																																																																																																																																																																																																																																																																																																																															
2020-2024	125,000	202,960	14,066,000	2,314,812	-	-	-	-	14,160,000	2,517,762																																																																																																																																																																																																																																																																																																																															
2025-2029	156,000	174,694	3,150,000	79,760	-	-	-	-	3,346,000	254,444																																																																																																																																																																																																																																																																																																																															
2030-2034	189,000	139,920	-	-	-	-	-	-	189,000	139,920																																																																																																																																																																																																																																																																																																																															
2035-2039	232,000	97,474	-	-	-	-	-	-	232,000	97,474																																																																																																																																																																																																																																																																																																																															
2040-2044	274,000	45,870	-	-	-	-	-	-	274,000	45,870																																																																																																																																																																																																																																																																																																																															
2045-2049	56,000	2,310	-	-	-	-	-	-	56,000	2,310																																																																																																																																																																																																																																																																																																																															
	1,221,000	1,134,334	38,518,781	17,455,139	-	-	-	-	38,739,781	18,589,473																																																																																																																																																																																																																																																																																																																															
COFS Premium	-	-	2,111,481	-	-	-	-	-	2,111,481	-																																																																																																																																																																																																																																																																																																																															
Deferred Defeasance (net of amortization)	-	-	(3,212,663)	-	-	-	-	-	(3,212,663)	-																																																																																																																																																																																																																																																																																																																															
	\$ 1,221,000	\$ 1,134,334	\$ 37,417,609	\$ 17,455,139	\$ -	\$ -	\$ -	\$ -	\$ 38,638,609	\$ 18,589,473																																																																																																																																																																																																																																																																																																																															

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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

**F - Conduit Debt Obligations**

The County's Industrial Facility and Pollution Control Financing Authority has at various times 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, 2009, there were no industrial revenue bonds outstanding.

**G - Defeasance of Debt**

***Current Year Defeasance of Debt***

On May 13, 2009, the County issued \$89,490,000 Refunding Certificates of Participation, Series 2009B for the purpose of providing funds, together with other available funds, to currently refund \$92,195,000 of outstanding Certificates, as follows:

Current Interest Term 1998 Refunding Certificates	\$ 8,615,000
Current Interest Term 1998 Refunding Certificates	11,610,000
Current Interest Term 1998 Refunding Certificates	18,385,000
Current Interest Serial 1998 Certificates	13,410,000
Current Interest Serial 1998 Certificates	8,260,000
Current Interest Serial 2000 Refunding Certificates	23,440,000
Current Interest Serial 2000 Refunding Certificates	<u>8,475,000</u>
	<u>\$92,195,000</u>

Interest on the Refunding Certificates of Participation is payable semiannually on June 1 and December 1, commencing June 1, 2009, at rates ranging from 2% to 5%. The maturity of the Refunding Bonds is June, 2019. The County completed the advance refunding to reduce its total debt service payments over 15 years by \$10,287,538 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$7,791,190. As a result, the refunded certificates of participation listed above are considered to be defeased and the liability for those certificates of participation has been removed. The carrying value of the certificates of participation has been adjusted for the deferred amounts on defeasance (net of amortization) of (\$3,906,431) and a premium of \$5,533,603.

***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, 2009, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted \$49,825,000.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

**G - Defeasance of Debt (continued)**

***Prior Years' Defeasance of Debt (continued)***

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 general obligation bonds has been adjusted for the deferred amounts on defeasance (net of amortization) of (\$2,028,708) and premium of \$1,832,362, respectively.

**H - ABC Board Note Payable**

The Board has two separate notes payable due to the County for the purchase of buildings and land. The Board's notes payable at June 30, 2009 are comprised of the following individual issues:

Note payable in quarterly installments, in the amount of \$4,583; interest is at 2% below prime	\$ 210,833
--	------------

Note payable in quarterly installments of \$9,190 including Interest at a fixed rate of 5.25%	<u>344,791</u>
Total	555,624
Less current portion	<u>(37,364)</u>
Noncurrent portion	<u>\$ 518,260</u>

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

	<u>Principal</u>
2010	\$ 37,364
2011	38,383
2012	39,456
2013	40,587
2014	41,779
2015-2019	229,126
2020-2024	128,929
	<u>\$ 555,624</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 2009. Principal payments amounted to \$50,500 during fiscal year 2009.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

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

The District's general obligation bonds payable at June 30, 2009 are comprised of the following individual issues:

<i>\$2,802,000 General Obligation Water Bonds, Series 2002A</i>		
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%.		\$ 2,634,000
<i>\$1,102,000 General Obligation Water Bonds, Series 2002B</i>		
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%.		<u>1,039,000</u>
Total		3,673,000
Less current portion		<u>(52,500)</u>
Noncurrent portion		<u>\$ 3,620,500</u>

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

	<b>Eastover Sanitary District</b>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 52,500	\$ 164,590
2011	55,000	162,239
2012	57,500	159,774
2013	59,500	157,199
2014	62,500	154,534
2015-2019	358,000	727,975
2020-2024	446,000	640,210
2025-2029	555,000	530,917
2030-2034	691,000	394,807
2035-2039	826,000	226,638
2040-2044	510,000	45,660
	<u>\$ 3,673,000</u>	<u>\$ 3,364,543</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

**J - Eastover Sanitary District – Note Payable**

Eastover Sanitary District has a note payable due to the County for a sewer extension project. Eastover's note payable at June 30, 2009 is comprised of the following individual issue:

Note payable in annual installments of \$25,000 including Interest at a fixed rate of 5.29%		<u>\$250,000</u>
	Total	\$250,000
	Less current portion	<u>(25,000)</u>
	Noncurrent portion	<u>\$225,000</u>

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

	<u>Principal</u>
2010	\$ 25,000
2011	25,000
2012	25,000
2013	175,000
	<u>\$ 250,000</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, 2009 is as follows:

	<u>Payable Fund</u>		
	<u>Nonmajor Governmental</u>	<u>Cumberland County Crown Center</u>	<u>Total</u>
<b>Receivable Fund</b>			
General	\$ 1,333,430	\$ 5,500	\$ 1,338,930
Total	<u>\$ 1,333,430</u>	<u>\$ 5,500</u>	<u>\$ 1,338,930</u>

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2009**

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

**Transfers to/from Other Funds**

Transfers in (out) for the year ended June 30, 2009 is summarized below:

	<u>Transfer in:</u>				<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Cumberland County Crown Center</u>	<u>Internal service</u>	
<b>Transfer out:</b>					
General	\$ -	\$ 1,976,683	\$ 2,952,709	\$ 218,905	\$ 5,148,297
County Schools	5,405,750				5,405,750
Nonmajor governmental	3,788,821	-	4,379,429	-	8,168,250
Crown Center	55,193	-	-	-	55,193
<b>Total Transfers out</b>	<u>\$ 9,249,764</u>	<u>\$ 1,976,683</u>	<u>\$ 7,332,138</u>	<u>\$ 218,905</u>	<u>\$ 18,777,490</u>

Transfers between the major funds, other nonmajor governmental and enterprise funds, and internal service funds were primarily to support 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 \$1,445,000 in bonds outstanding at June 30, 2009 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, 2009 the outstanding note balance is \$1,814,675.

The County contributed \$8,283,893 and \$910,678 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2009. In addition, the County made debt service payments of \$414,000 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, 2009. 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, 2009**

**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	\$ 217,952,458	\$ 86,048,083
TANF	4,653,681	(5,118)
Special Assistance for Adults	-	2,171,604
Energy Assistance	1,647,910	-
Adoption Subsidy	1,181,719	-
WIC Food Vouchers	9,936,979	-
Adoption Assistance	1,292,435	233,268
	<u>\$ 236,665,182</u>	<u>\$ 88,447,837</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 2008, the County extended the lease for an additional 5-year term. Remaining payments are as follows:

<u>Fiscal Year Ended</u>	
2009	\$ 6,900
2010	6,900
2011	6,900
2012	6,900
	<u>\$ 27,600</u>

**Management Lease**

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

Note 13 - Leases (continued)

A - Lessor Arrangements (continued)

Management Lease (continued)

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, 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>
2010	\$ 3,065,000
2011	3,065,000
2012	3,065,000
2013-2017	15,325,000
2018-2022	15,325,000
2023-2027	15,325,000
2027-2028	3,065,000
	<u>\$ 58,235,000</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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

**Note 13 - Leases (continued)**

**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, 2009 future minimum lease payments under all leases are as follows:

2010	\$	104,760
2011		63,642
	\$	<u>168,402</u>

Total rent expense under leases for the year ended June 30, 2009 was \$130,861.

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, 2009 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2009

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**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).

**Note 17 - Subsequent Events**

On July 8, 2009, the County issued general obligation refunding bonds in the amount of \$34,670,000 to refinance \$35,200,000 of school related general obligation debt. This refunding will reduce the total debt service payments over 8 years by \$3,425,798.

**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>
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	708,466	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%
2007	1,415,764	3,227,956	1,812,192	43.86%	12,572,094	14.41%
2008	1,407,726	3,606,040	2,198,314	39.04%	13,552,512	16.22%

**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>
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	242,845	90.50%
2007	221,473	117.30%
2008	248,532	104.60%
2009	289,058	100.33%

**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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Other Post Employment Benefit Retiree Healthcare Plan  
 Required Supplementary Information  
 Schedule of Funding Progress

Calendar Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
2005	\$ -	\$ 171,135,376	\$ 171,135,376	0.00%	\$ 73,619,726	232.50%
2007	-	166,139,584	166,139,584	0.00%	81,910,914	202.80%

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Other Post Employment Benefit Retiree Healthcare Plan  
Required Supplementary Information  
Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 17,786,721	16.37%
2009	15,986,983	26.10%

**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	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumption	
Investment rate of return*	4.00%
Medical cost trend rate	11.00% to 5.00%
Year of Ultimate trend rate	2016
* Includes inflation at	3.75%
Cost-of-living adjustments	N/A

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES**

**GENERAL FUND**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Comparative Balance Sheets  
General Fund

June 30, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,933,722	\$ 43,610,538
Investments	64,371,447	44,278,816
Taxes receivable, net	3,527,588	3,787,185
Sales tax receivable	12,102,472	12,303,371
Due from other governments	8,608,494	7,279,395
Patient receivables	1,150,956	1,468,727
Other receivables, net	2,098,090	1,459,744
Due from other funds	1,338,930	998,659
Due from component units	487,531	176,537
Inventories	194,096	230,328
Restricted assets		
Cash and cash equivalents	81,188	15,775
<b>Total assets</b>	<b>\$ 114,894,514</b>	<b>\$ 115,609,075</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts and vouchers payable	\$ 6,166,760	\$ 7,183,860
Due to other governments	3,944,875	2,774,079
Accrued payroll	3,576,817	3,120,461
Other payables	959,814	38,656
Due to other funds	-	232,442
Deferred revenues	4,160,716	4,542,817
<b>Total liabilities</b>	<b>18,808,982</b>	<b>17,892,315</b>
<b>Fund balance</b>		
Reserved for inventories	194,096	230,328
Reserved for register of deeds	461,343	463,139
Reserved for encumbrances	3,746,750	7,087,448
Reserved by State statute	25,456,434	23,207,371
Unreserved (available for future appropriation)		
Designated for subsequent year's expenditures	12,606,247	15,778,274
Designated for revaluation	-	175,000
Designated for tax office software	1,175,000	1,000,000
Designated for renovations and maintenance	3,536,479	3,258,222
Designated for Courthouse/plaza repairs	-	262,793
Designated for "old" Health Department renovations	5,682,892	-
Designated for Hope VI Project	3,375,000	3,375,000
Designated for special purposes	-	876,004
Undesignated	39,851,291	42,003,181
<b>Total fund balance</b>	<b>96,085,532</b>	<b>97,716,760</b>
<b>Total liabilities and fund balance</b>	<b>\$ 114,894,514</b>	<b>\$ 115,609,075</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, 2009  
(With Comparative Totals for June 30, 2008)

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
<b>Ad valorem taxes</b>				
Current year	\$ 126,094,173	\$ 127,069,184	\$ 975,011	\$ 125,954,067
Prior years	1,759,889	1,180,776	(579,113)	1,766,106
Penalties and interest	1,497,663	1,361,534	(136,129)	1,475,502
Motor vehicle - current	13,510,207	13,481,207	(29,000)	13,964,317
Motor vehicle - prior	2,195,377	2,383,544	188,167	2,296,833
Other	350,000	472,730	122,730	447,224
<b>Total ad valorem taxes</b>	<b>145,407,309</b>	<b>145,948,975</b>	<b>541,666</b>	<b>145,904,049</b>
<b>Other taxes</b>				
Dog registration fees	475,000	333,916	(141,084)	348,201
Real estate transfer	1,151,076	875,787	(275,289)	1,184,893
Beer and wine	489,287	473,232	(16,055)	507,004
Sales	43,870,078	44,620,885	750,807	46,170,420
<b>Total other taxes</b>	<b>45,985,441</b>	<b>46,303,820</b>	<b>318,379</b>	<b>48,210,518</b>
<b>Unrestricted intergovernmental revenues</b>				
Federal	260,000	274,028	14,028	343,226
State government	195,503	307,793	112,290	249,530
Fayetteville	5,518,999	5,073,090	(445,909)	6,030,212
Municipalities	415,268	474,197	58,929	332,425
Other governmental	1,220,958	2,687,328	1,466,370	999,450
<b>Total unrestricted intergovernmental revenues</b>	<b>7,610,728</b>	<b>8,816,436</b>	<b>1,205,708</b>	<b>7,954,843</b>
<b>Restricted intergovernmental revenues</b>				
Federal	402,338	293,653	(108,685)	482,763
NC health programs	5,419,966	4,984,625	(435,341)	4,528,838
NC mental health programs	14,967,626	11,879,068	(3,088,558)	14,898,238
NC social services programs	40,132,047	40,316,416	184,369	37,926,008
NC library programs	941,919	907,713	(34,206)	898,090
NC other restricted revenue	1,156,230	989,683	(166,547)	723,645
Other restricted revenue	809,769	918,490	108,721	823,183
<b>Total restricted intergovernmental revenues</b>	<b>63,829,895</b>	<b>60,289,648</b>	<b>(3,540,247)</b>	<b>60,280,765</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, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues (continued)</b>				
<b>Licenses and permits</b>				
Inspection department permits	\$ 628,140	\$ 811,027	\$ 182,887	\$ 891,838
Marriage licenses	69,459	116,900	47,441	120,090
Register of Deeds fees	1,497,504	1,570,304	72,800	1,753,592
Miscellaneous permits	-	132,411	132,411	75,787
<b>Total licenses and permits</b>	<b>2,195,103</b>	<b>2,630,642</b>	<b>435,539</b>	<b>2,841,307</b>
<b>Sales and services</b>				
Health department fees	2,998,999	3,317,911	318,912	3,195,386
Library fees	264,527	316,123	51,596	262,982
Mental health department fees	7,752,855	7,087,395	(665,460)	6,069,968
Sheriff department fees	2,474,588	2,610,415	135,827	2,561,673
Social services fees	167,262	106,716	(60,546)	187,449
Other department fees	2,533,264	2,505,844	(27,420)	2,273,414
<b>Total sales and services</b>	<b>16,191,495</b>	<b>15,944,404</b>	<b>(247,091)</b>	<b>14,550,872</b>
<b>Interest earned on investments</b>	<b>3,813,234</b>	<b>1,403,181</b>	<b>(2,410,053)</b>	<b>4,346,452</b>
<b>Miscellaneous</b>				
Other restricted revenue	-	-	-	60,000
Miscellaneous	3,673,984	4,135,556	461,572	407,061
Rent, land, and buildings	3,992,245	4,045,138	52,893	5,047,530
Sales miscellaneous	7,956	8,586	630	6,655
Litigation Settlement	-	-	-	171,948
<b>Total miscellaneous</b>	<b>7,674,185</b>	<b>8,189,280</b>	<b>515,095</b>	<b>5,693,194</b>
<b>Total revenues</b>	<b>292,707,390</b>	<b>289,526,386</b>	<b>(3,181,004)</b>	<b>289,782,000</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, 2009  
(With Comparative Totals for June 30, 2008)

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Governing body	\$ 526,456	\$ 508,826	\$ 17,630	\$ 451,409
Administration	1,564,622	1,472,129	92,493	1,443,014
Court facilities	98,500	61,352	37,148	128,517
Information services	2,046,897	1,731,389	315,508	1,670,546
Elections	1,028,629	814,144	214,485	1,026,611
Finance	1,072,929	1,007,617	65,312	963,711
Legal	668,286	667,931	355	621,596
Register of Deeds	2,142,650	1,854,101	288,549	2,215,821
Tax assessor	4,605,147	4,259,387	345,760	3,941,458
Print & graphics shop	199,372	196,578	2,794	208,460
Public Building	2,018,926	1,950,936	67,990	2,060,721
Communications center	171,734	160,772	10,962	150,775
Carpenter shop	197,515	178,346	19,169	176,916
Public buildings - equipment maintenance	1,066,817	1,066,752	65	998,936
Public buildings - janitorial	650,774	643,166	7,608	594,775
Central maintenance	883,462	861,562	21,900	816,750
Landscaping and grounds	660,632	593,372	67,260	675,758
General government other	14,116,978	8,224,099	5,892,879	4,871,066
<b>Total general government</b>	<b>33,720,326</b>	<b>26,252,459</b>	<b>7,467,867</b>	<b>23,016,840</b>
<b>Public safety</b>				
Emergency services	2,426,850	2,216,694	210,156	1,232,622
Sheriff	21,634,613	21,134,158	500,455	21,684,259
Narcotics	2,760	2,760	-	-
Jail	11,288,312	11,156,889	131,423	10,439,558
School law enforcement-local	3,189,623	3,111,358	78,265	2,933,950
Sheriff's grants	726,440	696,408	30,032	160,965
Animal Services	1,421,016	1,325,747	95,269	1,246,763
Public safety other	1,061,286	880,645	180,641	1,030,374
Cumberland day reporting center	217,057	211,138	5,919	248,775
Criminal justice unit	359,719	336,284	23,435	287,725
Community correction - probation	87,450	84,211	3,239	63,121
<b>Total public safety</b>	<b>42,415,126</b>	<b>41,156,292</b>	<b>1,258,834</b>	<b>39,328,112</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, 2009  
(With Comparative Totals for June 30, 2008)

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Economic and physical development</b>				
Planning and inspections department	\$ 3,008,079	\$ 2,893,407	\$ 114,672	\$ 2,810,268
Engineering	279,135	268,336	10,799	251,488
NC cooperative extension service	624,172	553,049	71,123	560,017
Soil conservation district	77,813	70,622	7,191	67,467
Soil conservation cost	56,879	55,067	1,812	51,423
Economic physical development - other	435,385	435,385	-	434,082
Industrial park	94,310	55,239	39,071	70,006
Location services	402,119	272,609	129,510	-
Public utilities	159,076	147,211	11,865	141,192
<b>Total economic and physical development</b>	<b>5,136,968</b>	<b>4,750,925</b>	<b>386,043</b>	<b>4,385,943</b>
<b>Human services</b>				
<b>Mental Health</b>				
Child and youth contracts	441,012	362,277	78,735	211,755
Adolescent sex offender treatment	-	-	-	56,484
Family preservation	1,161,466	745,046	416,420	262,491
Mental Health - Homeless child	60,895	59,775	1,120	58,191
Smart Start	283,380	275,403	7,977	252,411
Child outpatient	1,215,856	876,534	339,322	518,939
Mental Health - Winding creek	243,950	62,227	181,723	48,857
Mental Health - Adult homeless	93,494	87,367	6,127	81,282
Juvenile Crime prevention	214,910	178,416	36,494	151,036
NC Treatment Alternative to street crime	260,975	227,909	33,066	348,578
Mental Health - substance abuse contracts	1,854,773	1,206,008	648,765	1,091,440
Detoxification	1,086,897	982,008	104,889	759,857
Mental Health - Smart Start daycare	-	-	-	2
Developmental disabled contracts	2,590,277	1,552,712	1,037,565	1,717,034
Mental Health - Adult contracts	2,076,138	963,830	1,112,308	556,951
Mental Health - Crisis stabilization	930,771	822,970	107,801	775,435
Mental Health - Adult periodic	1,680,475	1,321,845	358,630	1,165,321

