

*County of  
Cumberland*

NORTH CAROLINA



2010

*Comprehensive Annual  
Financial Report*

*Fiscal Year Ended June 30, 2010*

COUNTY OF CUMBERLAND  
NORTH CAROLINA

Board of County Commissioners

Billy R. King, Chairman

Kenneth S. Edge, Vice Chairman  
Jeannette M. Council  
Marshall Faircloth

Phillip Gilfus  
Jimmy Keefe  
Edward Melvin

Comprehensive Annual  
Financial Report

For the Year Ended June 30, 2010

Prepared by:  
Cumberland County Finance Department

County Officials

County Manager  
County Attorney  
Deputy County Manager  
Assistant County Manager

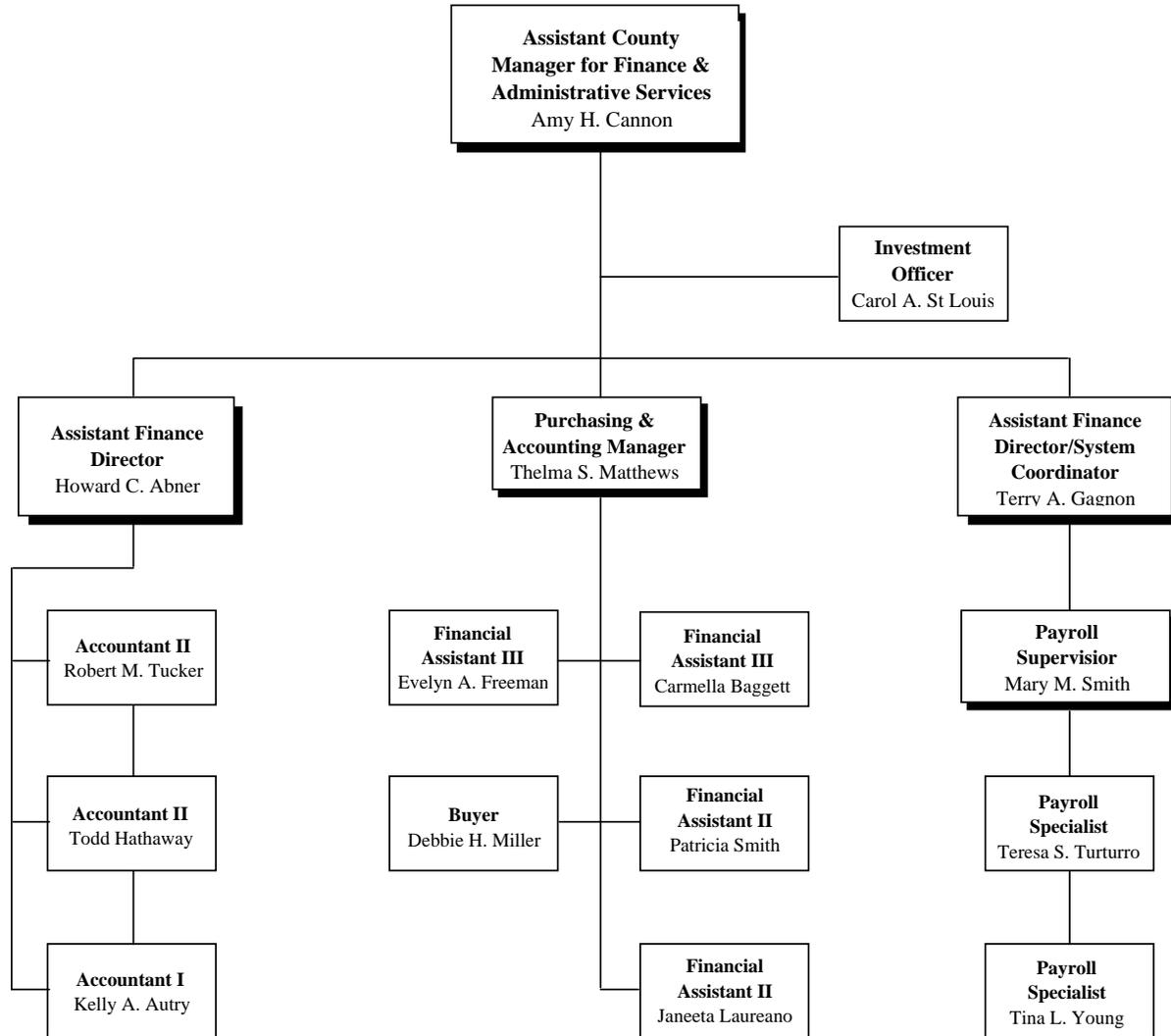
James E. Martin  
Rick Moorefield  
Juanita Pilgrim  
Amy H. Cannon, CPA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## COUNTY OF CUMBERLAND, NORTH CAROLINA