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Mental Health (continued)</b>				
Willie M. - Child respite	\$ 625,547	\$ 529,051	\$ 96,496	\$ 492,810
Willie M. - Alternative family living	3,742,152	3,690,988	51,164	3,642,643
Willie M. - Day treatment	-	-	-	80,857
Administration	-	-	-	120,604
Mental Health Department	985,776	748,827	236,949	700,080
Medical services	2,976,005	2,134,693	841,312	2,213,271
Claims Management	283,846	251,936	31,910	258,893
Mental Health - Medical records	326,713	237,188	89,525	277,691
Mental Health - Management Information Systems	1,284,661	1,058,627	226,034	514,826
Mental Health - Personnel	162,306	141,427	20,879	136,260
Mental Health - Medicaid contracts	1,506,750	1,488,166	18,584	1,126,971
Thomas S. - Mentally retarded and ill contracts	938,290	461,989	476,301	451,169
Mental Health - Managed Care	278,617	93,450	185,167	61,520
Mental Health - RCE - TASC - Community Partner	1,922,292	1,908,597	13,695	1,760,900
Business management and accounting	638,909	523,057	115,852	495,492
Provider relations and support	201,091	183,637	17,454	182,282
Mental Health - Access Line Screening Triag - Ref	815,447	659,249	156,198	680,223
Mental Health - Service management	820,172	720,115	100,057	575,858
Mental Health - Consumer affairs and customer service	404,929	346,946	57,983	289,703
Mental Health - Quality improvement and outcome evaluation	760,859	715,320	45,539	682,882
Mental Health - CTSP Court Order evaluation	130,794	87,123	43,671	65,898
<b>Subtotal - mental health</b>	<b>33,000,425</b>	<b>25,704,713</b>	<b>7,295,712</b>	<b>22,866,897</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, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Health</b>				
Health - administration	\$ 1,641,244	\$ 1,539,647	\$ 101,597	\$ 1,523,220
Laboratory	374,695	369,109	5,586	315,142
Mosquito control	40,317	20,539	19,778	58,400
Pharmacy	498,658	423,231	75,427	395,661
C. C. Jail Health program	1,759,720	1,639,507	120,213	1,358,050
Management Support	323,534	304,835	18,699	302,049
NC Environmental Health	1,564,480	1,377,256	187,224	1,497,239
Immunization clinic	541,508	462,217	79,291	470,556
School health program	859,236	780,476	78,760	721,912
Behavioral Health	-	-	-	3,626
C.C. Wellness program	46,851	38,330	8,521	39,831
Child health clinic	706,490	690,220	16,270	716,435
Dental clinic	334,178	317,725	16,453	315,880
Health promotion	322,630	308,739	13,891	306,491
Maternal health clinic	557,371	509,371	48,000	488,979
Medical records	262,360	246,467	15,893	215,057
Childhood lead poison prevention	1,000	277	723	3,456
Breast/cervical cancer	126,501	117,911	8,590	67,420
Child Service Coordination	688,890	615,931	72,959	548,559
Child fatality prevention	3,889	3,876	13	3,501
BCCCP-CVD screening	33,813	24,791	9,022	41,734
Chest TB clinic	254,877	218,312	36,565	197,456
Family planning clinic	1,023,157	952,554	70,603	766,094
NC Epilepsy program	10,404	866	9,538	517
NC General Communicable Disease	283,587	249,416	34,171	270,838
CDC tuberculosis project	77,260	70,424	6,836	55,536
NC AIDS	68,120	67,421	699	67,347
Adult health clinic	757,961	752,538	5,423	718,428
School health	502,084	445,093	56,991	450,001
WIC - Clinic services	2,058,775	1,780,520	278,255	1,677,083
Health - other	152,887	147,417	5,470	143,815
Regional Bioterrorism response team	650,297	510,589	139,708	384,092
Local Health Alert Network	-	-	-	2,969
NC Bioterrorism Pandemic Influenza	-	-	-	74,799
Bioterrorism Cities Readiness	-	-	-	20,000
Bioterrorism preparedness and response	122,545	105,853	16,692	115,603
STD Clinic	449,959	427,216	22,743	326,817
South Central partnership	200,762	196,496	4,266	65,068
Maternal care coordination	621,288	570,192	51,096	598,052
<b>Subtotal - health</b>	<b>17,921,328</b>	<b>16,285,362</b>	<b>1,635,966</b>	<b>15,327,713</b>
<b>Welfare</b>				
Social services department	35,023,345	33,461,023	1,562,322	31,649,585
Social services - other	34,293,043	30,606,209	3,686,834	37,289,559
Grant - FV Care Center	388,234	350,580	37,654	386,776
Welfare - other	398,777	377,280	21,497	385,881
<b>Subtotal - welfare</b>	<b>70,103,399</b>	<b>64,795,092</b>	<b>5,308,307</b>	<b>69,711,801</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, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Other human services</b>				
Veterans' services	\$ 362,055	\$ 311,023	\$ 51,032	\$ 230,461
Spring Lake Resource Center - Admin	15,986	2,980	13,006	3,200
<b>Subtotal - other human services</b>	<b>378,041</b>	<b>314,003</b>	<b>64,038</b>	<b>233,661</b>
<b>Total human services</b>	<b>121,403,193</b>	<b>107,099,170</b>	<b>14,304,023</b>	<b>108,140,072</b>
<b>Cultural and recreational</b>				
Library	8,690,349	8,370,775	319,574	8,322,480
Library foreign language	184,766	182,435	2,331	43,084
Law library	75,848	75,622	226	72,806
Library - Smart Start	250,815	250,238	577	271,029
Motherread	69,885	67,987	1,898	66,688
Stadium maintenance	153,911	153,911	-	156,036
Culture recreation other	312,300	312,300	-	284,500
Library - grants	215,766	153,480	62,286	96,066
<b>Total cultural and recreational</b>	<b>9,953,640</b>	<b>9,566,748</b>	<b>386,892</b>	<b>9,312,689</b>
<b>Education</b>				
Public schools - current	72,600,860	72,392,192	208,668	70,660,096
Community colleges - current	8,283,893	8,283,893	-	7,977,015
Community colleges - capital outlay	943,365	910,678	32,687	1,102,777
<b>Total education</b>	<b>81,828,118</b>	<b>81,586,763</b>	<b>241,355</b>	<b>79,739,888</b>
<b>Debt service</b>				
Principal payments	15,388,661	15,388,661	-	13,950,329
Interest and fees	10,684,164	10,684,164	-	7,940,675
<b>Total debt service</b>	<b>26,072,825</b>	<b>26,072,825</b>	<b>-</b>	<b>21,891,004</b>
<b>Total expenditures</b>	<b>320,530,196</b>	<b>296,485,182</b>	<b>24,045,014</b>	<b>285,814,548</b>
<b>Revenues over (under) expenditures</b>	<b>(27,822,806)</b>	<b>(6,958,796)</b>	<b>20,864,010</b>	<b>3,967,452</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, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Other financing sources (uses)</b>				
Sale of capital assets	\$ -	\$ 270,916	\$ 270,916	\$ 172,355
Bond proceeds	52,400,000	52,400,000	-	-
Debt issue costs	4,171,265	4,178,094	6,829	-
Payment to escrow agent	(55,622,909)	(55,622,909)	-	-
Transfers in	9,279,523	9,249,764	(29,759)	4,009,700
Transfers out	(5,811,708)	(5,148,297)	663,411	(8,544,631)
Fund balance appropriated	23,406,635	-	(23,406,635)	-
<b>Total other financing sources (uses)</b>	<b>27,822,806</b>	<b>5,327,568</b>	<b>(22,495,238)</b>	<b>(4,362,576)</b>
<b>Revenues and other financing sources (uses) over expenditures</b>	<b>\$ -</b>	<b>(1,631,228)</b>	<b>\$ (1,631,228)</b>	<b>(395,124)</b>
<b>Fund balance</b>				
Beginning of year - July 1		97,716,760		98,111,884
End of year - June 30		<u>\$ 96,085,532</u>		<u>\$ 97,716,760</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, 2009  
(With Comparative Totals for June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Other taxes	\$ 10,000,000	\$ 9,252,090	\$ (747,910)	\$ 10,344,901
Unrestricted intergovernmental revenue	500,000	580,149	80,149	700,904
Restricted intergovernmental revenue	5,783,763	3,397,118	(2,386,645)	11,123,266
Interest earned on investments	-	222,413	222,413	375,437
Miscellaneous	-	184,104	184,104	110,265
<b>Total revenues</b>	<b>16,283,763</b>	<b>13,635,874</b>	<b>(2,647,889)</b>	<b>22,654,773</b>
<b>Expenditures</b>				
Education				
School capital outlay I	11,968,570	9,126,582	2,841,988	12,464,807
School capital outlay II	8,892,012	6,821,553	2,070,459	4,130,446
School capital outlay III	1,123,709	794,145	329,564	450,702
<b>Total expenditures</b>	<b>21,984,291</b>	<b>16,742,280</b>	<b>5,242,011</b>	<b>17,045,955</b>
<b>Revenues over expenditures</b>	<b>(5,700,528)</b>	<b>(3,106,406)</b>	<b>2,594,122</b>	<b>5,608,818</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	-	1,795,969
Transfers (out)	(5,405,750)	(5,405,750)	-	(3,884,708)
Appropriated fund balance	11,106,278	-	(11,106,278)	-
<b>Total other financing sources (uses)</b>	<b>5,700,528</b>	<b>(5,405,750)</b>	<b>(11,106,278)</b>	<b>(2,088,739)</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>(8,512,156)</b>	<b>\$ (8,512,156)</b>	<b>3,520,079</b>
<b>Fund balances</b>				
Beginning of year - July 1		17,663,529		14,143,450
End of year - June 30		<b>\$ 9,151,373</b>		<b>\$ 17,663,529</b>

**CAPITAL PROJECT FUND**

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, 2009

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Interest earned on investments	\$ -	\$ 15,284	\$ -	\$ 165,610	\$ 180,894
<b>Total revenues</b>	-	15,284	-	165,610	180,894
<b>Expenditures</b>					
<b>Capital outlay</b>					
Health Department Building	27,986,300	1,737,516	-	18,031,359	19,768,875
<b>Total expenditures</b>	27,986,300	1,737,516	-	18,031,359	19,768,875
<b>Revenues over (under) expenditures</b>	(27,986,300)	(1,722,232)	-	(17,865,749)	(19,587,981)
<b>Other financing sources (uses)</b>					
Debt issuance	26,500,000	26,500,000	-	-	26,500,000
Transfers in	1,486,300	1,486,300	-	-	1,486,300
<b>Total other financing sources</b>	27,986,300	27,986,300	-	-	27,986,300
<b>Revenues and other financing sources over (under) expenditures</b>	\$ -	\$ 26,264,068	\$ -	(17,865,749)	\$ 8,398,319
<b>Fund balance</b>					
Beginning of year - July 1				26,264,068	
End of year - June 30				\$ 8,398,319	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Gray's Creek Middle School Fund**

**From Inception and for Year Ended June 30, 2009**

	<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	\$ -	\$ 109,621	\$ -	\$ 101,821	\$ 211,442
Miscellaneous	-	-	-	314,591	314,591
<b>Total revenues</b>	<u>-</u>	<u>109,621</u>	<u>-</u>	<u>416,412</u>	<u>526,033</u>
<b>Expenditures</b>					
NC school bond project	19,982,916	6,581,351	-	11,673,012	18,254,363
Debt service	17,084	17,084	-	13,042	30,126
<b>Total expenditures</b>	<u>20,000,000</u>	<u>6,598,435</u>	<u>-</u>	<u>11,686,054</u>	<u>18,284,489</u>
<b>Revenues over (under) expenditures</b>	<u>(20,000,000)</u>	<u>(6,488,814)</u>	<u>-</u>	<u>(11,269,642)</u>	<u>(17,758,456)</u>
<b>Other financing sources (uses)</b>					
Debt issuance	20,000,000	20,000,000	-	-	20,000,000
<b>Total other financing sources</b>	<u>20,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 13,511,186</u>	<u>\$ -</u>	<u>(11,269,642)</u>	<u>\$ 2,241,544</u>
<b>Fund balance</b>					
Beginning of year - July 1				13,511,186	
End of year - June 30				<u>\$ 2,241,544</u>	

**NONMAJOR GOVERNMENTAL FUNDS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 14,953,555	\$ -	\$ -	\$ 14,953,555
Investments	5,656,312	-	-	5,656,312
Taxes receivable, net	374,163	-	-	374,163
Sales tax receivable	73,082	2,476	-	75,558
Due from other governments	1,895,001	-	-	1,895,001
Other receivables, net	1,793,214	-	-	1,793,214
Due from component units	250,000	-	-	250,000
Restricted assets:				
Cash and cash equivalents	48,185	22,260,281	5,395	22,313,861
Investments	-	-	35,744	35,744
Accounts receivable	-	19,668	119	19,787
<b>Total assets</b>	<u>\$ 25,043,512</u>	<u>\$ 22,282,425</u>	<u>\$ 41,258</u>	<u>\$ 47,367,195</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Accounts and vouchers payable	\$ 692,692	\$ 2,017,785	\$ -	\$ 2,710,477
Due to other governments	18,215	-	-	18,215
Accrued payroll	248,141	-	-	248,141
Other payables	4,471	-	-	4,471
Due to other funds	1,320,193	13,237	-	1,333,430
Deferred revenue	2,146,354	-	119	2,146,473
<b>Total liabilities</b>	<u>4,430,066</u>	<u>2,031,022</u>	<u>119</u>	<u>6,461,207</u>
<b>Fund balances:</b>				
<b>Reserved:</b>				
Reserved for encumbrances	530,442	-	-	530,442
Reserved by State statute	2,239,106	22,144	-	2,261,250
Reserved for inmates	23,566	-	-	23,566
Reserved for cemetery	-	-	41,139	41,139
<b>Unreserved:</b>				
Designated for subsequent year's expenditures	3,155,966	-	-	3,155,966
Undesignated	14,664,366	20,229,259	-	34,893,625
<b>Total fund balances</b>	<u>20,613,446</u>	<u>20,251,403</u>	<u>41,139</u>	<u>40,905,988</u>
<b>Total liabilities and fund balances</b>	<u>\$ 25,043,512</u>	<u>\$ 22,282,425</u>	<u>\$ 41,258</u>	<u>\$ 47,367,195</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2009**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 8,130,662	\$ -	\$ -	\$ 8,130,662
Other taxes	5,103,073	-	-	5,103,073
Restricted intergovernmental revenue	10,754,982	117,604	-	10,872,586
Sales and services	232,604	4,720	-	237,324
Interest earned on investments	320,116	39,908	814	360,838
Miscellaneous	1,551,846	1,363	3,000	1,556,209
<b>Total revenues</b>	<u>26,093,283</u>	<u>163,595</u>	<u>3,814</u>	<u>26,260,692</u>
<b>Expenditures</b>				
Current:				
General government	549,509	-	1,800	551,309
Public safety	5,888,507	-	-	5,888,507
Economic and physical development	9,692,308	-	-	9,692,308
Human services	1,607,546	-	-	1,607,546
Cultural and recreational	3,039,747	123,737	-	3,163,484
Capital outlay	551,875	2,633,850	-	3,185,725
Principal payments	150,000	-	-	150,000
Interest and fees	16,211	-	-	16,211
<b>Total expenditures</b>	<u>21,495,703</u>	<u>2,757,587</u>	<u>1,800</u>	<u>24,255,090</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>4,597,580</u>	<u>(2,593,992)</u>	<u>2,014</u>	<u>2,005,602</u>
<b>Other financing sources (uses)</b>				
Debt issuance	-	22,256,315	-	22,256,315
Discount on issuance of bonds	-	(29,238)	-	(29,238)
Sale of capital assets	276,750	-	-	276,750
Transfers in	1,976,683	-	-	1,976,683
Transfers out	(7,765,288)	(402,962)	-	(8,168,250)
<b>Total other financing sources (uses)</b>	<u>(5,511,855)</u>	<u>21,824,115</u>	<u>-</u>	<u>16,312,260</u>
<b>Net change in fund balances</b>	<u>(914,275)</u>	<u>19,230,123</u>	<u>2,014</u>	<u>18,317,862</u>
<b>Fund balance - beginning</b>	<u>21,527,721</u>	<u>1,021,280</u>	<u>39,125</u>	<u>22,588,126</u>
<b>Fund balance - ending</b>	<u>\$ 20,613,446</u>	<u>\$ 20,251,403</u>	<u>\$ 41,139</u>	<u>\$ 40,905,988</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2009

(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	\$ 5,667,585	\$ -	\$ 2,026,636	\$ 7	\$ 1,892,085	\$ 1,912,655	\$ 387,781	\$ 1,404,329	\$ 348,782	\$ 22,753
Investments	-	-	1,000,000	-	1,999,810	2,494,745	-	-	-	88,517
Taxes receivable, net	-	-	-	-	-	-	-	131,335	-	-
Sales tax receivable	-	-	123	37,923	-	19	1,371	10,962	742	338
Due from other governments	-	-	96,135	1,461,762	-	-	-	-	-	231,062
Other receivables, net	-	-	674	585	491	1,772,420	-	-	-	19,044
Due from component units	-	-	-	-	-	250,000	-	-	-	-
Restricted assets:	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5,667,585</b>	<b>\$ -</b>	<b>\$ 3,123,568</b>	<b>\$ 1,500,277</b>	<b>\$ 3,892,386</b>	<b>\$ 6,429,839</b>	<b>\$ 389,152</b>	<b>\$ 1,546,626</b>	<b>\$ 349,524</b>	<b>\$ 361,714</b>
<b>Liabilities and fund balances</b>										
Liabilities:										
Accounts and vouchers payable	\$ -	\$ -	\$ 348	\$ 153,192	\$ -	\$ 150,257	\$ 5,242	\$ 76,627	\$ 123,894	\$ 95,476
Due to other governments	-	-	-	-	-	-	-	4,414	-	12,868
Accrued payroll	-	-	3,289	181,576	-	-	13,279	-	14,577	1,564
Other payables	-	-	-	-	-	-	-	-	-	186
Due to other funds	-	-	-	1,035,868	-	-	-	-	-	196,262
Deferred revenue	-	-	76	-	200	1,771,675	-	131,335	-	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,713</b>	<b>\$ 1,370,626</b>	<b>\$ 200</b>	<b>\$ 1,921,932</b>	<b>\$ 18,521</b>	<b>\$ 212,376</b>	<b>\$ 138,471</b>	<b>\$ 306,356</b>
<b>Fund balances:</b>										
Reserved:										
Reserved for encumbrances	-	-	165,779	56,314	238	215,338	-	2,724	656	74,643
Reserved by State statute	-	-	96,856	1,500,270	291	250,764	1,371	10,962	742	250,444
Reserved for inmates	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated for subsequent year's expenditures	-	-	-	-	952,096	1,750,000	-	280,000	10,068	-
Undesignated	5,667,585	-	2,857,220	(1,426,933)	2,839,851	2,291,805	369,260	1,040,564	199,587	(269,729)
<b>Total fund balances</b>	<b>5,667,585</b>	<b>-</b>	<b>3,119,855</b>	<b>129,651</b>	<b>3,892,186</b>	<b>4,507,907</b>	<b>370,631</b>	<b>1,334,250</b>	<b>211,053</b>	<b>55,358</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,667,585</b>	<b>\$ -</b>	<b>\$ 3,123,568</b>	<b>\$ 1,500,277</b>	<b>\$ 3,892,386</b>	<b>\$ 6,429,839</b>	<b>\$ 389,152</b>	<b>\$ 1,546,626</b>	<b>\$ 349,524</b>	<b>\$ 361,714</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2009

(concluded)

	Flea Hill Drainage District Fund	Community Development Fund	Fire Protection Fund	Federal Drug Forfeiture Fund	North				Total Nonmajor Special Revenue Funds
					Federal Forfeiture Treasury Fund	Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Downtown Revitalization Fund	
\$ 5,266	\$ 52,955	\$ 352,244	\$ 383,818	\$ 12,213	\$ 236,986	\$ 12,665	\$ 234,785	\$ -	\$ 14,953,555
73,240	-	-	-	-	-	-	-	-	5,656,312
240	21,353	242,828	-	-	-	1	-	-	374,163
-	106,042	-	-	-	-	-	-	-	73,082
-	-	-	-	-	-	-	-	-	1,895,001
-	-	-	-	-	-	-	-	-	1,793,214
-	-	-	-	-	-	-	-	-	250,000
-	-	-	-	-	-	-	-	48,185	48,185
\$ 78,746	\$ 180,370	\$ 595,072	\$ 383,818	\$ 12,213	\$ 236,986	\$ 12,666	\$ 234,785	\$ 48,185	\$ 25,043,512

Assets

Cash and cash equivalents  
Investments  
Taxes receivable, net  
Sales tax receivable  
Due from other governments  
Other receivables, net  
Due from component units  
Restricted assets:  
Cash and cash equivalents  
Total assets

Liabilities and fund balances

Liabilities:  
Accounts and vouchers payable  
Due to other governments  
Accrued payroll  
Other payables  
Due to other funds  
Deferred revenue  
Total liabilities

Fund balances:

Reserved:  
Reserved for encumbrances  
Reserved by State statute  
Reserved for inmates  
Unreserved:  
Designated for subsequent year's expenditures  
Undesignated  
Total fund balances

Total liabilities and fund balances

\$ 78,746 \$ 180,370 \$ 595,072 \$ 383,818 \$ 12,213 \$ 236,986 \$ 12,666 \$ 234,785 \$ 48,185 \$ 25,043,512

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2009**

(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,903,535	\$ -	\$ -
Other taxes	5,103,073	-	-	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	-	1,339,863	4,655,626	70,600	-	-	26,653	1,156,893	987,626
Sales and services	-	-	-	19,873	-	-	-	-	190,626	22,105
Interest earned on investments	92,167	-	47,300	-	66,222	54,165	4,537	29,515	3,344	1,270
Miscellaneous	-	-	66,604	319	-	1,031,925	-	-	1,157	-
Total revenues	5,195,240	-	1,453,767	4,675,818	136,822	1,086,090	4,537	2,959,703	1,352,020	1,011,001
<b>Expenditures</b>										
Current:										
General government	-	-	-	-	-	-	549,509	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	373,087	4,676,261	905,483	234,794	-	-	-	1,048,483
Human services	-	-	-	-	-	-	-	-	1,607,546	-
Cultural and recreational	3,588	-	-	-	-	-	-	3,036,159	-	-
Capital outlay	-	-	326,177	-	5,081	-	-	210,617	-	-
Principal payments	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	3,588	-	699,264	4,676,261	910,564	234,794	549,509	3,246,776	1,607,546	1,048,483
Excess (deficiency) of revenues over (under) expenditures	5,191,652	-	754,503	(443)	(773,742)	851,296	(544,972)	(287,073)	(255,526)	(37,482)
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	-	-	-	-	-	-	276,750	-	-
Transfers in	-	-	-	-	526,104	250,000	558,976	-	300,869	37,510
Transfers out	(4,427,000)	(3,280,072)	(34,216)	-	-	-	-	-	-	-
Total other financing sources (uses)	(4,427,000)	(3,280,072)	(34,216)	-	526,104	250,000	558,976	276,750	300,869	37,510
Net change in fund balances	764,652	(3,280,072)	720,287	(443)	(247,638)	1,101,296	14,004	(10,323)	45,343	28
Fund balance - beginning	4,902,933	3,280,072	2,399,568	130,094	4,139,824	3,406,611	356,627	1,344,573	165,710	55,330
Fund balance - ending	\$ 5,667,585	\$ -	\$ 3,119,855	\$ 129,651	\$ 3,892,186	\$ 4,507,907	\$ 370,631	\$ 1,334,250	\$ 211,053	\$ 55,358

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2009**

(concluded)

	North										Total Nonmajor Special Revenue Funds
	Flea Hill Drainage District Fund	Community Development Fund	Fire Protection Fund	Federal Drug Forfeiture Fund	Federal Treasury Fund	Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Downtown Revitalization Fund	Inmate Welfare Fund	Total	
<b>Revenues</b>											
Ad valorem taxes	\$ -	\$ -	\$ 5,227,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,130,662
Other taxes	-	-	-	-	-	-	-	-	-	-	5,103,073
Restricted intergovernmental revenue	-	2,308,676	-	158,875	-	45,926	4,244	-	-	-	10,754,982
Sales and services	-	-	-	-	-	-	-	-	-	-	232,604
Interest earned on investments	1,756	-	1,909	9,662	854	3,362	-	3,985	68	-	320,116
Miscellaneous	-	20,065	-	-	-	2,377	-	-	429,399	-	1,551,846
Total revenues	1,756	2,328,741	5,229,036	168,537	854	51,665	4,244	3,985	429,467	-	26,093,283
<b>Expenditures</b>											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	549,509
Public safety	-	-	4,953,636	424,732	47,440	-	2,150	-	460,549	-	5,886,507
Economic and physical development	3,921	2,450,279	-	-	-	-	-	-	-	-	9,692,308
Human services	-	-	-	-	-	-	-	-	-	-	1,607,546
Cultural and recreational	-	-	-	-	-	-	-	-	-	-	3,039,747
Capital outlay	-	-	-	10,000	-	-	-	-	-	-	551,875
Principal payments	-	150,000	-	-	-	-	-	-	-	-	150,000
Interest and fees	-	16,211	-	-	-	-	-	-	-	-	16,211
Total expenditures	3,921	2,616,490	4,953,636	434,732	47,440	-	2,150	-	460,549	-	21,495,703
<b>Excess (deficiency) of revenues</b>	<b>(2,165)</b>	<b>(287,749)</b>	<b>275,400</b>	<b>(266,195)</b>	<b>(46,586)</b>	<b>51,665</b>	<b>2,094</b>	<b>3,985</b>	<b>(31,082)</b>	<b>-</b>	<b>4,597,580</b>
<b>Other financing sources (uses)</b>											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	276,750
Transfers in	-	303,224	-	-	-	-	-	-	-	-	1,976,663
Transfers out	-	-	(24,000)	-	-	-	-	-	-	-	(7,765,288)
Total other financing sources (uses)	-	303,224	(24,000)	-	-	-	-	-	-	-	(5,511,855)
<b>Net change in fund balances</b>	<b>(2,165)</b>	<b>15,475</b>	<b>251,400</b>	<b>(266,195)</b>	<b>(46,586)</b>	<b>51,665</b>	<b>2,094</b>	<b>3,985</b>	<b>(31,082)</b>	<b>-</b>	<b>(914,275)</b>
<b>Fund balance - beginning</b>	<b>80,671</b>	<b>55,610</b>	<b>34,230</b>	<b>635,728</b>	<b>58,799</b>	<b>185,321</b>	<b>10,572</b>	<b>230,800</b>	<b>54,648</b>	<b>-</b>	<b>21,527,721</b>
<b>Fund balance - ending</b>	<b>\$ 78,506</b>	<b>\$ 71,085</b>	<b>\$ 285,630</b>	<b>\$ 369,533</b>	<b>\$ 12,213</b>	<b>\$ 236,986</b>	<b>\$ 12,666</b>	<b>\$ 234,785</b>	<b>\$ 23,566</b>	<b>\$ -</b>	<b>\$ 20,613,446</b>

**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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues</b>				
Other taxes	\$ 4,317,060	\$ 5,103,073	\$ 786,013	\$ 4,777,776
Interest earned on investments	100,000	92,167	(7,833)	191,120
<b>Total revenues</b>	<u>4,417,060</u>	<u>5,195,240</u>	<u>778,180</u>	<u>4,968,896</u>
<b>Expenditures</b>				
Cultural and recreational	10,060	3,588	6,472	3,588
<b>Total expenditures</b>	<u>10,060</u>	<u>3,588</u>	<u>6,472</u>	<u>3,588</u>
<b>Revenues over expenditures</b>	<u>4,407,000</u>	<u>5,191,652</u>	<u>784,652</u>	<u>4,965,308</u>
<b>Other financing sources (uses)</b>				
Transfers (out)	(4,427,000)	(4,427,000)	-	(4,140,000)
<b>Total other financing sources (uses)</b>	<u>(4,407,000)</u>	<u>(4,427,000)</u>	<u>(20,000)</u>	<u>(4,140,000)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>764,652</u>	<u>\$ 764,652</u>	<u>825,308</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>4,902,933</u>		<u>4,077,625</u>
End of year - June 30		<u>\$ 5,667,585</u>		<u>\$ 4,902,933</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, 2009  
 (With Comparative Totals for Year Ended June 30, 2008)

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ 460,048
Sales and services	-	-	-	124,935
Interest earned on investments	-	-	-	134,956
Miscellaneous	-	-	-	1,437
<b>Total revenues</b>	-	-	-	721,376
<b>Expenditures</b>				
Capital outlay	-	-	-	65,098
Economic and physical development	-	-	-	648,616
<b>Total expenditures</b>	-	-	-	713,714
<b>Revenues over expenditures</b>	-	-	-	7,662
<b>Other financing sources (uses)</b>				
Transfers (out)	(3,280,951)	(3,280,072)	879	-
Appropriated fund balance	3,280,951	-	(3,280,951)	-
<b>Total other financing sources (uses)</b>	-	(3,280,072)	(3,280,072)	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	\$ -	(3,280,072)	\$ (3,280,072)	7,662
<b>Fund balances</b>				
Beginning of year - July 1		3,280,072		3,272,410
End of year - June 30		\$ -		\$ 3,280,072

**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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 854,431	\$ 1,339,863	\$ 485,432	\$ 609,362
Interest earned on investments	100,000	47,300	(52,700)	78,547
<b>Total revenues</b>	<u>954,431</u>	<u>1,387,163</u>	<u>432,732</u>	<u>687,909</u>
<b>Expenditures</b>				
Economic and physical development	1,266,071	632,660	633,411	103,742
<b>Total expenditures</b>	<u>1,266,071</u>	<u>632,660</u>	<u>633,411</u>	<u>103,742</u>
<b>Revenues over expenditures</b>	<u>(311,640)</u>	<u>754,503</u>	<u>1,066,143</u>	<u>584,167</u>
<b>Total other financing sources (uses)</b>	<u>311,640</u>	<u>(34,216)</u>	<u>(345,856)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>720,287</u>	<u>\$ 720,287</u>	<u>584,167</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>2,399,568</u>		<u>1,815,401</u>
End of year - June 30		<u>\$ 3,119,855</u>		<u>\$ 2,399,568</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 6,344,037	\$ 4,655,626	\$ (1,688,411)	\$ 2,728,149
Sales and services	30,613	19,873	(10,740)	17,097
Miscellaneous	4,645,699	319	(4,645,380)	161
<b>Total revenues</b>	<b>11,020,349</b>	<b>4,675,818</b>	<b>(6,344,531)</b>	<b>2,745,407</b>
<b>Expenditures</b>				
Workforce development administration	337,511	222,795	114,716	182,310
Workforce development	8,380,518	2,671,829	5,708,689	616,054
Youth Services 70%	436,660	247,577	189,083	246,463
Statewide activities	378,930	256,941	121,989	193,960
Youth Services 30%	163,298	149,450	13,848	171,719
Dislocated worker services	372,667	332,938	39,729	453,763
Military spouse continuation	-	-	-	199,787
National emergency	176,931	169,848	7,083	120,406
National emergency grant	-	-	-	54,136
Base realignment & closure	-	-	-	34,300
Administration	792,509	614,336	178,173	625,466
Planning	9,781	10,547	(766)	1,443
<b>Total expenditures</b>	<b>11,048,805</b>	<b>4,676,261</b>	<b>6,372,544</b>	<b>2,899,807</b>
<b>Revenues over expenditures</b>	<b>(28,456)</b>	<b>(443)</b>	<b>28,013</b>	<b>(154,400)</b>
<b>Other financing sources (uses)</b>				
Transfers in	15,000	-	(15,000)	69,465
Appropriated fund balance	13,456	-	(13,456)	-
<b>Total other financing sources (uses)</b>	<b>28,456</b>	<b>-</b>	<b>(28,456)</b>	<b>69,465</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>(443)</b>	<b>\$ (443)</b>	<b>(84,935)</b>
<b>Fund balances</b>				
Beginning of year - July 1		130,094		215,029
End of year - June 30		<u>\$ 129,651</u>		<u>\$ 130,094</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, 2009  
 (With Comparative Totals for Year Ended June 30, 2008)

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 10,600	\$ 70,600	\$ 60,000	\$ 44,600
Interest earned on investments	75,000	66,222	(8,778)	168,641
<b>Total revenues</b>	<u>85,600</u>	<u>136,822</u>	<u>51,222</u>	<u>213,241</u>
<b>Expenditures</b>				
Economic and physical development	981,544	905,483	76,061	720,316
Capital outlay	5,322	5,081	241	1,009
<b>Total expenditures</b>	<u>986,866</u>	<u>910,564</u>	<u>76,302</u>	<u>721,325</u>
<b>Revenues over expenditures</b>	<u>(901,266)</u>	<u>(773,742)</u>	<u>127,524</u>	<u>(508,084)</u>
<b>Other financing sources (uses)</b>				
Transfers in	526,104	526,104	-	526,104
Appropriated fund balance	375,162	-	(375,162)	-
<b>Total other financing sources (uses)</b>	<u>901,266</u>	<u>526,104</u>	<u>(375,162)</u>	<u>526,104</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(247,638)</u>	<u>\$ (247,638)</u>	<u>18,020</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>4,139,824</u>		<u>4,121,804</u>
End of year - June 30		<u>\$ 3,892,186</u>		<u>\$ 4,139,824</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues</b>				
Unrestricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ 108,000
Restricted intergovernmental revenue	-	-	-	15,912
Sales and services	-	-	-	6,540
Interest earned on investments	-	54,165	54,165	125,841
Miscellaneous	-	1,031,925	1,031,925	87,047
Contribution	-	-	-	340,000
<b>Total revenues</b>	<u>-</u>	<u>1,086,090</u>	<u>1,086,090</u>	<u>683,340</u>
<b>Expenditures</b>				
Economic and physical development	<u>2,340,000</u>	<u>234,794</u>	<u>2,105,206</u>	<u>589,486</u>
<b>Total expenditures</b>	<u>2,340,000</u>	<u>234,794</u>	<u>2,105,206</u>	<u>589,486</u>
<b>Revenues over expenditures</b>	<u>(2,340,000)</u>	<u>851,296</u>	<u>3,191,296</u>	<u>93,854</u>
<b>Other financing sources (uses)</b>				
Transfers in	250,000	250,000	-	250,000
Transfers (out)	-	-	-	-
Appropriated fund balance	<u>2,090,000</u>	<u>-</u>	<u>(2,090,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>2,340,000</u>	<u>250,000</u>	<u>(2,090,000)</u>	<u>250,000</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>1,101,296</u>	<u>\$ 1,101,296</u>	<u>343,854</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>3,406,611</u>		<u>3,062,757</u>
End of year - June 30		<u>\$ 4,507,907</u>		<u>\$ 3,406,611</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ 8,000	\$ 4,537	\$ (3,463)	\$ 11,848
<b>Total revenues</b>	<u>8,000</u>	<u>4,537</u>	<u>(3,463)</u>	<u>11,848</u>
<b>Expenditures</b>				
General government	566,976	549,509	17,467	510,873
<b>Total expenditures</b>	<u>566,976</u>	<u>549,509</u>	<u>17,467</u>	<u>510,873</u>
<b>Revenues over expenditures</b>	<u>(558,976)</u>	<u>(544,972)</u>	<u>14,004</u>	<u>(499,025)</u>
<b>Other financing sources (uses)</b>				
Transfers in	558,976	558,976	-	545,197
<b>Total other financing sources (uses)</b>	<u>558,976</u>	<u>558,976</u>	<u>-</u>	<u>545,197</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>14,004</u>	<u>\$ 14,004</u>	<u>46,172</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>356,627</u>		<u>310,455</u>
End of year - June 30		<u>\$ 370,631</u>		<u>\$ 356,627</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Recreation Fund  
Year Ended June 30, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Ad valorem taxes	\$ 2,910,070	\$ 2,903,535	\$ (6,535)	\$ 2,829,766
Restricted intergovernmental revenue	-	26,653	26,653	50,329
Interest earned on investments	35,000	29,515	(5,485)	63,217
Miscellaneous	1,000	-	(1,000)	982
<b>Total revenues</b>	<u>2,946,070</u>	<u>2,959,703</u>	<u>13,633</u>	<u>2,944,294</u>
<b>Expenditures</b>				
Culture and recreational	3,049,070	3,036,159	12,911	2,867,404
Capital outlay	218,000	210,617	7,383	-
<b>Total expenditures</b>	<u>3,267,070</u>	<u>3,246,776</u>	<u>20,294</u>	<u>2,867,404</u>
<b>Revenues over expenditures</b>	<u>(321,000)</u>	<u>(287,073)</u>	<u>33,927</u>	<u>76,890</u>
<b>Other financing sources (uses)</b>				
Gain (loss) on sale of capital assets	-	276,750	276,750	-
Appropriated fund balance	321,000	-	(321,000)	-
<b>Total other financing sources (uses)</b>	<u>321,000</u>	<u>276,750</u>	<u>(44,250)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(10,323)</u>	<u>\$ (10,323)</u>	<u>76,890</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>1,344,573</u>		<u>1,267,683</u>
End of year - June 30		<u>\$ 1,334,250</u>		<u>\$ 1,344,573</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,281,670	\$ 1,160,237	\$ (121,433)	\$ 1,256,864
Sales and services	240,760	190,626	(50,134)	198,100
Miscellaneous	-	1,157	1,157	-
<b>Total revenues</b>	<u>1,522,430</u>	<u>1,352,020</u>	<u>(170,410)</u>	<u>1,454,964</u>
<b>Expenditures</b>				
General government	41,266	40,174	1,092	36,861
Human services				
Juvenile court outreach	1,169,374	932,490	236,884	1,074,379
Residential group home	646,276	634,882	11,394	690,812
<b>Total expenditures</b>	<u>1,856,916</u>	<u>1,607,546</u>	<u>249,370</u>	<u>1,802,052</u>
<b>Revenues over expenditures</b>	<u>(334,486)</u>	<u>(255,526)</u>	<u>78,960</u>	<u>(347,088)</u>
<b>Other financing sources (uses)</b>				
Transfers in	323,982	300,869	(23,113)	384,934
Appropriated fund balance	10,504	-	(10,504)	-
<b>Total other financing sources (uses)</b>	<u>334,486</u>	<u>300,869</u>	<u>(33,617)</u>	<u>384,934</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>45,343</u>	<u>\$ 45,343</u>	<u>37,846</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>165,710</u>		<u>127,864</u>
End of year - June 30		<u>\$ 211,053</u>		<u>\$ 165,710</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Transportation Fund  
Year Ended June 30, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,375,603	\$ 987,626	\$ (387,977)	\$ 875,292
Sales and services	49,024	22,105	(26,919)	22,795
Interest earned on investments	-	1,270	1,270	4,611
<b>Total revenues</b>	<b>1,424,627</b>	<b>1,011,001</b>	<b>(413,626)</b>	<b>902,698</b>
<b>Expenditures</b>				
Economic and physical development	1,467,692	1,048,483	419,209	917,935
<b>Total expenditures</b>	<b>1,467,692</b>	<b>1,048,483</b>	<b>419,209</b>	<b>917,935</b>
<b>Revenues over expenditures</b>	<b>(43,065)</b>	<b>(37,482)</b>	<b>5,583</b>	<b>(15,237)</b>
<b>Other financing sources (uses)</b>				
Transfers in	38,460	37,510	(950)	24,476
Appropriated fund balance	4,605	-	(4,605)	-
<b>Total other financing sources (uses)</b>	<b>43,065</b>	<b>37,510</b>	<b>(5,555)</b>	<b>24,476</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>28</b>	<b>\$ 28</b>	<b>9,239</b>
<b>Fund balances</b>				
Beginning of year - July 1		55,330		46,091
End of year - June 30		<u>\$ 55,358</u>		<u>\$ 55,330</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ 1,756	\$ 1,756	\$ 2,537
<b>Total revenues</b>	<u>-</u>	<u>1,756</u>	<u>1,756</u>	<u>2,537</u>
<b>Expenditures</b>				
Current				
Expenditures				
Economic and physical development				
Economic and physical development	5,000	3,921	1,079	-
<b>Total expenditures</b>	<u>5,000</u>	<u>3,921</u>	<u>1,079</u>	<u>-</u>
<b>Revenues over expenditures</b>	<u>(5,000)</u>	<u>(2,165)</u>	<u>2,835</u>	<u>2,537</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	5,000			
<b>Total other financing sources (uses)</b>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(2,165)</u>	<u>\$ (2,165)</u>	<u>2,537</u>
<b>Fund balances</b>				
Beginning of year - July 1		80,671		78,134
End of year - June 30		<u>\$ 78,506</u>		<u>\$ 80,671</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 4,990,815	\$ 2,308,676	\$ (2,682,139)	\$ 2,452,636
Miscellaneous	30,000	20,065	(9,935)	49,686
<b>Total revenues</b>	<u>5,020,815</u>	<u>2,328,741</u>	<u>(2,692,074)</u>	<u>2,502,322</u>
<b>Expenditures</b>				
Economic and physical development				
Administration	405,287	379,090	26,197	420,505
Economic Development	540,641	-	540,641	34
Housing activities	3,735,291	1,844,189	1,891,102	1,486,375
Public facilities	470,340	-	470,340	300,000
Public services	186,540	164,856	21,684	210,361
Program grants	249,405	99,922	149,483	103,214
Debt service				
Principal	150,000	150,000	-	150,000
Interest	16,211	16,211	-	27,039
<b>Total expenditures</b>	<u>5,753,715</u>	<u>2,654,268</u>	<u>3,099,447</u>	<u>2,697,528</u>
<b>Revenues over (under) expenditures</b>	<u>(732,900)</u>	<u>(325,527)</u>	<u>407,373</u>	<u>(195,206)</u>
<b>Other financing sources (uses)</b>				
Transfers in	699,284	341,002	(358,282)	156,778
Appropriated fund balance	33,616	-	(33,616)	-
<b>Total other financing sources (uses)</b>	<u>732,900</u>	<u>341,002</u>	<u>(391,898)</u>	<u>156,778</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>15,475</u>	<u>\$ 15,475</u>	<u>(38,428)</u>
<b>Fund balances</b>				
Beginning of year - July 1		55,610		94,038
End of year - June 30		<u>\$ 71,085</u>		<u>\$ 55,610</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Ad valorem taxes	\$ 5,381,568	\$ 5,227,127	\$ (154,441)	\$ 5,106,229
Interest earned on investments	8,416	1,909	(6,507)	5,812
<b>Total revenues</b>	<u>5,389,984</u>	<u>5,229,036</u>	<u>(160,948)</u>	<u>5,112,041</u>
<b>Expenditures</b>				
Public safety	5,373,544	4,953,636	419,908	5,321,036
<b>Total expenditures</b>	<u>5,373,544</u>	<u>4,953,636</u>	<u>419,908</u>	<u>5,321,036</u>
<b>Revenues over expenditures</b>	<u>16,440</u>	<u>275,400</u>	<u>258,960</u>	<u>(208,995)</u>
<b>Other financing sources (uses)</b>				
Transfers (out)	(24,000)	(24,000)	-	(24,000)
Appropriated fund balance	7,560	-	(7,560)	-
<b>Total other financing sources (uses)</b>	<u>(16,440)</u>	<u>(24,000)</u>	<u>(7,560)</u>	<u>(24,000)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>251,400</u>	<u>\$ 251,400</u>	<u>(232,995)</u>
<b>Fund balances</b>				
Beginning of year - July 1		34,230		267,225
End of year - June 30		<u>\$ 285,630</u>		<u>\$ 34,230</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ -	\$ 158,875	\$ 158,875	\$ 1,324,318
Interest earned on investments	-	9,662	9,662	32,140
<b>Total revenues</b>	<u>-</u>	<u>168,537</u>	<u>168,537</u>	<u>1,356,458</u>
<b>Expenditures</b>				
Current				
Public safety	452,020	434,732	17,288	835,453
<b>Total expenditures</b>	<u>452,020</u>	<u>434,732</u>	<u>17,288</u>	<u>835,453</u>
<b>Revenues over expenditures</b>	<u>(452,020)</u>	<u>(266,195)</u>	<u>185,825</u>	<u>521,005</u>
<b>Other financing sources (uses)</b>				
Transfers (out)	-	-	-	(70,000)
Appropriated fund balance	452,020	-	(452,020)	-
<b>Total other financing sources (uses)</b>	<u>452,020</u>	<u>-</u>	<u>(452,020)</u>	<u>(70,000)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(266,195)</u>	<u>\$ (266,195)</u>	<u>451,005</u>
<b>Fund balances</b>				
Beginning of year - July 1		635,728		184,723
End of year - June 30		<u>\$ 369,533</u>		<u>\$ 635,728</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ 20,074
Interest earned on investments	-	854	854	1,658
<b>Total revenues</b>	<u>-</u>	<u>854</u>	<u>854</u>	<u>21,732</u>
<b>Expenditures</b>				
Public safety	58,925	47,440	11,485	-
<b>Total expenditures</b>	<u>58,925</u>	<u>47,440</u>	<u>11,485</u>	<u>-</u>
<b>Revenues over expenditures</b>	<u>(58,925)</u>	<u>(46,586)</u>	<u>12,339</u>	<u>21,732</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	58,925	-	(58,925)	-
<b>Total other financing sources (uses)</b>	<u>58,925</u>	<u>-</u>	<u>(58,925)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(46,586)</u>	<u>\$ (46,586)</u>	<u>21,732</u>
<b>Fund balances</b>				
Beginning of year - July 1		58,799		37,067
End of year - June 30		<u>\$ 12,213</u>		<u>\$ 58,799</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ -	\$ 45,926	\$ 45,926	\$ 107,915
Interest earned on investments	-	3,362	3,362	5,986
Miscellaneous	-	2,377	2,377	-
<b>Total revenues</b>	-	51,665	51,665	113,901
<b>Expenditures</b>				
Public safety	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Revenues over expenditures</b>	-	51,665	51,665	113,901
<b>Other financing sources (uses)</b>				
Gain (loss) on sale of capital assets	-	-	-	-
Transfers (out)	-	-	-	-
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>51,665</u>	<u>\$ 51,665</u>	<u>113,901</u>
<b>Fund balances</b>				
Beginning of year - July 1		185,321		71,420
End of year - June 30		<u>\$ 236,986</u>		<u>\$ 185,321</u>

**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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 3,000	\$ 4,244	\$ 1,244	\$ 8,002
<b>Total revenues</b>	<u>3,000</u>	<u>4,244</u>	<u>1,244</u>	<u>8,002</u>
<b>Expenditures</b>				
Public safety	3,000	2,150	850	5,889
<b>Total expenditures</b>	<u>3,000</u>	<u>2,150</u>	<u>850</u>	<u>5,889</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>2,094</u>	<u>2,094</u>	<u>2,113</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>2,094</u>	<u>\$ 2,094</u>	<u>2,113</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>10,572</u>		<u>8,459</u>
End of year - June 30		<u>\$ 12,666</u>		<u>\$ 10,572</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ 3,985	\$ 3,985	\$ 9,524
<b>Total revenues</b>	-	3,985	3,985	9,524
<b>Expenditures</b>	-	-	-	-
<b>Revenues over expenditures</b>	-	3,985	3,985	9,524
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	3,985	<u>\$ 3,985</u>	9,524
<b>Fund balances</b>				
Beginning of year - July 1		230,800		221,276
End of year - June 30		<u>\$ 234,785</u>		<u>\$ 230,800</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, 2009  
(With Comparative Totals for Year Ended June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ 250	\$ 68	\$ (182)	\$ 214
Miscellaneous	375,000	429,399	54,399	355,654
<b>Total revenues</b>	<u>375,250</u>	<u>429,467</u>	<u>54,217</u>	<u>355,868</u>
<b>Expenditures</b>				
Public safety	464,225	460,549	3,676	495,472
<b>Total expenditures</b>	<u>464,225</u>	<u>460,549</u>	<u>3,676</u>	<u>495,472</u>
<b>Revenues over expenditures</b>	<u>(88,975)</u>	<u>(31,082)</u>	<u>57,893</u>	<u>(139,604)</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	88,975	-	(88,975)	-
<b>Total other financing sources (uses)</b>	<u>88,975</u>	<u>-</u>	<u>(88,975)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(31,082)</u>	<u>\$ (31,082)</u>	<u>(139,604)</u>
<b>Fund balances</b>				
Beginning of year - July 1		54,648		194,252
End of year - June 30		<u>\$ 23,566</u>		<u>\$ 54,648</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
 Nonmajor Capital Project Funds  
 June 30, 2009

	Animal Control Building Fund	Sheriff Training Facility Fund	Averasboro Battlefield Fund	West Regional Library Fund	New Century Elementary Fund	Total Nonmajor Capital Project Funds
<b>Assets</b>						
Sales tax receivable	\$ 557	\$ 1,363	\$ 556	\$ -	\$ -	\$ 2,476
Restricted assets:						
Cash and cash equivalents	446,914	282,675	-	4,870,742	16,659,950	22,260,281
Accounts receivable	27	-	19,641	-	-	19,668
<b>Total assets</b>	<b>\$ 447,498</b>	<b>\$ 284,038</b>	<b>\$ 20,197</b>	<b>\$ 4,870,742</b>	<b>\$ 16,659,950</b>	<b>\$ 22,282,425</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts and vouchers payable	\$ -	\$ -	\$ 5,260	\$ 310,991	\$ 1,701,534	\$ 2,017,785
Due to other funds	-	-	13,237	-	-	13,237
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>18,497</b>	<b>310,991</b>	<b>1,701,534</b>	<b>2,031,022</b>
<b>Fund balances:</b>						
Reserved by State statute	584	1,363	20,197	-	-	22,144
Undesignated	446,914	282,675	(18,497)	4,559,751	14,958,416	20,229,259
<b>Total fund balances</b>	<b>447,498</b>	<b>284,038</b>	<b>1,700</b>	<b>4,559,751</b>	<b>14,958,416</b>	<b>20,251,403</b>
<b>Total liabilities and fund balances</b>	<b>\$ 447,498</b>	<b>\$ 284,038</b>	<b>\$ 20,197</b>	<b>\$ 4,870,742</b>	<b>\$ 16,659,950</b>	<b>\$ 22,282,425</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Project Funds  
Year Ended June 30, 2009**