Year Ended June 30, 2010

Prepared by the Finance Department



**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Comprehensive Annual Financial Report  
Year Ended June 30, 2010**

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## **INTRODUCTORY SECTION**

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# COUNTY of CUMBERLAND

## *Finance Department*

November 15, 2010

The Honorable Billy R. King, Chairman  
The Honorable Kenneth S. Edge, Vice Chairman  
The Honorable Jeanette M. Council  
The Honorable Marshall Faircloth  
The Honorable Phillip Gilfus  
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, 2010. 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.

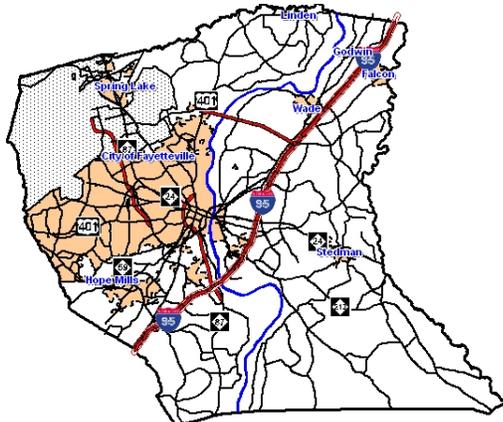
Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent 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 section of North Carolina, with a land area of approximately 661 square miles. The County's population of 324,225 is the fifth largest in the state. The City of Fayetteville is the largest municipality in the County and serves as the County seat. Fayetteville's population of 207,788 is the sixth largest municipality in the state.

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.

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, Fort Bragg soldiers provided humanitarian relief to southern Louisiana and Mississippi in the wake of Hurricane Katrina. In January 2010, about 3,500 Fort Bragg soldiers went to Haiti to help in recovery efforts from the devastation caused by a major earthquake. 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.. As discussed in the BRAC Section, Pope is in the process of transitioning to from an Air Force Base to an Army Air Field.

## **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>
2009	\$2,435,844,687*	\$9,484,962,825*
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

<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>
2009	52,959	*	52,959*
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

<b>Civilian Employment at Fort Bragg and Pope Air Force Base</b>		
<b>Year</b>	<b>Number of Employees</b>	<b>Payroll</b>
2009	12,696*	\$500,992,485*
2008	11,506	\$504,296,348
2007	10,598	\$412,310,056
2006	10,778	\$374,054,382
2005	8,791	\$354,266,956

(\*Pope AFB did not prepare an Economic Impact Analysis for the Federal Fiscal Year ending September 30, 2009 due to the pending transition to an Army Airfield. Thus, the 2009 amounts do not include Pope's information. Per our request Pope, is in the process of preparing an Economic Impact Analysis for the Federal

Fiscal Year 2010. For the Federal Fiscal Year 2011, Pope's information will be included as part of Fort Bragg's information.)

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 2009, Fort Bragg received 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 for a training support center. For federal fiscal year 2010, Fort Bragg is scheduled to receive almost \$470 million. Major projects include: \$124 million for Phase 2 of the FORSCOM/USARC Headquarters; \$50 million for a Battle Command Training Center; \$30 million for a Behavioral Health clinic; and \$29 million for a warehouse for FORSCOM. For the federal fiscal year 2010, Pope is scheduled to receive \$26 million for a Consolidated Troop Medical Clinic.

## **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 from Fort McPherson, Georgia. 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. Finally, BRAC stipulated that Pope Air Force Base was to be converted to an Army airfield. The status of the moves are:

FORSCOM and USARC move from Fort McPherson to Fort Bragg - In September 2008, a \$288.5 million contract was awarded to build the new FORSCOM/USARC headquarters. The ground breaking ceremony for the headquarters was December 2008. Construction should be completed in early summer 2011. As of mid-September the building was 78 percent complete. About 450 people began arriving in October from Fort McPherson and are working in temporary locations. The main group will move in six groups of approximately 400-450 people. Total employment at the headquarters is estimated to be 2,800.

7<sup>th</sup> SFG move from Fort Bragg to Eglin AFB - Ground was broken in March 2009 for the \$438 million group headquarters complex at Eglin. As of mid-September the complex was 62% complete. The 7<sup>th</sup> Group has an advance party at Eglin and another will head out in May. The move of the main group, including 2,000 soldiers and family members, will begin in May and June 2011.

Transition of Pope Air Force Base to an Army Airfield - 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. Fort Bragg is scheduled to take control of Pope's real estate on March 1, 2011. At that time Pope will become an Army Airfield and the 43<sup>rd</sup> Airlift Wing will shrink to a Group.

The net increase in military personnel, civilian, contract workers and family members is projected to be around 25,000. 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 January 2010, BRTF launched a BRAC related web site called Pipeline.NC with a grant from the US Department of Labor. Pipeline.NC is designed to help connect job-seekers and employers in the Fort Bragg region.

### 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 \$3,077,026,323. This represents a 8.18% increase from fiscal year 2009. For 2009, gross sales of \$293,080,505 realized by the commissaries and post exchanges located on Fort Bragg decreased by 18.5% from fiscal year 2008. \*[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.]

Taxable Sales						
	Cumberland County	% Change	Fort Bragg Commissaries & Exchanges	% Change	Total	% Change
2010	\$3,077,026,323	8.18	Not Available	---	---	---
2009	\$2,844,376,173	3.36	\$293,080,505	(18.5)	\$3,137,456,678	0.85
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*	----*	\$320,017,927	3.13	\$2,824,761,079	N/A

Since 1990, Cumberland County's population has grown at a rate below the state average. Since 2000, the County's population has grown only 6.0% versus the state average of 16.6%. The major reason for this slow growth 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		2009 Certified		2010 Projected		2015 Projected	
	Population	% Change	Population	% Change	Population	% Change	Population	% Change	Population	% Change
Cumberland County	291,897	--	302,970	3.8%	321,071	6.0%	324,225	1.0%	353,131	8.9%
North Carolina	7,657,934	--	8,047,764	5.1%	9,382,609	16.6%	9,519,028	1.5%	10,874,183	14.2%

As The table below indicates, the county's unemployment rate decreased slightly from 9.2% in December to 9.0% in June . This parallels the slight decrease in the state's unemployment rate from 10.6% in December to 10.2% in June.

<b>Employment</b>					
	<b>Total Civilian Labor Force</b>	<b>Number Employed</b>	<b>Number Unemployed</b>	<b>Cumberland County Unemployment Rate</b>	<b>State Unemployment Rate</b>
2010 (6 mo)	139,309	126,814	12,495	9.0%	10.2%
2009	134,414	122,088	12,326	9.2%	10.6%
2008	133,505	125,221	8,284	6.2%	6.2%
2007	129,236	122,360	6,876	5.3%	4.7%
2006	129,440	122,479	6,961	5.4%	4.7%

Per capita income in the County has skyrocketed sixty percent since 2001, which is the second highest increase among urban counties in the U.S. The County's per capita income of \$40,791 ranked fifth in North Carolina up from thirty-third in 2001. The new income figures reflect a trend dating back to the start of the wars in Iraq and Afghanistan, with deployments and installation growth pumping more money into military communities.