	Animal Control Building Fund	Sheriff Training Facility Fund	Averasboro Battlefield Fund	West Regional Library Fund	New Century Elementary Fund	Total Nonmajor Capital Project Funds
<b>Revenues</b>						
Restricted intergovernmental revenue	\$ -	\$ -	\$ 117,604	\$ -	\$ -	\$ 117,604
Sales and services	4,720	-	-	-	-	4,720
Interest earned on investments	557	6,417	-	7,403	25,531	39,908
Miscellaneous	-	1,363	-	-	-	1,363
<b>Total revenues</b>	<b>5,277</b>	<b>7,780</b>	<b>117,604</b>	<b>7,403</b>	<b>25,531</b>	<b>163,595</b>
<b>Expenditures</b>						
<b>Capital outlay</b>						
NC school bond project	-	-	-	365,775	2,053,699	2,419,474
Animal control building	20,040	-	-	-	-	20,040
Sheriff training facility	-	194,336	-	-	-	194,336
Averasboro battlefield	-	-	123,737	-	-	123,737
<b>Total expenditures</b>	<b>20,040</b>	<b>194,336</b>	<b>123,737</b>	<b>365,775</b>	<b>2,053,699</b>	<b>2,757,587</b>
<b>Revenues over (under) expenditures</b>	<b>(14,763)</b>	<b>(186,556)</b>	<b>(6,133)</b>	<b>(358,372)</b>	<b>(2,028,168)</b>	<b>(2,593,992)</b>
<b>Other financing sources (uses)</b>						
Proceeds of refunding bonds	-	-	-	5,285,165	17,139,835	22,425,000
Premium on refunding bonds	-	-	-	29,059	99,692	128,751
Bond issuance costs	-	-	-	(73,731)	(252,943)	(326,674)
Transfers out	-	-	-	(402,962)	-	(402,962)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,837,531</b>	<b>16,986,584</b>	<b>21,824,115</b>
<b>Revenues and other financing sources over (under) expenditures</b>	<b>(14,763)</b>	<b>(186,556)</b>	<b>(6,133)</b>	<b>4,479,159</b>	<b>14,958,416</b>	<b>19,230,123</b>
<b>Fund balance</b>						
Beginning of year - July 1	462,261	470,594	7,833	80,592	-	1,021,280
End of year - June 30	\$ 447,498	\$ 284,038	\$ 1,700	\$ 4,559,751	\$ 14,958,416	\$ 20,251,403

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, 2009

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Sales and Services	\$ -	\$ 47,161	\$ -	\$ 4,720	\$ 51,881
Interest earned on investments	54,280	245,380	-	557	245,937
Miscellaneous	-	104,493	-	-	104,493
<b>Total revenues</b>	<b>54,280</b>	<b>397,034</b>	<b>-</b>	<b>5,277</b>	<b>402,311</b>
<b>Expenditures</b>					
Animal control building	5,080,033	4,960,524	-	20,040	4,980,564
<b>Total expenditures</b>	<b>5,080,033</b>	<b>4,960,524</b>	<b>-</b>	<b>20,040</b>	<b>4,980,564</b>
<b>Revenues over (under) expenditures</b>	<b>(5,025,753)</b>	<b>(4,563,490)</b>	<b>-</b>	<b>(14,763)</b>	<b>(4,578,253)</b>
<b>Other financing sources (uses)</b>					
Transfers in	5,225,753	5,225,751	-	-	5,225,751
Transfers out	(200,000)	(200,000)	-	-	(200,000)
<b>Total other financing sources</b>	<b>5,025,753</b>	<b>5,025,751</b>	<b>-</b>	<b>-</b>	<b>5,025,751</b>
<b>Revenues and other financing sources over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 462,261</b>	<b>\$ -</b>	<b>(14,763)</b>	<b>\$ 447,498</b>
<b>Fund balance</b>					
Beginning of year - July 1				462,261	
End of year - June 30				<u>\$ 447,498</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, 2009**

	<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	\$ 178,000	\$ 232,289	\$ -	\$ 6,417	\$ 238,706
Miscellaneous	24,000	78,816	-	1,363	80,179
<b>Total revenues</b>	<u>202,000</u>	<u>311,105</u>	<u>-</u>	<u>7,780</u>	<u>318,885</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Sheriff training facility	5,042,889	4,681,400	-	194,336	4,875,736
<b>Total expenditures</b>	<u>5,042,889</u>	<u>4,681,400</u>	<u>-</u>	<u>194,336</u>	<u>4,875,736</u>
<b>Revenues over (under) expenditures</b>	<u>(4,840,889)</u>	<u>(4,370,295)</u>	<u>-</u>	<u>(186,556)</u>	<u>(4,556,851)</u>
<b>Other financing sources (uses)</b>					
Transfers in	4,840,889	4,840,889	-	-	4,840,889
<b>Total other financing sources</b>	<u>4,840,889</u>	<u>4,840,889</u>	<u>-</u>	<u>-</u>	<u>4,840,889</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 470,594</u>	<u>\$ -</u>	<u>(186,556)</u>	<u>\$ 284,038</u>
<b>Fund balance</b>					
Beginning of year - July 1				470,594	
End of year - June 30				<u>\$ 284,038</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, 2009

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Restricted intergovernmental revenue	\$ 570,986	\$ 442,518	\$ -	\$ 117,604	\$ 560,122
Interest earned on investments	-	1,274	-	-	1,274
<b>Total revenues</b>	<u>570,986</u>	<u>443,792</u>	<u>-</u>	<u>117,604</u>	<u>561,396</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Averagesboro Battlefield	577,617	442,590	-	123,737	566,327
<b>Total expenditures</b>	<u>577,617</u>	<u>442,590</u>	<u>-</u>	<u>123,737</u>	<u>566,327</u>
<b>Revenues over (under) expenditures</b>	<u>(6,631)</u>	<u>1,202</u>	<u>-</u>	<u>(6,133)</u>	<u>(4,931)</u>
<b>Other financing sources (uses)</b>					
Transfers in	6,631	6,631	-	-	6,631
<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>\$ 7,833</u>	<u>\$ -</u>	<u>(6,133)</u>	<u>\$ 1,700</u>
<b>Fund balance</b>					
Beginning of year - July 1				7,833	
End of year - June 30				<u>\$ 1,700</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - West Regional Library Fund

From Inception and for Year Ended June 30, 2009

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Interest earned on investments	\$ -	\$ -	\$ -	\$ 7,403	\$ 7,403
<b>Total revenues</b>	-	-	-	7,403	7,403
<b>Expenditures</b>					
<b>Capital outlay</b>					
Education	5,237,521	322,370	-	365,775	688,145
<b>Total expenditures</b>	5,237,521	322,370	-	365,775	688,145
<b>Revenues over (under) expenditures</b>	(5,237,521)	(322,370)	-	(358,372)	(680,742)
<b>Other financing sources (uses)</b>					
Bond proceeds	5,285,165	-	-	5,285,165	5,285,165
Premium on debt issuance	29,059	-	-	29,059	29,059
Debt issuance costs	(76,703)	-	-	(73,731)	(73,731)
Transfers in	402,962	402,962	-	-	402,962
Transfers out	(402,962)	-	-	(402,962)	(402,962)
<b>Total other financing sources</b>	5,237,521	402,962	-	4,837,531	5,240,493
<b>Revenues and other financing sources over (under) expenditures</b>	\$ -	\$ 80,592	\$ -	4,479,159	\$ 4,559,751
<b>Fund balance</b>					
Beginning of year - July 1				80,592	
End of year - June 30				\$ 4,559,751	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - New Century Elementary School Fund**

**From Inception and for Year Ended June 30, 2009**

	<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	\$ -	\$ -	\$ -	\$ 25,531	\$ 25,531
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,531</u>	<u>25,531</u>
<b>Expenditures</b>					
Education	16,976,388	-	-	2,053,699	2,053,699
<b>Total expenditures</b>	<u>16,976,388</u>	<u>-</u>	<u>-</u>	<u>2,053,699</u>	<u>2,053,699</u>
<b>Revenues over (under) expenditures</b>	<u>(16,976,388)</u>	<u>-</u>	<u>-</u>	<u>(2,028,168)</u>	<u>(2,028,168)</u>
<b>Other financing sources (uses)</b>					
Premium on debt issuance	99,693	-	-	99,692	99,692
Issuance costs	(263,140)	-	-	(252,943)	(252,943)
Bond issuance proceeds	17,139,835	-	-	17,139,835	17,139,835
<b>Total other financing sources</b>	<u>16,976,388</u>	<u>-</u>	<u>-</u>	<u>16,986,584</u>	<u>16,986,584</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>14,958,416</u>	<u>\$ 14,958,416</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ 14,958,416</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**Year Ended June 30, 2009  
(With Comparative Totals for June 30, 2008)**

	2009			2008
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ 1,200	\$ 814	\$ (386)	\$ 1,772
Burial Fees	1,500	3,000	1,500	2,400
<b>Total revenues</b>	<u>2,700</u>	<u>3,814</u>	<u>1,114</u>	<u>4,172</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Maintenance	2,700	1,800	900	1,600
<b>Total expenditures</b>	<u>2,700</u>	<u>1,800</u>	<u>900</u>	<u>1,600</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>2,014</u>	<u>2,014</u>	<u>2,572</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>2,014</u>	<u>\$ 2,014</u>	<u>2,572</u>
<b>Fund balance</b>				
Beginning of year - July 1		<u>39,125</u>		<u>36,553</u>
End of year - June 30		<u>\$ 41,139</u>		<u>\$ 39,125</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, 2009**  
**(With Comparative Totals for June 30, 2008)**

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 2,943,481	\$ 3,327,515	\$ 384,034	\$ 3,564,745
Other operating revenue	358,572	507,849	149,277	477,902
<b>Total operating revenues</b>	<u>3,302,053</u>	<u>3,835,364</u>	<u>533,311</u>	<u>4,042,647</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	995,600	1,308,306	312,706	1,985,090
Gain (loss) on disposal of capital assets	-	1,055	1,055	-
Miscellaneous	5,450	15,412	9,962	28,779
Taxes	4,513,445	4,793,608	280,163	4,767,760
<b>Total Nonoperating revenues and other financing sources</b>	<u>5,514,495</u>	<u>6,118,381</u>	<u>603,886</u>	<u>6,781,629</u>
Appropriated fund balance	3,359,506	-	(3,359,506)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 12,176,054</u>	<u>\$ 9,953,745</u>	<u>\$ (2,222,309)</u>	<u>\$ 10,824,276</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 2,634,576	\$ 2,677,491	\$ (42,915)	\$ 2,572,839
Other supplies	1,477,966	1,034,539	443,427	1,063,653
Repairs and maintenance	1,622,257	1,322,190	300,067	1,415,991
Utilities	87,781	90,200	(2,419)	67,073
Administrative costs	2,755,099	2,082,928	672,171	1,351,479
Landfill closure and postclosure care costs	1,000,000	69,087	930,913	1,575,137
<b>Total operating expenditures</b>	<u>9,577,679</u>	<u>7,276,435</u>	<u>2,301,244</u>	<u>8,046,172</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	2,598,375	1,428,049	1,170,326	2,149,098
<b>Total other expenditures and financing uses</b>	<u>2,598,375</u>	<u>1,428,049</u>	<u>1,170,326</u>	<u>2,149,098</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 12,176,054</u>	<u>\$ 8,704,484</u>	<u>\$ 3,471,570</u>	<u>\$ 10,195,270</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 9,953,745		
Total expenditures and other financing uses		8,704,484		
		1,249,261		
Capital outlay		1,428,049		
Depreciation		(813,083)		
<b>Change in Fund Net Assets</b>		<u>\$ 1,864,227</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, 2009**  
**(With Comparative Totals for June 30, 2008)**

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 2,500,000	\$ 2,482,167	\$ (17,833)	\$ 2,682,260
<b>Total operating revenues</b>	<u>2,500,000</u>	<u>2,482,167</u>	<u>(17,833)</u>	<u>2,682,260</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	32,000	28,375	(3,625)	60,041
Motel occupancy tax	870,513	1,034,203	163,690	1,013,099
Gain (loss) on disposal of capital assets	1,500	(8,205)	(9,705)	-
Miscellaneous	-	274,750	274,750	-
Transfers in	7,530,622	7,332,138	(198,484)	7,441,718
<b>Total Nonoperating revenues and other financing sources</b>	<u>8,434,635</u>	<u>8,661,261</u>	<u>226,626</u>	<u>8,514,858</u>
Appropriated fund balance	464,404	-	(464,404)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 11,399,039</u>	<u>\$ 11,143,428</u>	<u>\$ (255,611)</u>	<u>\$ 11,197,118</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 2,350,548	\$ 2,415,409	\$ (64,861)	\$ 2,442,498
Other supplies	251,129	243,719	7,410	233,689
Repairs and maintenance	634,194	305,418	328,776	274,745
Utilities	770,000	780,479	(10,479)	687,334
Administrative costs	1,788,944	1,777,955	10,989	1,981,198
<b>Total operating expenditures</b>	<u>5,794,815</u>	<u>5,522,980</u>	<u>271,835</u>	<u>5,619,464</u>
<b>Nonoperating expenditures</b>				
Interest expense	2,008,175	2,526,625	(518,450)	2,645,229
<b>Total nonoperating expenditures</b>	<u>2,008,175</u>	<u>2,526,625</u>	<u>(518,450)</u>	<u>2,645,229</u>
<b>Other expenditures and financing uses</b>				
Principal payments	3,160,000	-	3,160,000	-
Capital outlay	380,856	35,410	345,446	249,021
Transfers out	55,193	55,193	-	55,193
Debt issuance	37,090,000	-	37,090,000	-
Payment to escrow agent	(37,090,000)	-	(37,090,000)	-
<b>Total other expenditures and financing uses</b>	<u>3,596,049</u>	<u>90,603</u>	<u>3,505,446</u>	<u>304,214</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 11,399,039</u>	<u>\$ 8,140,208</u>	<u>\$ 3,258,831</u>	<u>\$ 8,568,907</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 11,143,428		
Total expenditures and other financing uses		<u>8,140,208</u>		
		3,003,220		
Capital outlay		35,410		
Depreciation		<u>(1,991,954)</u>		
<b>Change in Fund Net assets</b>		<u>\$ 1,046,676</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, 2009

	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>	<b>-</b>	<b>70,849</b>	<b>-</b>	<b>-</b>	<b>70,849</b>
<b>Expenditures</b>					
Other	4,789,273	4,198,048	-	-	4,198,048
<b>Total expenditures</b>	<b>4,789,273</b>	<b>4,198,048</b>	<b>-</b>	<b>-</b>	<b>4,198,048</b>
<b>Revenues over (under) expenditures</b>	<b>(4,789,273)</b>	<b>(4,127,199)</b>	<b>-</b>	<b>-</b>	<b>(4,127,199)</b>
<b>Other financing sources (uses)</b>					
Transfers in	4,789,273	4,789,273	-	-	4,789,273
<b>Total other financing sources</b>	<b>4,789,273</b>	<b>4,789,273</b>	<b>-</b>	<b>-</b>	<b>4,789,273</b>
<b>Revenues and other financing sources over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 662,074</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 662,074</b>

**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, 2009**  
**(With Comparative Totals for June 30, 2008)**

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 1,400	\$ 1,494	\$ 94	\$ 1,538
Other operating revenue	-	-	-	-
Total operating revenues	<u>1,400</u>	<u>1,494</u>	<u>94</u>	<u>1,538</u>
<b>Nonoperating revenues and other financing sources</b>				
Capital contributions	-	-	-	-
Total Nonoperating revenues and other financing sources	-	-	-	-
Appropriated fund balance	10,000	-	(10,000)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 11,400</u>	<u>\$ 1,494</u>	<u>\$ (9,906)</u>	<u>\$ 1,538</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 11,400	\$ -	\$ 11,400	\$ 602
Total operating expenditures	<u>11,400</u>	<u>-</u>	<u>11,400</u>	<u>602</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 11,400</u>	<u>\$ -</u>	<u>\$ 11,400</u>	<u>\$ 602</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 1,494		
Total expenditures and other financing uses		<u>-</u>		
		1,494		
Depreciation		<u>(66,862)</u>		
<b>Change in Fund Net assets</b>		<u>\$ (65,368)</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, 2009**  
**(With Comparative Totals for June 30, 2008)**

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 292,065	\$ 249,261	\$ (42,804)	\$ 230,634
Total operating revenues	<u>292,065</u>	<u>249,261</u>	<u>(42,804)</u>	<u>230,634</u>
<b>Appropriated fund balance</b>	<u>5,755</u>	<u>-</u>	<u>(5,755)</u>	<u>-</u>
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 297,820</u>	<u>\$ 249,261</u>	<u>\$ (48,559)</u>	<u>\$ 230,634</u>
<b>Operating expenditures</b>				
Other supplies	\$ -	\$ -	\$ -	\$ 6,700
Repairs and maintenance	267,820	244,394	23,426	174,092
Total operating expenditures	<u>267,820</u>	<u>244,394</u>	<u>23,426</u>	<u>180,792</u>
Proprietary nonoperating expense	15,000	-	15,000	-
Total nonoperating expenditures	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	15,000	-	15,000	-
Total other expenditures and financing uses	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 297,820</u>	<u>\$ 244,394</u>	<u>\$ 53,426</u>	<u>\$ 180,792</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 249,261		
Total expenditures and other financing uses		<u>244,394</u>		
		4,867		
Depreciation		<u>(237,861)</u>		
<b>Change in Fund Net assets</b>		<u>\$ (232,994)</u>		

**INTERNAL SERVICE FUNDS**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2009

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,087,269	\$ 1,087,269
Sales tax receivable	-	-	26	776	-	-	802
Due from other governments	1,711	-	85,089	-	-	-	86,800
Other receivables, net	6,268	-	25,291	-	-	-	31,559
<b>Total current assets</b>	<b>7,979</b>	<b>-</b>	<b>110,406</b>	<b>776</b>	<b>-</b>	<b>1,087,269</b>	<b>1,206,430</b>
<b>Restricted assets</b>							
Capital assets, net of accumulated depreciation	-	-	-	3,975	-	-	3,975
Cash and cash equivalents	4,207,311	163,510	2,519,472	542,171	425,562	30,542	7,888,568
Investments	500,660	-	203	-	-	-	500,863
<b>Total noncurrent assets</b>	<b>4,707,971</b>	<b>163,510</b>	<b>2,519,675</b>	<b>546,146</b>	<b>425,562</b>	<b>30,542</b>	<b>8,393,406</b>
<b>Total assets</b>	<b>4,715,950</b>	<b>163,510</b>	<b>2,630,081</b>	<b>546,922</b>	<b>425,562</b>	<b>1,117,811</b>	<b>9,599,836</b>
<b>Liabilities and net assets</b>							
<b>Current liabilities</b>							
Accounts and vouchers payable	45,115	-	-	-	2,614	-	47,729
Accrued payroll	-	-	8,640	-	-	-	8,640
Incurred but not reported	846,000	-	281,154	33,083	-	306,000	1,466,237
Current portion of long-term debt and accrued v	-	-	21,295	-	-	-	21,295
<b>Total current liabilities</b>	<b>891,115</b>	<b>-</b>	<b>311,089</b>	<b>33,083</b>	<b>2,614</b>	<b>306,000</b>	<b>1,543,901</b>
<b>Noncurrent liabilities</b>							
Accrued vacation	-	-	1,121	-	-	-	1,121
Other postemployment benefits liability	-	-	50,627	-	-	-	50,627
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>51,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,748</b>
<b>Total liabilities</b>	<b>891,115</b>	<b>-</b>	<b>362,837</b>	<b>33,083</b>	<b>2,614</b>	<b>306,000</b>	<b>1,595,649</b>
<b>Net assets</b>							
Invested in capital assets, net of related debt	-	-	-	3,975	-	-	3,975
Restricted net assets - claims	4,707,971	163,510	2,519,675	542,171	425,562	30,542	8,389,431
Unrestricted	(883,136)	-	(252,431)	(32,307)	(2,614)	781,269	(389,219)
<b>Total net assets</b>	<b>\$ 3,824,835</b>	<b>\$ 163,510</b>	<b>\$ 2,267,244</b>	<b>\$ 513,839</b>	<b>\$ 422,948</b>	<b>\$ 811,811</b>	<b>\$ 8,004,187</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended June 30, 2009**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
<b>Operating revenues</b>							
Charges for services	\$ -	510	\$ -	\$ -	\$ -	\$ -	\$ 510
Contributions	10,718,554	388,172	1,413,280	-	491,400	3,520,041	16,531,447
<b>Total operating revenues</b>	<u>10,718,554</u>	<u>388,682</u>	<u>1,413,280</u>	<u>-</u>	<u>491,400</u>	<u>3,520,041</u>	<u>16,531,957</u>
<b>Operating expenses</b>							
Salaries and employee benefits	10,700,769	371,522	1,458,887	-	-	3,809,800	16,340,978
Administrative costs	94,367	-	6,052	192,356	355,427	-	648,202
Depreciation	-	-	-	955	-	-	955
<b>Total operating expenses</b>	<u>10,795,136</u>	<u>371,522</u>	<u>1,464,939</u>	<u>193,311</u>	<u>355,427</u>	<u>3,809,800</u>	<u>16,990,135</u>
<b>Operating income (loss)</b>	<u>(76,582)</u>	<u>17,160</u>	<u>(51,659)</u>	<u>(193,311)</u>	<u>135,973</u>	<u>(289,759)</u>	<u>(458,178)</u>
<b>Nonoperating revenue (expense)</b>							
Interest earned on investments	47,727	-	35,503	7,883	-	1,570	92,683
<b>Total nonoperating revenue (expense)</b>	<u>47,727</u>	<u>-</u>	<u>35,503</u>	<u>7,883</u>	<u>-</u>	<u>1,570</u>	<u>92,683</u>
<b>Income (loss) before transfers</b>	<u>(28,855)</u>	<u>17,160</u>	<u>(16,156)</u>	<u>(185,428)</u>	<u>135,973</u>	<u>(288,189)</u>	<u>(365,495)</u>
Transfers in	(1,100,000)	-	-	218,905	-	1,100,000	218,905
<b>Change in net assets</b>	<u>(1,128,855)</u>	<u>17,160</u>	<u>(16,156)</u>	<u>33,477</u>	<u>135,973</u>	<u>811,811</u>	<u>(146,590)</u>
<b>Total net assets - beginning</b>	<u>4,953,690</u>	<u>146,350</u>	<u>2,283,400</u>	<u>480,362</u>	<u>286,975</u>	<u>-</u>	<u>8,150,777</u>
<b>Total net assets - ending</b>	<u>\$ 3,824,835</u>	<u>\$ 163,510</u>	<u>\$ 2,267,244</u>	<u>\$ 513,839</u>	<u>\$ 422,948</u>	<u>\$ 811,811</u>	<u>\$ 8,004,187</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2009