The County's committed to expanding and diversifying its economy to include 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 139,000 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 doctoral 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 Board of County Commissioners (BOCC) 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 committed to make a \$29 million capital outlay investment by January 1, 2011. The facility will have the capacity to process 280 million pounds of PET bottles annually. As of August 2010, CPR had 63 people employed at the plant and had plans to add 17 jobs in a few weeks. CPR expects to add 20 more jobs in the next year.

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 a \$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 Board of Commissioners 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 July 2010, Goodyear held a plant tour to show state and local officials the plant's transition to twelve new tire making machines. At the time of the tour, nine of the machines had already been installed with three in the process of being installed. The new machines can make a tire carcass in one stage whereas the same job required two sets of the old machines. The new machines will help maintain the competitiveness of the plant. Goodyear is scheduled to receive \$3 million of the above state and local incentives this year.

In September 2010, the Board of Commissioners approved an economic incentive agreement with a developer to construct a hotel/conference center. The hotel/conference center will have 160 two room suites. The facility will have 18,000 square feet of meeting space with a capacity of 500 people for banquets and 1,000 for people for meetings.

The Cape Fear region's housing market has continued to slow down in 2010. Residential sales through the first eight months of 2010 totaled 3,653 units versus 3,788 units in 2009. For sales through August 2010, Zillow.com reported that average price of a home had declined 7.2% versus the same period in 2009. However, there has been a surge in construction of apartments. In Fayetteville, construction permits for more than 1,200 units have been approved through mid-September compared with fewer than half that number in all of 2009. In Spring Lake, construction permits for 500 units have been granted through mid-September which is double the number for last year. The continued deployment of soldiers from Fort Bragg has limited the demand for home sales versus the need for rental units. The county is also affected by the tightening of the mortgage lending standards nationwide.

New residential building permits for the first six months of 2010 are down 3.6% compared with the same period in 2009. However, value of the new residential permits are up 10%. The number of new non-residential permits in the first six months of 2010 are about the same compared with the same period in 2009. However, the value of the new non-residential permits are up 58%.

<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>
2010 (6 mo)	937	\$ 108,018,906	46	\$ 29,915,535
2009	1,680	\$ 179,072,431	100	\$ 45,182,368
2008	1,693	\$ 176,157,981	128	\$ 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

## **EDUCATION**

### **Public Education**

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

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

The State and Federal governments provide approximately 68% and 9% respectively, of the operating budget for the Cumberland County School Administrative Unit. For the fiscal year ended June 30, 2010, the County appropriated \$79,015,617 from General Fund revenues for school current operations. For the fiscal year ending June 30, 2011, the County's budgeted appropriation is \$76,220,676 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, 2010, the actual sales taxes totaled \$8,019,069. For the fiscal year ending June 30, 2011, budgeted sales tax is \$7,414,713. The State suspended its support through the Public School Building Capital Fund for FY 2010. The revenue was distributed by the Office of State Budget and Management based on average daily membership ("ADM") and was used to pay up to 75% of school construction costs for approved projects. To date, the County had received \$48,427,706 from the Public School Building Capital Fund since its inception in 1987. The County received \$6,046,938 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2010. At June 30, 2010, the County has received \$19,182,939 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.

<b>County Schools ADM</b>							
<b>Year</b>	<b>K-5</b>		<b>6-8</b>		<b>9-12</b>		<b>Total ADM</b>
	<b># Schools</b>	<b>ADM</b>	<b># Schools</b>	<b>ADM</b>	<b># Schools</b>	<b>ADM</b>	
2009-2010*	52	24,271	15	11,815	14	16,101	52,187
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

\* Number of schools excludes special schools and academies.

## **Private and Parochial Schools**

There are four independent schools and 24 religious schools in the County. The enrollment for the 2009-2010 school year was 3,958.

## **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 38,000 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, 2010 totaled \$8,573,663. The County also appropriated capital outlay funds in the amount of \$42,995. For the fiscal year ending June 30, 2011, the appropriations from the County to FTCC are \$8,841,568 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 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	5,586	4,926
Graduate	697	520
<b>Methodist University</b>		
Undergraduate	2,001	1,859
Graduate	182	167
<b>Fayetteville Technical Community College</b>		
Curriculum Students	14,807	8,092
Continuing Education Students	25,389	2,926

### **MAJOR INITIATIVES**

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. Demolition of one of the existing public housing projects was completed in March 2010. In April 2010, ground was broken on a new 184 unit apartment complex with below market rents to people who qualify based on income.

In December 2009, the Board of Commissioners approved using \$15.9 million of Qualified School Construction Bonds (QSCB) to finance the renovations at thirteen schools. These bonds are zero interest bonds established as part of the American Recovery Reinvestment Act of 2009. The \$15.9 million was allocated to the Cumberland Board of Education by the state's Department of Public Instruction. In December, the County is preparing to issue QSCBs for a new middle school and to refinance current notes payable signed in FY 2008 for the new public health facility and Gray's Creek Middle School. The QSCBs for the new middle school will be \$14.8 million. The refinancing of the current notes payable will be approximately \$42.4 million.

In June 2010, the Board of Commissioners approved an joint agreement with the City Fayetteville and the Public Works Commission ( PWC - The public utility owned by Fayetteville) to construct a \$6.2 million, four story parking deck which will provide about 220 parking spaces. Most of the debt will be retired by the revenue from special downtown district taxes. As part of the agreement, PWC agreed to sell water to the County for rural water service. The Board of Commissioners approved the solicitation of architectural services for a 256 bed expansion to the Detention Center in August 2010.

## **FINANCIAL INFORMATION**

### **Financial Policies**

The County has established comprehensive financial policies supporting the management of its financial resources by providing effective control, prudent decision making and compliance with legal requirements. The policies are broken down in the following categories: Operating Budget/Fund Balance; Asset/Liability Management; and Accounting, Auditing, and Financial Reporting.

Key provisions in the Operating Budget/Fund Balance policy has been that the county funds current expenditures with current resources and strives to avoid balancing the budget with one-time revenues. The County maintains a General Fund undesignated and unreserved fund balance of no less than 10% which exceeds the minimum 8% recommended by the Local Government Commission. Additionally, the target goal for total General Fund Balance available will be at least 15% of the budgeted expenditures. The annual appropriation of fund balance should not exceed 3% of budgeted recurring General Fund expenditures. Any General Fund undesignated fund balance that exceeds the 10% target goal shall be reserved for onetime future projects.

As part of the Asset Liability Management policies, the county has adopted a Capital Investment and Debt Policy. Under this policy the County has a five-year capital improvements plan (CIP) which projects capital needs, details estimated costs (to include operating), and anticipated funding sources for capital projects. An update of the CIP is presented at the Board of Commissioners annual planning retreat and is included in the annual budget process. The Board of Education (BOE) provides an annual update of its ten year facilities plan to the Board of Commissioners. Debt financing is considered in conjunction with the County's CIP and the BOE's facilities plan.

The County's improved financial performance due to prudent fiscal management, coupled with an expanded economic base have led to recent upgrades in the County's Bond Ratings. 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 which has since been recalibrated to Aa1, and the County's Certificates of Participation from A1 to Aa3.

### **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.

## ***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, 2009. This was the sixteenth 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,

Handwritten signature of James E. Martin in black ink.

James E. Martin  
County Manager

Handwritten signature of Amy H. Cannon in black ink.