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total Internal Service Funds
<b>Operating activities</b>							
Contributions	\$ 10,718,554	\$ 388,172	\$ 1,418,090	\$ -	\$ 491,400	\$ 3,520,041	\$ 16,536,257
Cash paid to employees	-	-	1,121	-	-	-	1,121
Cash paid for goods and services	-	-	-	(162,457)	(352,890)	-	(515,347)
Cash received for goods and services	(85,881)	-	(68,813)	-	-	-	(154,694)
Cash paid for claims	(11,048,926)	(371,012)	(1,377,734)	-	-	(3,503,800)	(16,301,472)
<b>Net cash provided by (used in) operating activities</b>	<b>(416,253)</b>	<b>17,160</b>	<b>(27,336)</b>	<b>(162,457)</b>	<b>138,510</b>	<b>16,241</b>	<b>(434,135)</b>
<b>Noncapital financing activities</b>							
Transfers in	(1,100,000)	-	-	218,905	-	1,100,000	218,905
Transfers (out)	-	-	-	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(1,100,000)</b>	<b>-</b>	<b>-</b>	<b>218,905</b>	<b>-</b>	<b>1,100,000</b>	<b>218,905</b>
Principal paid on long-term debt	-	-	-	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investing activities</b>							
Proceeds from sale of investments	1,994,839	-	5,385	-	-	-	2,000,224
Investment earnings	47,727	-	35,503	7,883	-	1,570	92,683
<b>Net cash provided (used) in investing activities</b>	<b>2,042,566</b>	<b>-</b>	<b>40,888</b>	<b>7,883</b>	<b>-</b>	<b>1,570</b>	<b>2,092,907</b>
<b>Net Increase (decrease) in cash and cash equivalents/investments</b>	<b>526,313</b>	<b>17,160</b>	<b>13,552</b>	<b>64,331</b>	<b>138,510</b>	<b>1,117,811</b>	<b>1,877,677</b>
<b>Cash and cash equivalents/investments</b>							
Beginning of year	3,680,998	146,350	2,505,920	477,840	287,052	-	7,098,160
End of year	\$ 4,207,311	\$ 163,510	\$ 2,519,472	\$ 542,171	\$ 425,562	\$ 1,117,811	\$ 8,975,837
<b>Reconciliation of operating Income (loss) to net cash provided by (used in) operating activities</b>							
Operating Income (loss)	\$ (76,582)	\$ 17,160	\$ (51,659)	\$ (193,311)	\$ 135,973	(289,759)	\$ (458,178)
Adjustments to reconcile operating Income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	-	955	-	-	955
(Increase) decrease in other receivables	6,977	-	4,810	(776)	25	-	11,036
(Increase) decrease in inventories	1,509	-	(85,089)	-	-	-	(83,580)
Increase (decrease) in accounts payable	(348,157)	-	101,901	30,675	2,512	306,000	92,931
Increase (decrease) in compensated	-	-	1,121	-	-	-	1,121
Increase (decrease) in contract retainage	-	-	1,580	-	-	-	1,580
Total adjustments	(339,671)	-	24,323	30,854	2,537	306,000	24,043
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (416,253)</b>	<b>\$ 17,160</b>	<b>\$ (27,336)</b>	<b>\$ (162,457)</b>	<b>\$ 138,510</b>	<b>\$ 16,241</b>	<b>\$ (434,135)</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 10,766,637	\$ 10,718,554	\$ (48,083)	\$ 13,054,562
Non-operating revenues				
Interest earned on investments	100,000	47,727	(52,273)	138,460
<b>Appropriated fund balance</b>	1,600,000	-	(1,600,000)	-
<b>Total revenues and other financing sources</b>	<u>\$ 12,466,637</u>	<u>\$ 10,766,281</u>	<u>\$ (1,700,356)</u>	<u>\$ 13,193,022</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 73,600	\$ 94,367	\$ (20,767)	\$ 49,699
Salaries and employee benefits	11,293,037	10,700,769	592,268	13,433,344
	<u>11,366,637</u>	<u>10,795,136</u>	<u>571,501</u>	<u>13,483,043</u>
<b>Other financing uses</b>				
Transfers out	1,100,000	1,100,000	-	837,831
<b>Total expenditures and other financing uses</b>	<u>\$ 12,466,637</u>	<u>\$ 11,895,136</u>	<u>\$ 571,501</u>	<u>\$ 14,320,874</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 10,766,281		
Total expenditures		<u>11,895,136</u>		
<b>Subtotal</b>		<u>(1,128,855)</u>		
Net transfers		<u>1,100,000</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (28,855)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 450,000	\$ 388,172	\$ (61,828)	\$ 350,296
Non-operating revenues				
Interest earned on investments	-	-	-	-
<b>Appropriated fund balance</b>	15,000	-	(15,000)	-
<b>Total revenues</b>	<u>\$ 465,000</u>	<u>\$ 388,172</u>	<u>\$ (76,828)</u>	<u>\$ 350,296</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 16,500	\$ (510)	\$ 17,010	\$ 324,808
Salaries and employee benefits	448,500	371,522	76,978	14,220
<b>Total expenditures</b>	<u>\$ 465,000</u>	<u>\$ 371,012</u>	<u>\$ 93,988</u>	<u>\$ 339,028</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 388,172		
Total expenditures		<u>371,012</u>		
<b>Subtotal</b>		<u>17,160</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ 17,160</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 1,264,876	\$ 1,413,280	\$ 148,404	\$ 1,860,850
Non-operating revenues				
Interest earned on investments	50,000	35,503	(14,497)	81,081
<b>Total revenues</b>	<u>\$ 1,314,876</u>	<u>\$ 1,448,783</u>	<u>\$ 133,907</u>	<u>\$ 1,941,931</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 10,085	\$ 6,052	\$ 4,033	\$ 8,806
Salaries and employee benefits	1,604,791	1,458,887	145,904	1,309,802
<b>Total expenditures</b>	<u>1,614,876</u>	<u>1,464,939</u>	<u>149,937</u>	<u>1,318,608</u>
<b>Other financing sources</b>				
Appropriated fund balance	300,000	-	(300,000)	-
<b>Total expenditures and other financing uses</b>	<u>\$ 1,314,876</u>	<u>\$ 1,464,939</u>	<u>\$ 449,937</u>	<u>\$ 1,318,608</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 1,448,783		
Total expenditures		<u>1,464,939</u>		
<b>Subtotal</b>		<u>(16,156)</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (16,156)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues</b>				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	12,000	7,883	(4,117)	18,391
<b>Other financing sources</b>				
Transfers in	218,905	218,905	-	218,905
<b>Appropriated fund balance</b>	-	-	-	-
<b>Total revenues and other financing sources</b>	<u>\$ 230,905</u>	<u>\$ 226,788</u>	<u>\$ (4,117)</u>	<u>\$ 237,296</u>
<b>Operating expenditures</b>				
Administrative costs	<u>\$ 230,905</u>	<u>\$ 192,356</u>	<u>\$ 38,549</u>	<u>\$ 221,959</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 226,788		
Total expenditures		<u>192,356</u>		
<b>Subtotal</b>		34,432		
Depreciation		(955)		
Net transfers		<u>(218,905)</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (185,428)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 462,600	\$ 491,400	\$ 28,800	\$ 472,800
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>\$ 462,600</u>	<u>\$ 491,400</u>	<u>\$ 28,800</u>	<u>\$ 472,800</u>
<b>Operating expenditures</b>				
Administrative costs	<u>\$ 462,600</u>	<u>\$ 355,427</u>	<u>\$ 107,173</u>	<u>\$ 299,364</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 491,400		
Total expenditures		<u>355,427</u>		
<b>Subtotal</b>		<u>135,973</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ 135,973</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2009  
(With Comparative Totals for June 30, 2008)

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 3,435,500	\$ 3,520,041	\$ 84,541	\$ -
Non-operating revenues				
Interest earned on investments	-	1,570	1,570	-
<b>Other financing sources</b>				
Transfers in	1,100,000	1,100,000	-	-
<b>Appropriated fund balance</b>	-	-	-	-
<b>Total revenues and other financing sources</b>	<u>\$ 4,535,500</u>	<u>\$ 4,621,611</u>	<u>\$ 86,111</u>	<u>\$ -</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	<u>\$ 4,535,500</u>	<u>\$ 3,809,800</u>	<u>\$ 725,700</u>	<u>\$ -</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 4,621,611		
Total expenditures		<u>3,809,800</u>		
<b>Subtotal</b>		<u>811,811</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (288,189)</u>		

**AGENCY FUNDS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2009**

	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	\$ 4,655,878	\$ -	\$ -	\$ -	\$ 42,546	\$ -	\$ 4,698,424
Restricted cash and cash equivalents	106,260	304,417	32,163	110,711	74,529	19,973	648,053
<b>Total assets</b>	<b>\$ 4,762,138</b>	<b>\$ 304,417</b>	<b>\$ 32,163</b>	<b>\$ 110,711</b>	<b>\$ 117,075</b>	<b>\$ 19,973</b>	<b>\$ 5,346,477</b>
<b>Liabilities</b>							
Accounts and vouchers payable	\$ 4,759,611	\$ 304,417	\$ 32,163	\$ 110,711	\$ 117,075	\$ -	\$ 5,323,977
Due to other governments	2,527	-	-	-	-	19,973	22,500
<b>Total liabilities</b>	<b>\$ 4,762,138</b>	<b>\$ 304,417</b>	<b>\$ 32,163</b>	<b>\$ 110,711</b>	<b>\$ 117,075</b>	<b>\$ 19,973</b>	<b>\$ 5,346,477</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Schedule of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2009**

	July 1, 2008	Additions	Deductions	June 30, 2009
<b>City Tax Fund</b>				
<b>Assets</b>				
Taxes receivable	\$ 4,604,388	\$ 71,647,824	\$ 71,596,334	\$ 4,655,878
Restricted cash and cash equivalents	125,727	71,729,884	71,749,351	106,260
<b>Total assets</b>	<b>\$ 4,730,115</b>	<b>\$ 143,377,708</b>	<b>\$ 143,345,685</b>	<b>\$ 4,762,138</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 4,729,705	\$ 143,375,181	\$ 143,345,275	\$ 4,759,611
Due to other governments	\$ 410	\$ 2,527	\$ 410	\$ 2,527
<b>Total liabilities</b>	<b>\$ 4,730,115</b>	<b>\$ 143,377,708</b>	<b>\$ 143,345,685</b>	<b>\$ 4,762,138</b>
<b>Payee Account Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 275,669	\$ 957,170	\$ 928,422	\$ 304,417
<b>Total assets</b>	<b>\$ 275,669</b>	<b>\$ 957,170</b>	<b>\$ 928,422</b>	<b>\$ 304,417</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 275,669	\$ 957,170	\$ 928,422	\$ 304,417
<b>Total liabilities</b>	<b>\$ 275,669</b>	<b>\$ 957,170</b>	<b>\$ 928,422</b>	<b>\$ 304,417</b>
<b>Inmate Payee Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 27,759	\$ 769,737	\$ 765,333	\$ 32,163
<b>Total assets</b>	<b>\$ 27,759</b>	<b>\$ 769,737</b>	<b>\$ 765,333</b>	<b>\$ 32,163</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 27,759	\$ 769,737	\$ 765,333	\$ 32,163
<b>Total liabilities</b>	<b>\$ 27,759</b>	<b>\$ 769,737</b>	<b>\$ 765,333</b>	<b>\$ 32,163</b>
<b>Intergovernmental Custodial Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 144,480	\$ 1,199,173	\$ 1,232,942	\$ 110,711
<b>Total assets</b>	<b>\$ 144,480</b>	<b>\$ 1,199,173</b>	<b>\$ 1,232,942</b>	<b>\$ 110,711</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 144,480	\$ 1,199,173	\$ 1,232,942	\$ 110,711
<b>Total liabilities</b>	<b>\$ 144,480</b>	<b>\$ 1,199,173</b>	<b>\$ 1,232,942</b>	<b>\$ 110,711</b>
<b>Stormwater Utility Fund</b>				
<b>Assets</b>				
Taxes receivable	\$ 59,505	\$ 2,297,106	\$ 2,314,065	\$ 42,546
Restricted cash and cash equivalents	60,643	2,336,766	2,322,880	74,529
<b>Total assets</b>	<b>\$ 120,148</b>	<b>\$ 4,633,872</b>	<b>\$ 4,636,945</b>	<b>\$ 117,075</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 120,148	\$ 4,633,872	\$ 4,636,945	\$ 117,075
<b>Total liabilities</b>	<b>\$ 120,148</b>	<b>\$ 4,633,872</b>	<b>\$ 4,636,945</b>	<b>\$ 117,075</b>
<b>Vehicle Interest Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 20,568	\$ 280,853	\$ 281,448	\$ 19,973
<b>Total assets</b>	<b>\$ 20,568</b>	<b>\$ 280,853</b>	<b>\$ 281,448</b>	<b>\$ 19,973</b>
<b>Liabilities</b>				
Due to other governments	\$ 20,568	\$ 280,853	\$ 281,448	\$ 19,973
<b>Total liabilities</b>	<b>\$ 20,568</b>	<b>\$ 280,853</b>	<b>\$ 281,448</b>	<b>\$ 19,973</b>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Taxes receivable	\$ 4,663,893	\$ 73,944,930	\$ 73,910,399	\$ 4,698,424
Restricted cash and cash equivalents	654,846	77,273,583	77,280,376	648,053
<b>Total assets</b>	<b>\$ 5,318,739</b>	<b>\$ 151,218,513</b>	<b>\$ 151,190,775</b>	<b>\$ 5,346,477</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 5,297,761	\$ 150,935,133	\$ 150,908,917	\$ 5,323,977
Due to other governments	20,978	283,380	281,858	22,500
<b>Total liabilities</b>	<b>\$ 5,318,739</b>	<b>\$ 151,218,513</b>	<b>\$ 151,190,775</b>	<b>\$ 5,346,477</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Fund - City Tax Fund**  
**June 30, 2009**

	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	Eastover Tax Fund	Totals
<b>Assets</b>											
Taxes receivable	\$ 4,126,170	\$ 1,462	\$ 1,159	\$ 1,335	\$ 230,087	\$ 1,636	\$ 263,445	\$ 12,401	\$ 4,907	\$ 13,276	\$ 4,655,878
Restricted cash and cash equivalents	71,331	-	717	239	10,667	395	10,508	3,547	754	8,102	106,260
Total assets	\$ 4,197,501	\$ 1,462	\$ 1,876	\$ 1,574	\$ 240,754	\$ 2,031	\$ 273,953	\$ 15,948	\$ 5,661	\$ 21,378	\$ 4,762,138
<b>Liabilities</b>											
Accounts and vouchers payable	\$ 4,197,501	\$ (549)	\$ 1,865	\$ 1,570	\$ 240,598	\$ 2,025	\$ 273,800	\$ 15,895	\$ 5,650	\$ 21,256	\$ 4,759,611
Due to other governments	-	2,011	11	4	156	6	153	53	11	122	2,527
Total liabilities	\$ 4,197,501	\$ 1,462	\$ 1,876	\$ 1,574	\$ 240,754	\$ 2,031	\$ 273,953	\$ 15,948	\$ 5,661	\$ 21,378	\$ 4,762,138

**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, 2009

---

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 94,887
Sales tax receivable	3,425
Due from other governments	65,977
Total current assets	<u>164,289</u>
Noncurrent assets	
Restricted:	
Cash and cash equivalents	216,730
Accounts receivable	76,894
Capital assets, net of accumulated depreciation	10,306,414
Total noncurrent assets	<u>10,600,038</u>
<b>Total assets</b>	<u>10,764,327</u>
 <b>Liabilities and net assets</b>	
Current liabilities	
Accounts and vouchers payable	103,802
Accrued interest payable	38,152
Other payables	44,875
Current portion of long-term debt and accrued vacation	52,500
Current portion of due to primary government	25,000
Total current liabilities	<u>264,329</u>
Noncurrent liabilities	
Long-term debt	3,620,500
Due to primary government	225,000
Total noncurrent liabilities	<u>3,845,500</u>
<b>Total liabilities</b>	<u>4,109,829</u>
Net assets	
Invested in capital assets, net of related debt	6,383,414
Restricted net assets - debt service	293,624
Unrestricted	(22,540)
<b>Total net assets</b>	<u>\$ 6,654,498</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, 2009**

---

<b>Operating revenues</b>	
Charges for services	\$ 325,181
Other operating revenue	21,801
Total operating revenues	<u>346,982</u>
<b>Operating expenses</b>	
Salaries and employee benefits	3,553
Utilities	3,888
Depreciation	166,845
Miscellaneous	270,010
Total operating expenses	<u>444,296</u>
<b>Operating income (loss)</b>	<u>(97,314)</u>
<b>Nonoperating revenue (expense)</b>	
Interest earned on investments	4,838
Miscellaneous	(10,472)
Interest expense	(180,627)
Total nonoperating revenue (expense)	<u>(186,261)</u>
<b>Income (loss) before contributions</b>	<u>(283,575)</u>
Capital contributions	913,204
<b>Change in net assets</b>	<u>629,629</u>
<b>Total net assets - beginning</b>	<u>6,024,869</u>
<b>Total net assets - ending</b>	<u>\$ 6,654,498</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Discretely Presented Component Unit  
Eastover Sanitary District  
Statement of Cash Flows  
Year Ended June 30, 2009**

<b>Operating activities</b>	
Cash received from customers	\$ 1,169,448
Other operating revenue	21,801
Cash paid to employees	(3,553)
Cash paid for goods and services	<u>(865,585)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>322,111</u>
<b>Capital and related financing activities</b>	
Acquisition and construction of capital assets	(935,297)
Principal paid on long-term debt	(50,500)
Interest paid on bonds	(156,379)
Capital contributions	913,204
Other miscellaneous transactions	<u>(10,472)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(239,444)</u>
<b>Investing activities</b>	
Investment earnings	<u>4,838</u>
<b>Net cash provided (used) in investing activities</b>	<u>4,838</u>
<b>Net increase in cash and cash equivalents</b>	<u>87,505</u>
<b>Cash and cash equivalents</b>	
Beginning of year	<u>224,112</u>
End of year	<u>\$ 311,617</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ (97,314)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	166,845
Change in assets and liabilities	
(Increase) decrease in accounts receivable	843,928
(Increase) decrease in inventories	2,235
Increase (decrease) in accounts payable and accrued liabilities	(265,395)
Increase (decrease) in due to primary government	<u>(328,188)</u>
Total adjustments	<u>419,425</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 322,111</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**Eastover Sanitary District**  
**Year Ended June 30, 2009**  
**(With Comparative Totals for June 30, 2008)**

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 457,445	\$ 325,181	\$ (132,264)	\$ 286,325
Other operating revenue	-	21,801	21,801	14,914
Total operating revenues	<u>457,445</u>	<u>346,982</u>	<u>(110,463)</u>	<u>301,239</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	6,402	4,838	(1,564)	12,704
Miscellaneous	-	(10,472)	(10,472)	400
Transfers in	250,000	-	(250,000)	-
Capital contributions	4,618,155	913,204	(3,704,951)	3,493,995
Total Nonoperating revenues and other financing sources	<u>4,874,557</u>	<u>907,570</u>	<u>(3,966,987)</u>	<u>3,507,099</u>
Appropriated fund balance	<u>224,060</u>	<u>-</u>	<u>(224,060)</u>	<u>-</u>
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 5,556,062</u>	<u>\$ 1,254,552</u>	<u>\$ (4,301,510)</u>	<u>\$ 3,808,338</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 5,168	\$ 3,553	\$ 1,615	\$ 3,418
Utilities	5,200	3,888	1,312	1,024
Miscellaneous	275,040	270,010	5,030	95,551
Total operating expenditures	<u>285,408</u>	<u>277,451</u>	<u>7,957</u>	<u>99,993</u>
<b>Nonoperating expenditures</b>				
Debt Service	217,352	180,627	36,725	168,822
Total nonoperating expenditures	<u>217,352</u>	<u>180,627</u>	<u>36,725</u>	<u>168,822</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	5,003,452	935,297	4,068,155	3,848,809
Total other expenditures and financing uses	<u>5,003,452</u>	<u>935,297</u>	<u>4,118,005</u>	<u>3,848,809</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 5,556,062</u>	<u>\$ 1,393,375</u>	<u>\$ 4,162,687</u>	<u>\$ 4,117,624</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 1,254,552		
Total expenditures and other financing uses		<u>1,393,375</u>		
		(138,823)		
Capital outlay		935,297		
Depreciation		<u>(166,845)</u>		
<b>Income (loss) per Statement of Revenue, Expenses and Changes in Fund Net Assets</b>		<u>\$ 629,629</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, 2009

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Restricted intergovernmental revenue	\$ 650,000	\$ 650,000	\$ -	\$ -	\$ 650,000
Sales and services	34,500	16,890	-	25,878	42,768
Interest earned on investments	-	-	-	-	-
Miscellaneous	150,647	24,800	-	24,837	49,637
<b>Total revenues</b>	<b>835,147</b>	<b>691,690</b>	<b>-</b>	<b>50,715</b>	<b>742,405</b>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Water and sewer	5,003,452	4,104,366	-	688,332	4,792,698
<b>Total expenditures</b>	<b>5,003,452</b>	<b>4,104,366</b>	<b>-</b>	<b>688,332</b>	<b>4,792,698</b>
<b>Revenues over (under) expenditures</b>	<b>(4,168,305)</b>	<b>(3,412,676)</b>	<b>-</b>	<b>(637,617)</b>	<b>(4,050,293)</b>
<b>Other financing sources (uses)</b>					
Capital contributions (USDA & NCCWMTF)	3,968,155	2,979,850	-	913,204	3,893,054
Transfers in	250,000	-	-	-	-
Payment to administrative fund	(49,850)	(49,850)	-	-	(49,850)
<b>Total other financing sources</b>	<b>4,168,305</b>	<b>2,930,000</b>	<b>-</b>	<b>913,204</b>	<b>3,843,204</b>
<b>Revenues and other financing sources over (under) expenditures</b>	<b>\$ -</b>	<b>\$ (482,676)</b>	<b>\$ -</b>	<b>275,587</b>	<b>\$ (207,089)</b>
<b>Fund balance</b>					
Beginning of year - July 1				(482,676)	
End of year - June 30				<u>\$ (207,089)</u>	

**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, 2009

---

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 977,063
Total current assets	<u>977,063</u>
<b>Total assets</b>	<u>977,063</u>
<b>Liabilities and net assets</b>	
Current liabilities	
Accounts and vouchers payable	<u>384,259</u>
Total current liabilities	<u>384,259</u>
Noncurrent liabilities	
<b>Total liabilities</b>	<u>384,259</u>
Net assets	
Unrestricted	<u>592,804</u>
<b>Total net assets</b>	<u>\$ 592,804</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, 2009**

---

<b>Operating revenues</b>	
Charges for services	\$ 4,264,755
Total operating revenues	<u>4,264,755</u>
<b>Operating expenses</b>	
Cultural and recreational	<u>4,488,589</u>
Total operating expenses	<u>4,488,589</u>
<b>Operating income (loss)</b>	<u>(223,834)</u>
Miscellaneous	<u>259</u>
Total nonoperating revenue (expense)	<u>259</u>
<b>Income (loss) before transfers and contributions</b>	<u>(223,575)</u>
<b>Change in net assets</b>	<u>(223,575)</u>
<b>Total net assets - beginning</b>	<u>816,379</u>
<b>Total net assets - ending</b>	<u>\$ 592,804</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit

Tourism Development Authority

Statement of Cash Flows

Year Ended June 30, 2009

---

<b>Operating activities</b>	
Cash received from operations	\$ 4,264,755
Cash paid for goods and services	(4,276,245)
Other miscellaneous transactions	<u>259</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(11,231)</u>
<b>Net cash provided (used) by capital and Net increase in cash and cash equivalents</b>	<u>(11,231)</u>
<b>Cash and cash equivalents</b>	
<b>Beginning of year</b>	<u>988,294</u>
<b>End of year</b>	<u><u>\$ 977,063</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ (223,834)
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	212,344
Other miscellaneous transactions	<u>259</u>
Total adjustments	<u>212,603</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ (11,231)</u></u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
 Tourism Development Authority  
 Year Ended June 30, 2009  
 (With Comparative Totals for June 30, 2008)**

	2009		Variance Positive (Negative)	2008
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 4,575,000	\$ 4,264,755	\$ (310,245)	\$ 4,177,728
Total operating revenues	4,575,000	4,264,755	(310,245)	4,177,728
<b>Nonoperating revenues and other financing sources</b>				
Miscellaneous	-	259	259	-
Total Nonoperating revenues and other financing sources	-	259	259	-
Appropriated fund balance	368,879	-	(368,879)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<b>\$ 4,943,879</b>	<b>\$ 4,265,014</b>	<b>\$ (678,865)</b>	<b>\$ 4,177,728</b>
<b>Operating expenditures</b>				
Cultural and recreational	\$ 4,943,879	\$ 4,488,589	\$ 455,290	\$ 3,700,000
Total operating expenditures	4,943,879	4,488,589	455,290	3,700,000
<b>Nonoperating expenditures</b>				
Total nonoperating expenditures	-	-	-	-
<b>Other expenditures and financing uses</b>				
Total other expenditures and financing uses	-	-	-	-
<b>Total expenditures and other financing uses</b>	<b>\$ 4,943,879</b>	<b>\$ 4,488,589</b>	<b>\$ 455,290</b>	<b>\$ 3,700,000</b>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 4,265,014		
Total expenditures and other financing uses		4,488,589		
		(223,575)		
<b>Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets</b>		<b>\$ (223,575)</b>		

**OTHER SUPPLEMENTAL FINANCIAL DATA**

COUNTY OF CUMBERLAND, NORTH CAROLINA  
 Schedule of Current Tax Levy  
 Year Ended June 30, 2009

	County-wide				Total Levy	
	Total Property Valuation	Rate	Amount of Levy		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy						
County wide	\$ 17,004,684,481	0.00860	\$ 146,240,287			
Late listing penalties		0.10000	<u>128,421</u>	\$ 146,368,708	\$ 128,079,331	\$ 18,289,377
Discoveries						
County wide	95,907,065	0.00860	824,801			
Late listing penalties		0.10000	<u>180,227</u>	1,005,028	967,243	37,784
Abatements						
County wide	279,047,242	0.00860	2,399,806			
Late listing penalties		0.10000	<u>59,291</u>	2,459,097	<u>740,343</u>	<u>1,718,755</u>
Adjusted tax levy				144,914,639	128,306,231	16,608,406
Uncollected taxes at June 30, 2009				<u>(4,137,906)</u>	<u>(1,010,707)</u>	<u>(3,127,199)</u>
Current year's taxes collected				<u>\$ 140,776,733</u>	<u>\$ 127,295,524</u>	<u>\$ 13,481,207</u>
Percent of current year's taxes collected				<u>97.14%</u>	<u>99.21%</u>	<u>81.17%</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Ad Valorem Taxes Receivable**

**June 30, 2009**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2008</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2009</u>
2008-2009	\$ -	\$ 144,914,639	\$ 140,776,733	\$ 4,137,906
Prior years	10,982,844	-	3,974,641	7,008,203
	<u>\$ 10,982,844</u>	<u>\$ 144,914,639</u>	<u>\$ 144,751,374</u>	11,146,109
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,807,691)</u>
				<u>\$ 3,338,418</u>

**RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES**

Collections and credits per above	\$ 144,751,374
Interest	924,143
Processing fees	186,674
Other	501,383
Releases from prior years	<u>(414,599)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 145,948,975</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 Eight Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<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	\$ 46,663,703	\$ 113,222,386
Restricted	700,730	10,650,586	26,985,138	35,261,376	45,222,958	45,620,960	59,131,948	32,513,194
Unrestricted	5,287,236	12,017,934	4,321,365	19,674,642	23,995,634	31,023,558	5,969,240	(43,920,792)
Total governmental activities net assets	\$ 41,793,092	\$ 56,113,647	\$ 61,559,921	\$ 68,310,809	\$ 91,335,750	\$ 108,134,701	\$ 111,764,891	\$ 101,814,788
<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	\$ 34,904,003	\$ 35,922,541
Restricted	14,603,390	1,073,253	1,489,089	1,432,349	1,625,492	2,038,462	5,328,277	8,544,807
Unrestricted	35,140,877	16,352,815	19,301,119	23,840,995	28,226,868	31,209,571	28,607,695	26,985,168
Total business-type activities net assets	\$ 35,140,877	\$ 38,497,141	\$ 41,499,003	\$ 54,666,726	\$ 61,546,260	\$ 66,269,756	\$ 68,839,975	\$ 71,452,516
<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	\$ 81,567,706	\$ 149,144,927
Restricted	700,730	11,723,839	28,474,227	36,693,725	46,848,450	47,659,422	64,460,225	41,058,001
Unrestricted	19,890,626	28,370,749	23,622,484	43,515,637	52,222,502	62,233,129	34,576,935	(16,935,624)
Total primary government net assets	\$ 76,933,969	\$ 94,610,788	\$ 103,058,924	\$ 122,977,535	\$ 152,882,010	\$ 174,404,457	\$ 180,604,866	\$ 173,267,304

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 Eight Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<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	\$ 23,237,459	\$ 27,423,609
Public safety	34,549,771	35,710,422	38,908,990	41,207,126	42,301,225	44,747,490	51,535,695	52,605,678
Economic & physical development	9,121,126	8,903,243	10,852,650	12,337,831	13,586,698	15,170,460	13,698,530	15,361,627
Human services	95,809,025	97,860,270	99,736,931	107,506,798	111,115,841	108,265,701	118,152,732	115,362,990
Cultural & recreational	10,490,154	9,670,353	10,426,819	13,865,651	12,007,763	13,342,022	14,240,374	14,464,541
Education	92,706,505	81,385,988	78,521,977	83,763,840	80,402,772	88,478,548	96,807,818	98,329,043
Interest on long-term debt	10,334,809	10,411,524	9,933,650	9,190,661	8,755,303	8,464,650	8,179,997	10,948,170
Total governmental activities expenses	\$ 267,523,346	\$ 261,920,278	\$ 266,236,178	\$ 288,653,124	\$ 288,653,299	\$ 297,581,520	\$ 326,052,605	\$ 334,495,658
Business type activities								
Crown center	\$ 8,671,608	\$ 8,922,890	\$ 9,346,520	\$ 11,172,781	\$ 9,550,376	\$ 9,816,360	\$ 10,374,820	\$ 10,062,189
Solid waste	5,044,548	4,495,079	4,389,462	5,123,756	5,720,234	6,924,954	8,777,111	8,088,765
Arena ventures		166,670						
NORCRESS water and sewer district					206,966	437,476	475,019	469,528
Kelly Hills water and sewer district							602	66,862
Total business-type activities	\$ 13,716,156	\$ 13,584,639	\$ 13,735,982	\$ 16,296,537	\$ 15,477,576	\$ 17,178,790	\$ 19,627,552	\$ 18,687,344
Total primary government expenses	\$ 281,239,502	\$ 275,504,917	\$ 279,972,160	\$ 304,949,661	\$ 304,130,875	\$ 314,760,310	\$ 345,680,157	\$ 353,183,002
<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	\$ 3,053,211	\$ 2,746,345
Public safety	2,624,124	2,047,995	2,135,055	2,420,801	2,633,124	2,500,210	2,735,035	2,822,042
Economic & physical development	325,529	958,151	325,363	1,205,185	933,979	1,000,137	918,059	907,184
Human services	15,550,592	16,011,106	17,149,531	18,407,219	16,755,278	10,170,040	10,563,755	11,672,005
Cultural & recreational	616,202	609,054	597,101	316,072	323,425	314,225	262,982	316,123
Operating grants and contributions	791,001	1,218,686	577,627	534,074	1,248,637	672,243	722,308	766,005
Public safety	748,080	496,287	893,109	1,711,447	1,148,872	938,285	1,258,882	3,000,993
Economic & physical development	6,400,074	5,437,693	7,070,855	8,573,974	8,651,204	8,903,443	6,479,821	5,880,722
Human services	50,143,089	50,307,721	50,144,930	53,756,844	56,892,715	55,618,866	58,407,822	59,022,758
Cultural & recreational	834,503	964,885	802,585	1,117,610	964,879	980,287	1,038,876	1,148,277
Capital grants and contributions								
General government	2,000,000	171,976	2,000,000	2,400,000	3,141,493	6,898,894	11,123,266	3,397,118
Public safety	386,534	811,942	1,209,212	543,995	739,188	606,687	1,545,270	752,035
Economic & physical development	1,354,400	260,569	327,215	266,840	287,545	598,137	973,716	1,349,603
Human services					311,967	386,076	630,824	497,549
Cultural & recreational	4,500	2,131						
Education	13,783,008	485,385						
Total governmental activities program revenues	\$ 98,180,085	\$ 83,468,514	\$ 85,163,662	\$ 95,094,016	\$ 97,074,641	\$ 92,931,741	\$ 99,713,827	\$ 93,278,759

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<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	\$ 2,682,260	\$ 2,482,167
Solid waste	2,539,516	2,513,065	2,444,999	3,752,650	3,597,816	4,288,885	4,042,647	3,824,892
Arena ventures		100,002						
NORCESS water and sewer district		39,200	14,208	10,224	77,730	327,926	231,570	250,755
Kelly Hills water and sewer district					238	1,054		
Operating grants and contributions								
Solid waste	67,001				21,180			10,472
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	\$ 6,956,477	\$ 6,568,286
Total primary government program revenues	\$ 102,485,959	\$ 88,804,213	\$ 94,049,823	\$ 107,911,969	\$ 104,814,864	\$ 99,941,734	\$ 106,670,304	\$ 99,847,045
Net (expense)/revenue	\$ (169,343,261)	\$ (178,451,764)	\$ (177,072,516)	\$ (193,559,108)	\$ (191,578,658)	\$ (204,649,779)	\$ (226,338,778)	\$ (241,216,899)
Governmental activities	(9,410,282)	(8,248,940)	(8,849,821)	(3,478,584)	(7,737,353)	(10,168,797)	(12,671,075)	(12,119,058)
Business-type activities	(178,753,543)	(186,700,704)	(185,922,337)	(197,037,692)	(199,316,011)	(214,818,576)	(239,009,853)	(253,335,957)
Total primary government net expense	\$ (188,163,825)	\$ (194,949,644)	\$ (194,772,158)	\$ (200,536,796)	\$ (207,053,364)	\$ (225,007,370)	\$ (251,680,928)	\$ (265,455,015)
<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	\$ 153,067,580	\$ 155,334,243
Other taxes	42,896,340	46,697,032	41,353,221	58,376,570	63,143,666	60,450,548	63,209,326	60,658,963
Unrestricted grants and contributions	3,046,773	1,265,058	4,739,443	4,592,341	5,109,038	8,236,597	8,498,758	9,354,732
Investment earnings	3,057,855	1,649,334	1,267,506	3,048,858	5,667,104	7,779,579	5,932,341	2,237,751
Miscellaneous	5,774,784	7,872,953	6,082,715	5,796,274	5,813,227	5,376,376	6,647,488	10,958,032
Transfers	(7,628,289)	(6,119,464)	(6,343,569)	(9,922,588)	(7,863,279)	(7,392,159)	(7,386,525)	(7,276,945)
Total governmental activities	\$ 174,351,462	\$ 179,510,077	\$ 182,115,248	\$ 200,309,996	\$ 215,028,493	\$ 221,448,730	\$ 229,988,968	\$ 231,266,796
Business-type activities:								
Other taxes	\$ 4,978,178	\$ 5,142,538	\$ 5,239,545	\$ 5,321,308	\$ 5,342,933	\$ 5,540,407	\$ 5,780,859	\$ 5,827,811
Investment earnings	553,833	326,113	285,346	566,852	1,239,835	1,953,383	2,045,131	1,336,681
Miscellaneous	90,113	17,089	(16,777)	835,559	170,844	6,344	28,779	290,162
Transfers	7,628,289	6,119,464	6,343,569	9,922,588	7,863,279	7,392,159	7,386,525	7,276,945
Total business-type activities	\$ 13,280,413	\$ 11,605,204	\$ 11,851,683	\$ 16,646,307	\$ 14,616,891	\$ 14,892,293	\$ 15,241,294	\$ 14,731,599
Total primary government	\$ 187,631,875	\$ 191,115,281	\$ 193,966,931	\$ 216,956,303	\$ 229,645,384	\$ 236,341,023	\$ 245,230,262	\$ 245,998,395
<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	\$ 3,630,190	\$ (9,950,103)
Business-type activities	3,840,131	3,356,264	3,001,862	13,167,723	6,879,538	4,723,496	2,570,219	2,612,541
Total primary government	\$ 8,848,332	\$ 4,414,577	\$ 8,044,594	\$ 19,918,611	\$ 30,329,373	\$ 21,522,447	\$ 6,200,409	\$ (7,337,562)

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>										
Reserved for:										
Inventories	\$ -	\$ 76,630	\$ 184,238	\$ 202,808	\$ 204,886	\$ 265,955	\$ 246,003	\$ 250,613	\$ 230,328	\$ 194,096
Register of deeds		460,148	130,055	111,146	140,680	137,081	233,127	254,065	463,139	461,343
Mental health programs		3,790,742	3,458,701	1,770,338	4,435,664	3,962,466	10,170,114	6,620,116	7,087,448	3,746,750
Encumbrances		8,903,650	9,387,422	8,740,114	19,947,496	22,374,474	21,868,108	23,704,328	23,207,371	25,437,903
State statute										
Unreserved										
Designated for subsequent year's expenditures	23,892,466	8,362,179	8,761,401	11,337,226	11,380,770	17,502,451	15,407,911	14,711,456	15,778,274	12,806,247
Designated for revaluation							150,000	150,000	175,000	
Designated for tax office software							1,161,950		1,000,000	1,175,000
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	3,258,222	3,536,479
Designated for health department renovations						2,500,000	3,166,150	1,606,150	262,793	5,682,892
Designated for courthouse/plaza renovations							2,704,163	3,120,000	3,375,000	3,375,000
Designated for hope VI project								1,361,235	876,004	
Designated for other purposes		1,449,658	1,898,633	2,979,503	2,018,754		3,065,833			
Designated for current year's expenditures							1,227,698			
Designated for technology					2,861,997	2,861,997				
Designated for school buses						453,000				
Undesignated	19,246,256	23,634,427	25,795,383	31,465,137	36,360,701	36,557,371	38,481,266	41,039,193	42,003,181	39,869,822
Total general fund	\$ 55,848,916	\$ 46,677,334	\$ 50,074,424	\$ 56,666,502	\$ 81,315,228	\$ 90,598,845	\$ 98,534,757	\$ 98,111,884	\$ 97,716,760	\$ 96,085,532
<b>All other governmental funds</b>										
Reserved for:										
Encumbrances	\$ 3,548,356	\$ 1,884,414	\$ 1,032,705	\$ 1,602,208	\$ 1,957,387	\$ 427,951	\$ 3,152,903	\$ 569,695	\$ 319,819	\$ 530,442
State statute		3,027,233	906,813	1,545,192	3,617,379	3,561,323	6,066,361	3,090,266	5,982,621	5,241,274
Inmates	5,757,689		207,604	180,831	284,724	310,054	231,064	180,841	54,648	23,566
Cemetery			34,535	34,082	34,251	36,913	36,477	36,563	39,125	41,139
Unreserved reported in other major										
Designated for subsequent year's expenditures										
Special revenue								2,800,000	3,021,881	
Capital projects										
Undesignated						2,098,313				
Special revenue									12,610,892	6,802,625
Capital projects									39,775,254	10,008,687
Unreserved, reported in nonmajor:										
Designated for subsequent year's expenditures										
Special revenue	1,861,312	2,801,865	3,083,036	3,941,127	3,958,056	4,190,146	4,538,462	370,325		3,155,966
Capital projects	109,217	322,512	990,552	5,370,826						
Designated for other purposes										
Special revenue						200,000				
Undesignated										
Special revenue	12,153,903	16,101,941	16,990,355	16,126,852	16,908,782	17,047,045	16,728,673	17,289,218	17,234,733	14,664,366
Capital projects	72,252,259	30,878,557	18,727,617	8,420,384	10,657,459	8,418,369	6,984,593	2,608,563	967,936	20,229,259
Total all other governmental funds	\$ 95,682,706	\$ 55,016,522	\$ 41,973,217	\$ 37,221,502	\$ 37,418,038	\$ 36,290,114	\$ 37,738,533	\$ 36,436,973	\$ 80,026,909	\$ 60,697,224
Total all governmental funds	\$ 151,531,622	\$ 101,693,856	\$ 92,047,641	\$ 93,888,004	\$ 118,733,266	\$ 126,888,959	\$ 136,273,290	\$ 134,548,857	\$ 177,743,669	\$ 156,782,756

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Ad valorem taxes	\$110,633,523	\$120,090,162	\$124,363,995	\$126,501,055	\$135,256,367	\$139,298,709	\$144,301,591	\$147,462,917	\$153,840,044	\$154,079,637
Other taxes	44,041,811	44,480,156	42,896,340	44,187,050	54,188,271	61,258,764	66,196,673	60,403,171	63,333,195	60,658,963
Unrestricted Intergovernmental	4,162,351	4,076,588	3,046,773	1,265,058	4,857,430	4,592,341	5,272,501	8,322,319	8,720,504	9,396,585
Restricted Intergovernmental	76,092,018	68,360,688	76,445,189	60,157,275	64,547,056	68,928,744	73,145,402	75,409,616	81,482,041	74,559,352
Licenses and permits	2,397,716	2,580,655	2,847,757	4,062,976	4,432,579	5,231,307	3,616,805	3,707,358	2,841,307	2,630,642
Sales and services	15,344,765	15,418,729	18,885,329	19,248,263	20,066,040	20,938,863	20,175,715	13,803,729	14,924,461	16,181,728
Investment earnings	12,730,972	10,757,185	3,417,439	1,588,762	1,225,854	2,994,836	5,528,756	7,528,255	5,694,409	2,253,863
Other general revenues	6,375,175	6,938,772	5,748,604	7,585,811	6,221,854	6,801,754	5,896,692	6,038,736	6,640,826	10,244,184
<b>Total revenues</b>	<b>\$271,778,331</b>	<b>\$272,682,915</b>	<b>\$277,651,426</b>	<b>\$284,576,250</b>	<b>\$290,795,451</b>	<b>\$310,043,338</b>	<b>\$324,136,135</b>	<b>\$322,676,101</b>	<b>\$332,476,807</b>	<b>\$330,004,974</b>
<b>Expenditures</b>										
General government	\$ 17,531,741	\$ 16,715,906	\$ 14,434,601	\$ 16,190,889	\$ 15,865,618	\$ 20,448,988	\$ 19,573,002	\$ 18,574,204	\$ 20,760,735	\$ 24,297,883
Public safety	34,722,369	35,347,039	33,042,128	34,149,908	36,729,376	36,385,258	40,308,572	42,626,745	44,953,991	46,240,025
Economic and physical development	10,836,007	9,299,668	9,092,224	9,330,336	10,367,592	11,442,987	13,190,720	14,783,011	12,750,827	14,440,533
Human services	93,199,215	96,391,139	94,276,944	97,264,634	97,944,667	105,115,297	110,306,464	106,811,398	109,860,802	108,391,349
Cultural and recreational	11,065,295	10,894,941	9,653,361	9,166,754	10,602,235	13,398,711	14,343,093	12,491,367	12,293,311	12,678,564
Education	64,840,316	70,145,351	82,555,828	80,398,479	78,169,718	83,763,840	80,402,772	88,478,548	103,367,194	110,002,055
Capital outlay	63,758,095	53,043,613	16,248,607	4,673,700	488,141	4,236,462	8,576,637	10,517,733	6,499,102	24,897,478
Debt service	11,968,539	13,205,035	11,873,262	10,956,755	11,758,005	12,100,187	13,888,769	13,585,830	14,100,329	15,538,661
Interest and fees	9,303,024	11,055,103	10,490,911	10,274,436	10,093,789	9,477,155	8,961,568	8,572,961	7,984,798	10,713,417
Debt issuance cost						268,699				
<b>Total expenditures</b>	<b>\$317,242,591</b>	<b>\$316,087,796</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>\$332,511,089</b>	<b>\$367,199,965</b>
<b>Revenues over (under) expenditures</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>\$ 4,965,718</b>	<b>\$(37,194,991)</b>
<b>Other financing sources (uses)</b>										
Debt issuance	\$ 81,612,300		\$ 238,125	\$ 15,818,195		\$ 9,862,080	\$ 4,300,000		\$ 46,500,000	\$ 74,656,315
Debt issuance costs		50,780,000								846,413
Refunding debt issuance		122,536				35,505,000				3,331,661
Premium on debt issuance						2,713,376				(29,238)
Discount on issuance of bonds		(49,980,680)				(37,659,214)				(55,622,909)
Payment to refund bond escrow agent										
Lease purchase proceeds										
Sale of capital assets	97,689	41,882	65,728				55,177	189,243	173,355	547,666
Transfers in	11,239,682	6,369,356	6,995,004	19,114,050	7,995,786	10,358,015	12,025,388	8,714,304	8,220,078	11,226,447
Transfers out	(17,678,532)	(13,776,418)	(13,828,913)	(25,547,383)	(16,307,387)	(24,455,460)	(21,460,572)	(16,325,367)	(16,663,339)	(18,722,297)
Payment from component unit										
<b>Total other financing sources (uses)</b>	<b>\$ 75,271,139</b>	<b>\$(6,443,324)</b>	<b>\$(6,603,905)</b>	<b>\$ 9,672,004</b>	<b>\$(8,311,601)</b>	<b>\$(3,655,203)</b>	<b>\$(5,100,007)</b>	<b>\$(7,421,820)</b>	<b>\$ 38,229,094</b>	<b>\$ 16,234,078</b>
<b>Net change in fund balances</b>	<b>\$ 29,808,879</b>	<b>\$(49,856,207)</b>	<b>\$(10,620,345)</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>\$ 43,194,812</b>	<b>\$(20,960,913)</b>
<b>Debt service as a percentage of noncapital expenditures</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>	<b>6.77%</b>	<b>7.67%</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
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		657,645	2,001,983	774,919	661,865	189,881	3,198,637	168,035,585
2003	126,501,048	39,241,600		658,219	2,431	1,173,035	734,497	172,981	3,380,003	171,863,240
2004	135,256,382	48,414,740		686,819	2,557	1,538,270	1,069,746	441,763	3,601,634	190,983,311
2005	139,296,712	53,103,181		695,840	3,026	2,092,077	1,131,223	405,668	3,836,771	200,555,477
2006	144,301,591	55,674,521		489,287	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	507,004			1,515,827	367,630	4,560,201	207,866,088
2008	153,840,044	55,804,658	710,663	473,232			1,184,893	348,201	4,777,776	217,173,239
2009	154,079,637	53,117,161	755,814				875,787	333,916	5,103,073	214,738,620

<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	Fiscal 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					
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	11,052,096	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%
2008	14,654,940	340,324	2,094,609	1,144,309		1,852,697	16,381,485	0.880	19,048,238	86.00%
2009	15,256,387	313,954	2,126,672	1,175,694		2,051,163	16,821,544	0.860	20,584,366	81.72%

<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 2000 - 2001

<sup>3</sup> Exempt properties are not reported in the year-to-year levy. The information presented for FYE 2000 - 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)	City of Fayetteville (3)	Fayetteville Revitalization District	Hope Mills	Town of Spring Lake (3)	Town of Eastover (4)	Town of Falcon	Town of Godwin	Town of Linden (3)	Town of Stedman	Town of Wade	
2000	\$ 0.840	\$ 0.050	\$ 0.100	\$ 0.005	\$ 0.510	\$ 0.100	\$ 0.380	\$ 0.550	NA	\$ 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	NA	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	NA	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	NA	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	NA	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	NA	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	NA	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	NA	0.150	0.170	0.150	0.370	0.235	
2008	0.880	0.050	0.100	0.005	0.530	0.100	0.460	0.660	0.205	0.150	0.190	0.150	0.370	0.235	
2009	0.860	0.050	0.100	0.005	0.530	0.100	0.460	0.760	0.205	0.150	0.195	0.150	0.370	0.240	

(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

(4) Town of Eastover was incorporated in FY 2008

Source: Cumberland County Tax Department

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

Taxpayer	Fiscal Year 2009			Fiscal Year 2000		
	2008 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	1999 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 225,896	1	1.35%	\$ 128,625	1	1.05%
Walmart	105,245	2	0.63%	70,730	5	0.58%
Cross Creek Mall, LLC	85,999	3	0.51%			
Carolina Telephone	79,922	4	0.48%	119,258	3	0.97%
Progress Energy	61,869	5	0.37%			
Puroiator Products	51,617	6	0.31%	52,944	8	0.43%
Piedmont Natural Gas Co Inc	49,048	7	0.29%			
Centurion Aviation Services	45,110	8	0.27%			
DAK Americas	39,703	9	0.24%			
South River EMC	32,332	10	0.19%			
E.I. Dupont De Nemours				126,238	2	1.03%
Cumberland Associates				74,716	4	0.61%
Black & Decker				63,962	6	0.52%
Carolina Power & Light				58,133	7	0.48%
Monsanto				49,678	9	0.41%
NC Natural Gas				40,377	10	0.33%
	<u>\$ 776,741</u>		<u>4.64%</u>	<u>\$ 784,661</u>		<u>6.41%</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	Collected within the Fiscal Year of the Levy			Delinquent Tax Collections	Total Collections to Date	
	Total Tax Levy	Current Tax Collections	Percent of Net Levy Collected		Total Tax Collections	Percent of Total Tax Collections To Net Levy
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%
2008	144,435,397	140,172,406	97.05%	4,464,584	144,636,990	100.14%
2009	144,914,639	140,776,733	97.14%	3,974,641	144,751,374	99.89%

**FY 2009 Reconciliation of Collections and Credits with Revenues**

Collections and credits per above	\$ 144,751,374
Interest	924,143
Processing fees	186,674
Other	501,383
Releases from prior years	<u>(414,599)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 145,948,975</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			
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
2008	90,235,000	57,950,000	3,908,523	49,554,052	1,236,000	43,198,781			246,082,356	NA	785
2009	82,295,000	74,825,000	3,562,009	46,666,905	1,221,000	38,518,781			247,088,695	NA	780

(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>
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
2008	91,471,000	NA	0.48%	292
2009	83,516,000	NA	0.41%	264

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 1,065,003	\$ 1,094,411	\$ 1,118,338	\$ 1,141,259	\$ 1,280,322	\$ 1,306,923	\$ 1,357,421	\$ 1,401,693	\$ 1,468,735	\$ 1,504,744
Total net debt applicable to limit	130,055	122,915	115,775	123,510	115,895	114,140	106,165	98,230	90,235	80,295
Legal debt margin	\$ 934,948	\$ 971,496	\$ 1,002,563	\$ 1,017,749	\$ 1,164,427	\$ 1,192,783	\$ 1,251,256	\$ 1,303,463	\$ 1,368,500	\$ 1,424,449
Total net debt applicable to the limit as a percentage of debt limit	12.21%	11.23%	10.35%	10.82%	9.05%	8.73%	7.82%	7.01%	6.19%	5.34%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed Property Value	\$ 16,821,544
Plus : Exempt Property	2,051,163
Total Assessed Value	<u>18,872,707</u>
Debt Limit (8% of total assessed value)	1,509,817
Debt applicable to limit:	
Total Bonded debt	83,516
Authorized and unissued debt	51,601
	<u>135,117</u>
Less: Statutory deductions	
Authorized and unissued debt	51,601
Revenue bonds	1,221
	<u>52,822</u>
Total amount of debt applicable to debt limit	82,295
Legal debt margin	<u>\$ 1,427,522</u>

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

<b>Fiscal Year Ended June 30</b>	<b>Population <sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Income <sup>2</sup></b>	<b>Median Age <sup>1</sup></b>	<b>School Enrollment <sup>3</sup></b>	<b>Unemployment Rate <sup>4</sup></b>
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	6.8%
2003	308,735	8,493,608,585	27,511	30.4	52,223	6.3%
2004	310,549	9,137,904,325	29,425	30.6	53,092	5.3%
2005	305,173	NA	NA	30.8	53,399	5.4%
2006	305,829	NA	NA	N/A	53,403	5.4%
2007	308,255	NA	NA	N/A	53,912	5.3%
2008	313,616	NA	NA	N/A	52,912	6.3%
2009	316,914	NA	NA	N/A	53,162	9.6%

## 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 2009			Fiscal Year 2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Fort Bragg/Pope AFB Civilians	10,618	1	8.73%	7,420	1	5.82%
Cumberland County Schools	6,952	2	5.72%	5,610	2	4.40%
Cape Fear Valley Health System	4,500	3	3.70%	3,600	3	2.82%
Wal-Mart	4,426	4	3.64%			
Goodyear Tire & Rubber Company	2,650	5	2.18%	3,200	5	2.51%
Cumberland County Government	2,399	6	1.97%	2,545	6	2.00%
City of Fayetteville	2,094	7	1.72%	1,870	7	1.47%
State of North Carolina	1,429	8	1.17%	3,500	4	2.74%
Fayetteville Technical Community College	1,340	9	1.10%	1,232	10	0.97%
U.S. Postal Service	1,312	10	1.08%	1,430	9	1.12%
Black & Decker Manufacturing Company				1,800	8	1.41%
	<u>37,720</u>		<u>31.01%</u>	<u>32,207</u>		<u>25.26%</u>
Total Employment	<u>121,641</u>			<u>127,515</u>		

## Sources:

1. Fayetteville/Cumberland County Chamber of Commerce
2. North Carolina Employment and Security Commission

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	247	252	206	224	234	236	234	239	245	245
Public Safety										
Sheriff	400	405	402	364	367	369	379	381	381	385
Detention Facility	92	92	129	173	182	181	187	187	188	187
Other	53	59	50	51	26	34	35	66	57	73
Human Services										
Public Health	302	303	262	212	224	226	233	240	233	239
Mental Health	403	435	426	448	455	469	407	373	215	218
Social Services	661	651	620	606	609	602	608	616	635	635
Other	27	28	25	21	22	22	23	22	7	7
Cultural & Recreation										
Library	190	178	148	145	154	162	169	176	176	175
Other	42	48	49	50	50					
Economic and Physical Development	108	116	101	97	104	110	108	108	116	105
Crown Center	32	32	32	36	40	41	39	41	41	41
Solid Waste	69	68	72	55	54	52	64	64	60	60
<b>Total</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>	<b>2,355</b>	<b>2,370</b>

Source: County Budget System (BRASS)

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>										
Number of persons voting in elections	55,017	22,619	58,723	18,963	97,792	32,258	47,466	35,785	18,385	128,873
Number of registered voters	155,844	* 77,112	156,807	159,479	179,370	171,030	176,853	199,350	177,718	208,513
Number of birth certificates processed	7,404	7,390	7,206	7,202	7,535	8,051	7,943	8,242	8,046	8,800
Number of death certificates processed	2,468	2,399	2,441	2,428	2,506	2,355	2,533	2,511	2,790	2,715
Number of land record instruments	54,229	53,254	58,208	64,737	70,475	61,356	63,852	61,396	49,243	47,970
Number of marriage licenses issued	3,794	3,524	3,866	3,677	3,667	4,044	3,828	3,898	4,003	4,676
Number of pieces of mail handled	831,051	668,322	681,169	659,014	712,856	737,929	793,048	639,434	725,028	709,172
* List Maintenance every 4 years (non-voters removed)										
<b>Public Safety</b>										
Number of fire calls answered	9,650	10,495	13,516	9,432	9,515	9,904	7,562	9,459	11,056	11,585
Number fire permits issued	432	500	550	706	452	820	266	232	274	381
Number of emergency calls dispatched	56,713	56,568	60,046	60,761	60,832	56,446	NA	57,320	60,116	190,041*
Number of sheriff calls answered	72,187	91,326	91,840	87,623	87,454	94,698	144,381	137,576	144,689	152,069
Number of civil court papers handled	38,097	41,729	39,665	40,281	40,132	40,542	38,237	40,767	57,872	62,574
Average daily inmate population	373	371	392	485	464	504	518	532	536	541
Number of inmates admitted	9,927	9,135	9,762	9,996	9,202	9,983	10,640	9,833	11,257	12,044
Number of animals impounded (dogs and cats)	11,753	12,561	11,516	12,357	11,779	10,907	11,953	17,895	18,590	12,162
Number of animal investigations	13,016	13,897	13,862	14,895	15,018	14,482	15,767	16,014	14,240	17,223
*2009 consolidated emergency service and sheriff dispatchers										
<b>Human Services</b>										
Number of health dept. clinical services	22,598	29,203	25,707	27,550	30,523	32,143	31,010	29,399	31,282	33,515
Number of health dept. lab tests processed	65,285	41,808	38,955	38,081	40,181	43,057	39,165	28,286	59,007	67,919
Number of health dept. prescriptions filled	NA	NA	NA	6,781	17,995	29,302	38,119	35,252	18,596	35,645
Amount of health care provided with no compensation	NA	NA	NA	NA	NA	\$1,361,831	\$1,568,571	\$1,616,979	\$1,788,131	\$2,029,511
Number of WIC Clients	NA	44,628	45,420	42,552	40,212	38,496	36,456	142,916	150,370	168,342
Number of food stamp ave monthly households	NA	9,368	10,179	11,713	13,016	13,928	15,623	16,167	18,972	20,926
Average active Medicaid family & children's cases	11,943	14,971	14,668	15,656	15,620	17,802	19,402	21,705	24,565	29,073
Average active Medicaid adult cases	3,481	3,746	3,983	4,089	4,448	4,654	4,941	5,205	5,445	5,482
Average TANF active cases	3,278	2,683	2,530	2,435	2,448	2,301	2,140	2,967	1,647	1,423
Number of protective services referrals	3,858	3,983	4,373	4,736	4,864	4,957	4,853	4,977	5,735	5,784
Number of veterans claims processed*	NA	NA	NA	1,214	2,364	2,845	2,692	5,233	2,377	5,882
Number of veterans served in office	NA	NA	NA	6,966	9,209	9,618	8,384	7,568	7,379	9,241
*all claims processed not just claims generating dollars										

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Human Services (continued)</b>										
Number of veterans served by telephone	NA	NA	NA	10,529	19,429	16,496	16,198	16,848	18,070	26,410
Number of mental health days of service (24 hrs)	75,461	67,470	69,121	67,758	66,784	70,219	81,879	48,481	45,092	31,795
Number of mental health outpatients served	5,052	6,871	7,253	7,239	7,361	8,055	8,607	6,337	6,410	6,785
Number of mental health inpatients served**	465	648	936	750	500	417	429	NA	NA	NA
Number of workforce development applicants	6,576	1,039	988	971	1,803	2,061	993	683	1,331	2,095
**clients no longer contracted with hospital										
<b>Economic and Physical Development</b>										
Number of inspections performed	30,453	28,080	31,211	37,659	NA	54,606	70,487	27,891	20,164	19,353
Number of building permits issued	1,241	1,412	1,574	1,407	2,024	2,169	NA	1,760	1,273	1,300
<b>Culture and Recreation</b>										
Number of library books	514,295	503,831	503,799	509,173	512,031	513,922	595,462	592,536	558,713	587,093
Number of materials circulated	2,184,923	2,117,520	1,986,546	1,884,249	1,325,999	1,365,396	1,446,477	1,994,109*	2,047,346*	1,965,299*
Number of public visits	1,491,763	1,327,742	1,254,195	1,221,211	1,246,265	1,278,154	1,284,143	1,444,916	1,255,529	1,083,931
* includes books and audio visual materials										
<b>Business Activities</b>										
Number of civic center event days	647	792	378	335	335	326	328	309	348	326
Number in attendance	600,227	617,802	487,813	506,003	549,456	513,658	545,409	521,088	554,792	576,673
Number of solid waste tonnages processed	273,883	252,265	230,731	205,062	209,810	265,464	282,679	305,915	261,389	262,427

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Fire</b>										
Number of volunteer stations	21	21	21	21	21	21	19	20	20	20
<b>Sheriff</b>										
Number of stations	3	4	5	5	5	6	6	4	6	5
Number of patrol vehicles	NA	NA	NA	325	325	325	325	326	323	324
Detention facility beds	365	365	568	568	568	568	568	568	568	568
<b>Culture and Recreation</b>										
Number of libraries	8	8	8	8	8	8	8	8	8	8
Library collections	514,295	503,831	503,799	509,173	512,031	513,922	595,462	592,536	605,911	637,731
Number of parks	2	2	2	2	3	3	3	3	3	3
Park acreage	162	162	174	174	189	189	189	185	185	185
Number of ball fields	14	14	14	33	103	107	67	64	63	63
Number of tennis courts	10	10	10	10	41	40	40	28	28	32
<b>Facilities and services not included in primary government</b>										
<b>Education:</b>										
Number of schools	73	76	79	79	80	80	80	87	87	87
Number of students	51,349	50,979	51,725	52,223	53,089	53,326	52,565	53,912	52,912	53,162
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	2	2	2
Number of patient beds	933	933	909	909	426	447	447	546	546	546

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

NA: Information not available.

**CONTINUING DISCLOSURE INFORMATION**  
**(Unaudited)**

Securities Exchange Commission Rule 15c2-12 requires the County to provide continuing disclosures related to certain general obligation and non-general obligation debt. These disclosures are required to be submitted annually to the Municipal Securities Rulemaking Board (the "MSRB") through the web-based Electronic Municipal Market Access ("EMMA") system by the end of the seventh month following the County's fiscal year ended June 30. Continuing disclosure information is included in the Comprehensive Annual Financial Report ("the CAFR") to provide the user with appropriate information in a functional and convenient manner.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2009**

**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, 2009 were approximately \$289 million. General Fund revenues are derived from various sources, including property taxes (approximately 50.4%), sales taxes, and intergovernmental revenues. The County's property tax rate is \$0.86 per \$100 of assessed value. A rate of \$.01 per \$100 of assessed value presently generates approximately \$1,895,354 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, 2009 is \$82,295,000 which is significantly less than the legal limit of approximately \$1.42 billion. Debt service payments represent 4.78% of total actual expenditures for FY 2009 and 5.72% of total budgeted expenditures for FY 2010. In fiscal year 2009, the County transferred \$683,000 from the General Fund to pay operating expenses of the Crown Center and \$2,269,709 to pay debt service on the Crown Coliseum. For FY2010, the County budgeted transfers from the General Fund of \$683,000 for Crown Center operating and \$1,862,330 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, 2009 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2014:

Fiscal Year Ended June 30 (1)	Historical Receipts (2)
2005	\$ 3,796,808
2006	4,064,076
2007	4,516,271
2008	4,731,978
2009	5,055,501
Fiscal Year Ended June 30	Forecasted Receipts (3)
2010	\$ 5,208,593
2011	5,364,851
2012	5,525,796
2013	5,691,570
2014	5,862,317

- (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 \$38,789 to \$47,571 per year.
- (3) Forecasted receipts assume 3% annual growth in tax revenue and 0.0% growth in the cost of collection for FY 2010 and 3% thereafter.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2009**

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, 2009 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2014:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Historical</u> <u>Receipts (1)</u>
2005	\$ 778,051
2006	767,699
2007	847,749
2008	982,706
2009	1,003,177
<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Forecasted</u> <u>Receipts (2)</u>
2010	\$ 1,033,272
2011	1,064,270
2012	1,096,198
2013	1,129,084
2014	1,162,957

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee.
- (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 debt obligation and the registered owners of any such debt obligation have no lien on or claim against such

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2009**

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**

**Material Events Disclosures**

Moody's Investor Services downgraded the credit ratings on obligations insured by Ambac from Aa3 to Baa1 on November 5, 2008 and on obligations insured by MBIA from A2 to Baa1 on November 7, 2008. On November 19, 2008 Standard & Poor's Rating Services downgraded the credit ratings on obligations insured by Ambac from AA to A. The County has certain debt obligations insured by Ambac and certain other debt obligations insured by MBIA.

In FY 2009, Standard & Poor's upgraded its rating on the County's general obligation debt from AA- to AA+ and its rating on the County's certificates of participation from A+ to AA. Also, in FY 2009, Moody's upgraded its rating on the County's general obligation debt from Aa3 to Aa2 and its rating on the County's certificates of participation from A1 to Aa3.

**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, 2009, the amount of prior year defeased general obligation debt outstanding and removed from the County's liabilities amounted to \$18,645,000.

**Outstanding General Obligation Debt**

	<b>Principal Outstanding as of</b>			
	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
<b>General Obligation Bonds</b>				
School	\$ 97,150,000	\$ 90,185,000	\$ 83,150,000	\$ 76,155,000
Community College Facilities	2,480,000	2,125,000	1,780,000	1,445,000
Library Facilities	<u>6,535,000</u>	<u>5,920,000</u>	<u>5,305,000</u>	<u>4,695,000</u>
<b>Total G.O. Debt</b>	<u>\$ 106,165,000</u>	<u>\$ 98,230,000</u>	<u>\$ 90,235,000</u>	<u>\$ 82,295,000</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 (\$3,673,500) and the North Cumberland Regional Sewer System District (\$1,221,000).

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 \$1,427,522,000 as of June 30, 2009.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2009**

**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>
2005	\$ 114,140,000	\$14,488,618,000	0.79%	312,626	\$ 365.10
2006	106,165,000	15,187,241,000	0.70%	307,745	344.98
2007	98,230,000	15,707,814,000	0.63%	310,637	316.22
2008	90,235,000	16,381,485,000	0.55%	313,616	287.72
2009	82,295,000	16,821,544,000	0.49%	316,941	259.65

(1) North Carolina Office of State Budget & Management – State Demographics Section.

**General Obligation Debt Service Requirements and Maturity Schedule**

<u>Cumberland County</u>						
<u>FY</u>	<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>Ending June 30</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>
2010	6,955,000	10,584,480	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	9,963,219	595,000	770,000	330,000	369,500
2013	6,820,000	9,450,851	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	8,944,350	555,000	582,750		
2017	7,810,000	9,058,350				
2018	6,890,000	7,753,600				
2019	6,830,000	7,391,538				
2020	2,500,000	2,756,688				
2021	2,375,000	2,517,687				
2022	500,000	528,437				
2023	175,000	182,437				
Bal @ 6/30/09	<u>\$ 76,155,000</u>	<u>\$ 97,653,818</u>	<u>\$ 4,695,000</u>	<u>\$ 5,664,250</u>	<u>\$ 1,445,000</u>	<u>\$ 1,632,200</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2009**

**General Obligation Bonds Authorized and Unissued**

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u> <sup>(1)</sup>
School Refunding	February 16, 1998	\$ 6,605,000
School Refunding	August 16, 2004	1,000
Refunding	August 16, 2004	3,595,000
Refunding	October 18, 2004	3,900,000
Refunding	June 1, 2009	<u>37,500,000</u>
		<u>\$ 51,601,000</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>FY2010 Principal And Interest Requirements</u>	<u>Balance June 30, 2009</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 – Series 2009A (Elementary School & Branch Library)	22,425,000	Principal payable annually and interest payable semi-annually in arrears ending December 1, 2028. Annual principal and interest payments range from \$171,742 to \$2,104,000; payable from General Fund.	936,775	22,425,000
Certificates of Participation - Series 2009B Refunding	89,490,000	Principal payable annually and interest payable semi-annually in arrears ending December 1, 2024. Annual principal and interest payments range from \$5,213,600 to \$11,354,413; payable from General Fund and Enterprise Fund	11,323,724	89,490,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2009**

<u>Purpose</u>	<u>Original Amount/Costs</u>	<u>Principal &amp; Interest Repayment/Requirements</u>	<u>FY2010 Principal and Interest Requirements</u>	<u>Balance June 30, 2009</u>
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	3,562,009
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	155,398	150,000
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	27,744	27,230
Promissory Note-FTCC Local Match on State Bonds	4,300,000	Quarterly payments of \$238,158 including interest of 3.65% beginning August 24, 2006 and ending April 24, 2011; payable from the General Fund.	944,632	1,814,675
Promissory Note-Gray's Creek Middle School	20,000,000	Semi-annual payments of \$500,000 principal plus interest of 4.21% beginning June 14, 2009 and ending December 14, 2028; payable from School Lottery Proceeds.	1,810,425	19,500,000
Promissory Note-Health Department Building	<u>26,500,000</u>	Annual payments of \$1,325,000 principal plus interest at 4.42% beginning June 13, 2009 and ending June 13, 2028; payable from the General Fund.	<u>2,437,735</u>	<u>25,175,000</u>
	<b><u>\$ 224,155,861</u></b>		<b><u>\$ 18,133,754</u></b>	<b><u>\$ 163,572,695</u></b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2009**

The County's payment obligations under the installment financing arrangements described above at June 30, 2009 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Civic Center Certificates Debt Service (1)</u>	<u>2009A Certificates Debt Service</u>	<u>2009B Refunding Certificates Debt Service</u>	<u>Other Agreements Debt Service</u>	<u>Total Non G.O. Debt</u>
2010		936,775	11,323,724	5,873,255	18,133,754
2011		2,104,000	11,354,413	5,589,450	19,047,863
2012	1,555,000	2,063,525	7,794,663	4,544,151	15,957,339
2013	1,555,000	2,022,225	7,692,513	4,443,487	15,713,225
2014	1,555,000	1,975,025	7,578,862	4,342,822	15,451,709
2015		1,933,725	9,014,338	4,242,156	15,190,219
2016		1,886,525	8,905,213	4,141,491	14,933,229
2017		1,836,375	8,789,988	4,040,826	14,667,189
2018		1,794,338	8,684,062	3,691,501	14,169,901
2019		1,750,088	5,797,262	3,342,175	10,889,525
2020		1,703,625	5,689,762	3,241,510	10,634,897
2021		1,654,950	5,563,137	3,140,845	10,358,932
2022		1,604,062	5,447,387	3,040,180	10,091,629
2023		1,551,700	5,330,356	2,939,515	9,821,571
2024		1,498,600	5,213,600	2,838,850	9,551,050
2025		1,444,025	3,269,750	2,738,185	7,451,960
2026		1,387,237		2,637,520	4,024,757
2027		1,328,975		2,536,855	3,865,830
2028		1,269,975		2,436,190	3,706,165
2029		1,210,238		510,525	1,720,763
	<b>4,665,000</b>	<b>32,955,988</b>	<b>117,449,030</b>	<b>70,311,489</b>	<b>225,381,507</b>
Amortization:					
Premium			<b>5,533,603</b>		<b>5,533,603</b>
Deferred Amt			<b>(3,906,431)</b>		<b>(3,906,431)</b>
	<b>\$ 4,665,000</b>	<b>\$ 32,955,988</b>	<b>\$ 119,076,202</b>	<b>\$ 70,311,489</b>	<b>\$ 227,008,679</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 defeased various certificates of participation 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, 2009, the amount of prior year defeased non-general obligation debt outstanding and removed from the County's liabilities amounted to \$31,180,000.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2009**

**Current Year Refunding of Non-General Obligation Debt**

In FY 2009, the County issued \$89,490,000 of refunding certificates of participation to refund certain non-general obligation debt. The 1998 Coliseum Refunding and the 1998 Public Building Series were current refunded and the 2000 Detention Center Refunding was advance refunded. Prior to the end of the fiscal year, the Detention Center Refunding was called and was fully redeemed by the escrow agent. Therefore, there is no defeasance related to this refunding at June 30, 2009.

**Debt Outlook**

The County issued general obligation refunding bonds on July 8, 2008 in the amount of \$34,670,000 to refund \$35,200,000 of school related general obligation debt. The County intends to issue approximately \$16,000,000 in Qualified School Construction Bonds by December 31, 2009. Other projects under consideration in future years are two additional libraries, an addition to the Detention Center, public safety communication towers and radios, and a potential \$175 million school G.O. bond issue.

**TAX INFORMATION**

**General Information**

	<u>Fiscal Year Ended or Ending June 30,</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u> <sup>(3)</sup>
		(Amounts in thousands)	
Assessment Ratio <sup>(1)</sup>	100%	100%	100%
Real Property	\$ 12,807,264	\$ 13,211,025	\$ 14,704,038
Personal Property	1,139,288	1,169,893	1,292,709
Vehicles	2,094,609	2,126,672	2,061,874
Public Service Companies <sup>(2)</sup>	<u>340,324</u>	<u>313,954</u>	<u>353,743</u>
Total Assessed Valuation	\$ 16,381,485	\$ 16,821,544	\$ 18,412,364
Rate per \$100	<u>.880</u>	<u>.860</u>	<u>.766</u>
County-wide Levy	<u>\$ 144,157</u>	<u>\$ 144,665</u>	<u>\$ 141,039</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) Estimate as of October 31, 2009 for the fiscal year ending June 30, 2010.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2009**

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>2008</u>	<u>2009</u>	<u>2010</u> <sup>(1)</sup>
County-wide	\$ 144,157,068	\$ 144,665,278	\$ 141,038,708
Recreation District	2,809,756	2,769,856	2,907,053
Special Fire Districts	5,064,628	5,011,972	5,261,793
Total Levy	<u>\$ 152,031,452</u>	<u>\$ 152,447,106</u>	<u>\$ 149,207,554</u>

(1) Estimate as of October 31, 2009 for the fiscal year ending June 30, 2010.

**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>
2005	\$5,552,494	\$ 122,645,671	96.04%
2006	5,425,056	129,101,364	96.42
2007	4,575,672	133,857,005	96.66
2008	4,464,584	140,172,406	97.05
2009	3,974,641	140,776,733	97.14

The figures in the preceding table consist of property tax revenues deposited in the General Fund.

**Ten Largest Taxpayers for Fiscal Year 2008-09 (Tax Year 2007-08)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2008 Assessed Valuation*</u>	<u>% of Total Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 225,896	1.35%
Walmart	Retail/Distribution	105,245	0.63
Cross Creek Mall, LLC	Retail Mall	85,999	0.51
Carolina Telephone	Telephone Utility	79,922	0.48
Progress Energy	Electric Utility	61,869	0.37
Purolator Products	Auto Filter Manufacturer	51,617	0.31
Piedmont Natural Gas	Gas Utility	49,048	0.29
Centurion Aviation Services	Aviation Maintenance	45,110	0.27
DAK Americas	Textiles	39,703	0.24
South River EMC	Electric Utility	<u>32,332</u>	<u>0.19</u>
TOTAL		<u>\$ 776,741</u>	<u>4.64%</u>

\* Amounts expressed in thousands.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Compiled Budget - Annually Budgeted Funds**  
**For the Fiscal Year Ended June 30, 2009**  
**(Unaudited)**

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	145,407,309	8,311,638	25,150
Other taxes	45,985,441	14,297,060	5,358,808
Unrestricted intergovernmental	7,610,728	500,000	
Restricted intergovernmental	63,829,895	20,640,919	343,768
Licenses and permits	2,195,103		14,804
Sales and services	16,191,495	320,397	5,443,481
Interest earned on investments	3,813,234	326,666	1,027,600
Miscellaneous	7,674,185	409,000	5,450
Contribution			
Total estimated revenues	292,707,390	44,805,680	12,219,061
Appropriations:			
General government	29,278,346	577,036	
Public safety	41,126,585	6,340,714	
Economic and physical development	5,106,627	21,971,632	
Human services	120,828,061	1,856,916	
Cultural and recreation	9,863,150	2,970,070	
Education	81,828,118	21,984,291	
Salaries and employee benefits			5,349,030
Other supplies			1,552,984
Repairs and maintenance			2,082,812
Contracted services			1,457,858
Utilities			857,781
Administrative costs			2,787,572
Landfill closure and postclosure			1,071,440
Other Operating			76,000
Contingency			193,017
Capital outlay	6,426,484	992,110	2,999,231
Debt service:			
Principal retirement	15,388,661	150,000	3,160,000
Interest and fees	10,684,164	16,211	2,008,175
Total appropriations	320,530,196	56,858,980	23,595,900
Estimated revenues over (under) appropriations	(27,822,806)	(12,053,300)	(11,376,839)
Other financing sources (uses):			
Transfers from other funds:			
General fund		2,365,610	3,227,193
Special revenue funds	8,821,368		4,379,429
Enterprise funds	55,193		
Capital projects	402,962		
Transfers to other funds:			
General fund		(8,821,368)	(55,193)
Capital projects			
Special revenue funds	(2,365,610)		
Enterprise funds	(3,227,193)	(4,379,429)	
Internal service funds	(218,905)		
Proceeds of general long term debt	52,400,000		40,183,190
Debt issuance cost	839,583		
Premium on debt Issuance	3,331,682		
Refunding escrow payment	(55,622,909)		(40,183,190)
Amount to be provided		4,645,699	
Appropriated fund balances	23,406,635	18,242,788	3,825,410
Total other financing sources	27,822,806	12,053,300	11,376,839
Estimated revenues and other sources over appropriations and other uses	0	0	0

Compiled for Primary Government by staff of the Cumberland County finance department from the FY2009 budget at June 30, 2009.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Compiled Budget - Annually Budgeted Funds**  
**For the Fiscal Year Ending June 30, 2010**  
**(Unaudited)**

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	150,461,077	9,178,573	17,386
Other taxes	38,372,627	14,231,566	5,461,385
Unrestricted intergovernmental	9,856,447	500,000	
Restricted intergovernmental	59,748,693	16,934,472	364,710
Licenses and permits	2,064,896		11,388
Sales and services	16,526,307	245,322	5,388,805
Interest earned on investments	1,300,000	255,387	1,159,316
Miscellaneous	4,298,258	478,000	2,900
Total estimated revenues	282,628,305	41,823,320	12,405,890
Appropriations:			
General government	22,282,094	552,274	
Public safety	40,955,537	6,833,642	
Economic and physical development	5,031,298	15,790,405	
Human services	108,744,335	1,545,078	
Cultural and recreation	9,706,432	2,960,134	
Education	84,079,132	7,455,000	
Salaries and employee benefits			5,233,341
Other supplies			1,522,571
Repairs and maintenance			1,232,786
Contracted services			1,437,720
Utilities			850,554
Administrative costs			1,932,848
Landfill closure and postclosure			1,067,000
Other Operating			741,396
Contingency			459,550
Capital outlay	1,271,318	630,000	838,100
Debt service:			
Principal retirement	15,633,043	150,000	3,445,000
Interest and fees	9,123,752	5,339	1,588,745
Total appropriations	296,826,941	35,921,872	20,349,611
Estimated revenues over (under) appropriations	(14,198,636)	5,901,448	(7,943,721)
Other financing sources (uses):			
Transfers from other funds:			
General Fund		1,858,558	2,545,330
Special Revenue Funds	6,159,809		4,781,677
Enterprise Funds	55,193		
Transfers to other funds:			
General Fund		(6,159,809)	(55,193)
Special Revenue Funds	(1,853,558)		
Enterprise Funds	(2,545,330)	(4,781,677)	
Internal Service Funds	(210,000)		
Proceeds of general long term debt			
Funds to be provided in future years			
Appropriated fund balances	12,592,522	3,181,480	671,907
Total other financing sources	14,198,636	(5,901,448)	7,943,721
Estimated revenues and other sources over appropriations and other uses	0	0	0

Compiled for Primary Government by staff of the Cumberland County finance department from the FY2010 adopted budget ordinance at July 1, 2009.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
Fayetteville, North Carolina

Schedule of Expenditures of Federal and  
State Awards for the Year Ended June 30, 2009  
Report on Internal Control and Compliance

COUNTY OF CUMBERLAND, NORTH CAROLINA  
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**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, 2009, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 23, 2009. 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 internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A 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.

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 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

This report is intended solely 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, Bekaert + Holland JP*

Fayetteville, North Carolina  
November 23, 2009



**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, 2009. 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 of 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, 2009.

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 an entity'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 entity'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.

Schedule of Federal and State Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the Eastover Sanitary District, the Fayetteville Area Convention and Visitors Bureau, the Cumberland County Tourism Development Authority, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2009, and have issued our report thereon dated November 23, 2009. 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 on the County's basic financial statements, insofar as it relates to the amounts for the Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of federal and State awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely 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 specific parties.**

CHERRY, BEKAERT & HOLLAND L.L.P.

*Cherry, Bekaert + Holland LLP*

Fayetteville, North Carolina  
November 23, 2009



**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, 2009. 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; and 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 of the County's compliance with those requirements.

In our opinion, 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, 2009.

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 an entity'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 entity'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.

Schedule of Federal and State Awards

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This report is intended solely 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, Bekaert + Holland JP*

Fayetteville, North Carolina  
November 23, 2009

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

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  No
- Significant Deficiency(s) identified that are not considered to be material weaknesses  Yes  None reported

Noncompliance material to financial statements noted  Yes  No

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards  Yes  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  No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, & Children
93.778	Medical Assistance Program
<i>Foster Care and Adoption Cluster</i>	
93.556	Foster Care Caseworker Visits
93.658	Title IV-E Foster Care
93.658	Title IV-E Foster Care HIV
93.659	Adoption Assistance - Direct Benefit Payments

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2009**

Identification of major federal programs (continued):

CFDA Numbers      Names of Federal Program or Cluster

*Subsidized Child Care Cluster*

93.596      Child Care and Development Fund-Administration  
93.575      Child Care Development Fund - Discretionary  
93.596      Child Care Development Fund - Mandatory  
93.596      Child Care Development Fund - Match  
93.667      Social Services Block Grant  
93.558      TANF  
                 TANF – Maintenance of Effort  
                 Smart Start  
                 State Appropriations

93.959      Treatment Alternative for Street Crime

*Mental Health Cluster*

93.958      Block Grants for Community Mental Health Services  
                 State appropriations – Child  
                 State appropriations – Adults  
                 State appropriations - Other

*Substance Abuse Cluster*

93.959      Block Grants for Prevention and Treatment of Substance Abuse  
                 State appropriations – Child  
                 State appropriations – Adults  
                 State appropriations - Other

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major state program or were required to be tested as major by the State are included in the list of major federal programs.

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

Auditee qualified as low-risk auditee?        X   Yes             No

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2009**

State Awards

Internal control over major State programs:

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

Identification of major State programs:

Program Name

- Systems Management Transition
- Developmental Disability Services – Adult
- Mental Retardation/Mental Illness
- Comprehensive Treatment Services (At Risk Children)
- Crisis Services

State match on federal programs, included in the list of major federal programs above for Subsidized Child Care Cluster, Foster Care and Adoption Cluster, Treatment Alternatives for Street Crimes and Medical Assistance Program.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2009**

**Section II. Financial Statement Findings**

None

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

None

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

None

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Corrective Action Plan**

**Year Ended June 30, 2009**

**II – Financial Statement Findings**

None

**III – Federal Award Findings and Questioned Costs**

None

**IV – State Award Findings and Questioned Costs**

None

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Prior Year Audit Findings**

**Year Ended June 30, 2009**

None

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2009**

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		\$ 3,945	\$ -	\$ -
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		62,626,280	-	-
Food Stamp Incentive Retention	10.551		72,298	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		2,203,732	-	2,203,731
Total Food Stamp Cluster			64,902,310	-	2,203,731
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		1,793,383	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		9,936,979	-	-
AGRI-SFP Food Program Meal	10.559		2,900	-	-
Total U.S. Dept. of Agriculture			76,639,517	-	2,203,731
<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		10,218	-	-
Direct Program:					
Community Development Block Grants/Entitlement Grants	14.218		814,869	-	-
Supportive Housing Program	14.235		71,499	-	-
HOME Investment Partnerships Program	14.239		1,007,510	-	-
Total U.S. Dept. of Housing and Urban Development			1,904,096	-	-
<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		91,283	-	-
Gang Resistance Education and Training	16.737		48,392	-	-
Edward Byrne Memorial Formula Grant Program	16.579		133,176	-	-
<u>Office of Community Oriented Policing Services</u>					
Direct Program:					
Public Safety Partnerships and Community Policing Grants	16.710		449,461	-	-
Total U.S. Dept. of Justice			722,312	-	-

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2009**

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		\$ 514,939	\$ -	\$ -
<u>WorkForce Investment Act Cluster</u>					
Direct Program:					
National Emergency Grant	17.260		2,209,430	-	-
Passed-through the N.C. Department of Commerce:					
Division of Employment and Training:					
WIA Adult Program	17.258		685,656	-	-
WIA Youth Activities ARRA	17.259		6,599	-	-
WIA Youth Activities	17.259		316,339	-	-
WIA Dislocated Workers ARRA	17.260		85,255	-	-
WIA Dislocated Workers	17.260		248,333	-	-
Total U.S. Dept. of Labor			4,066,551	-	-
<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		451,468	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants	20.505		57,240	-	-
Total U.S. Dept. of Transportation			508,708	-	-
<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		63,056	-	2,141,207
<u>Department of the Interior</u>					
Passed-through the N.C. Board of Elections:					
Help America Vote Act Requirements Payments	90.401		61,700	-	-
<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		6,733,613	-	6,032,336
WorkFirst/TANF - Direct					
Benefit Payments	93.558		4,653,681	(5,118)	(2,733)
N.C. Child Support Enforcement Section	93.563		14,751	-	7,599
Refugee Assistance	93.566		7,411	-	-
Energy Assistance Block Grant:					
Administration	93.568		185,828	-	-
Crisis Intervention Program	93.568		1,390,230	-	-
Energy Assistance Payments-Direct Benefit Payments	93.568		1,647,910	-	-
Child Welfare Services - State Grants					
Adoption Subsidy - Direct Benefit Payments	93.645		-	1,181,719	312,762
Child Welfare Services - State Grants					
Permanency Planning - Families for Kids	93.645		128,281	36,206	247,851
SSBG - Other Services and Training	93.667		1,338,380	136,061	2,118,103
LINKS (formerly Independent Living Grant)	93.674		108,673	21,521	22,610

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2009**

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>					
Foster Care Caseworker Visits	93.556		\$ 8,643	\$ -	\$ 9,766
Title IV-E Foster Care	93.658		2,416,530	1,364,293	1,096,221
Title IV-E Foster Care HIV	93.658		5,098	2,102	-
Adoption Assistance - Direct Benefit Payments	93.659		1,292,435	233,268	330,693
Total Foster Care and Adoption Cluster			3,722,706	1,599,663	1,436,680
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		93,474	68,426	23,129
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		534,655	-	465,858
Division of Child Development:					
Child Care Development Fund - Discretionary	93.575		6,396,603	-	-
Child Care Development Fund - Mandatory	93.596		3,253,566	-	-
Child Care Development Fund - Match	93.596		1,064,574	586,843	-
Total Child Care Development Fund Cluster			11,249,398	586,843	465,858
Social Services Block Grant					
TANF	93.667		62,523	-	-
	93.558		3,563,252	-	-
TANF - MOE					
Smart Start			-	2,356,224	-
State Appropriations			-	535	-
Total Subsidized Child Care Cluster			14,875,173	3,755,014	465,858
<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		153,261	42,081	-
Substance Abuse Training	93.959		1,250	-	-
Perinatal and Maternal Substance Abuse Initiative	93.959		69,591	-	-
Treatment Alternatives for Women	93.959		23,460	-	-
Treatment Alternatives to Street Crime	93.959		836,484	1,278,256	-
Mental Health Cluster:					
Block Grants for Community Mental Health Services	93.958		250,570	-	-
State Appropriations - Child			-	318,850	-
- Adults			-	1,273,521	-
- Other			-	-	-
Total Mental Health Cluster			250,570	1,592,371	-
<u>Developmental Disabilities Waiting List Cluster:</u>					
SSBG-Developmental Disabilities Waiting List Funds	93.667		-	-	-
State Appropriations			-	29,155	-
Total Developmental Disabilities Waiting List Cluster			-	29,155	-
Developmental Disability Services - Adult					
Developmental Disability Services - Child	93.667		149,968	-	-
	93.667		20,795	-	-
<u>Substance Abuse Cluster:</u>					
Block Grant for Prevention and Treatment of Substance Abuse					
State Appropriations - Child	93.959		279,887	-	-
- Adults			-	812,470	-
- Other			-	31,390	-
Total Substance Abuse Cluster			279,887	843,860	-

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2009**

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>Health Care Financing Administration</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778		\$ 206,941,556	\$ 96,233,167	\$ 6,916,427
ARRA Stimulus Credit			11,010,902	(10,185,084)	(825,818)
			<u>\$ 217,952,458</u>	<u>\$ 86,048,083</u>	<u>\$ 6,090,609</u>
Division of Social Services:					
Medical Assistance Program Administration	93.778		3,692,812	446,390	2,971,114
Health Choice	93.767		167,727	11,414	44,042
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	32,202	-	-
Family Planning Services	93.217		267,419	-	-
Immunization Grants	93.268	5715	149,656	-	-
Centers for Disease Control and Prevention Investigations					
and Technical Assistance	93.283		170,304	-	-
Preparedness and Response	93.283		415,198	-	-
Temporary Assistance for Needy Families	93.558		36,325	-	-
Syphilis Elimination Program	93.977		108	-	-
Statewide Health Promotion Program	93.991	5503	28,340	-	-
Maternal and Child Health Services Block Grant	93.994		877,520	-	-
			<u>260,609,446</u>	<u>97,085,102</u>	<u>19,457,198</u>
Total U.S. Dept. of Health and Human Services					
Human Services:					
Division of Medical Assistance:					
Medicaid At-Risk			67,228	-	-
			<u>344,642,614</u>	<u>97,085,102</u>	<u>23,802,136</u>
Total Federal awards					

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2009**

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			\$ -	\$ 2,171,604	\$ 2,171,604
State Foster Care Benefits Program			-	999,192	999,188
Energy Assistance - CP&L Energy Program			-	14,302	-
State Aid Payments			-	208,957	-
Temporary Assistance for Needy Families Incentives			-	14,222	-
Special Links			-	22,699	-
AFDC Incentives			-	1,889	-
Adult Protective Services			-	36,567	335,428
Smart Start Administration			-	320,881	313,280
Family Violence Prevention Grant			-	25,000	-
Division of Child Development:					
Smart Start Read to Me			-	244,709	-
Smart Start Motherread			-	67,611	-
Smart Start - Mental Health			-	260,723	-
Division of Public Health:					
General		4110	-	233,180	-
Public Health Nurse Training		5555	-	1,400	-
Epilepsy		4554	-	866	-
TB Medical Services		4510	-	4,969	-
Communicable Disease		5503	-	25,762	-
Risk Reduction/Health Promotion			-	4,014	-
Tuberculosis			-	85,122	-
Women's Preventative Health			-	3,821	-
Wisewoman			-	11,082	-
Breast and Cervical Cancer Control		4536	-	42,404	-
AIDS-State			-	25,000	-
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
General Program Services			-	2,520	-
Systems Management Transition			-	4,787,999	-
Developmental Disability Services - Child			-	201,837	-
Developmental Disability Services - Adult			-	943,812	-
Mental Retardation / Mental Illness			-	450,882	-
Comprehensive Treatment			-	-	-
Services Program (At Risk Children)			-	375,150	-
Criminal Justice			-	4,933	-
Crisis Services			-	734,776	-
Total N. C. Department of Health and Human Services			-	12,327,886	3,819,500
<u>N.C. Dept. of Environment &amp; Natural Resources</u>					
Division of Environmental Health:					
Environmental Health			-	40,345	-
Lead Paint Hazard			-	277	-
Air Quality Grant			-	6,600	-

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2009**

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 Pollution Prevention and Environmental Assistance: Solid Waste Management Trust Fund: Community Waste Reduction & Recycling Grant			\$ -	\$ 10,472	\$ -
Division of Water and Soil Conservation: Agriculture Cost Share Program			-	25,889	29,172
Soil and Water District Projects			-	4,000	68,580
Total N.C. Department of Environment & Natural Resources			-	87,583	97,752
<u>N.C. Clean Water Management Trust Fund:</u> Eastover Sanitary District			-	894,321	-
<u>N.C. Department of Veteran's Affairs</u> Veteran's Services Grant			-	2,000	254,892
<u>Office of State Budget and Management</u> Public School Building Capital Fund			-	1,331,000	930,497
<u>Department of Juvenile Justice &amp; Delinquency Prevention</u> Juvenile Crime Prevention Program			-	1,005,796	630,418
<u>N.C. Rural Economic Development Center</u> Unsewered Communities Grant			-	18,883	-
<u>N.C. Dept. of Cultural Resources</u> State Aid to Public Libraries			-	370,544	7,993,653
<u>N.C. Dept. of Transportation</u> Rural Operating Assistance Program Cluster: Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	178,002	-
Rural General Program			-	93,508	-
Work First Transitional/Employment Trans. Assistance			-	84,665	-
Total Rural Operating Assistance Program Cluster			-	356,175	-
Human Services Transportation Program			-	55,552	-
Public Access Funds			-	60,000	-
Total N.C. Department of Transportation			-	471,727	-
<u>N.C. Dept. of Administration</u> Domestic Violence Program			-	67,078	-
<u>N.C. Dept. of Corrections</u> Criminal Justice Partnership Program			-	209,017	-
Total State awards			-	16,785,835	13,726,712
Total Federal and State awards			\$ 344,642,614	\$ 113,870,937	\$ 37,528,848

COUNTY OF CUMBERLAND, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2009

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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	\$ 451,468	\$ -
Supportive Housing Program	14.235	71,499	-
Juvenile Crime Prevention Program		-	1,005,796
Public School Building Capital Fund		-	1,331,000

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.**