Amy H. Cannon, CPA  
Assistant County Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Cumberland  
North Carolina

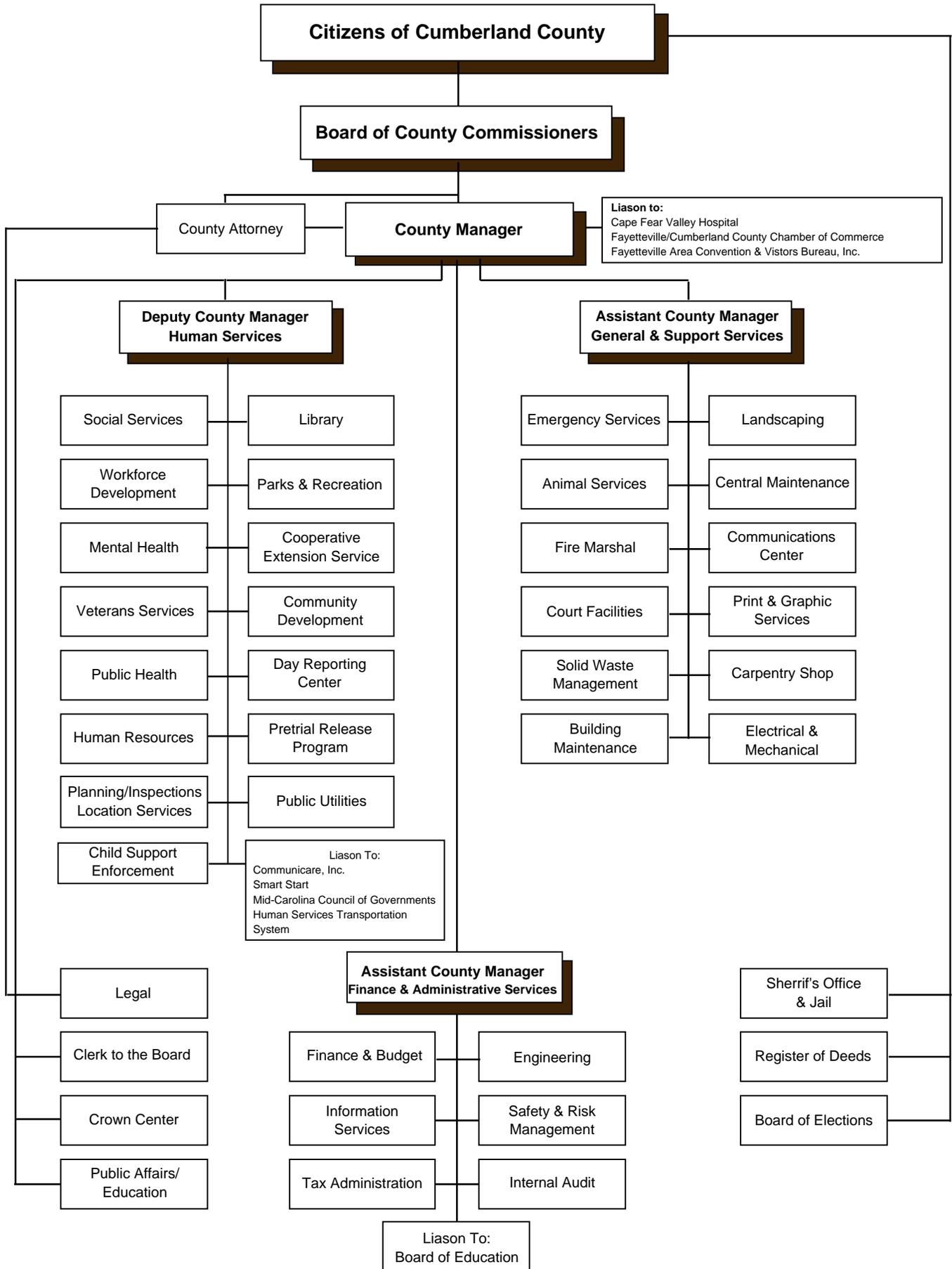
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



President

Executive Director



## **FINANCIAL SECTION**

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



## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
County of Cumberland, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Eastover Sanitary District (the "District"), the Fayetteville Area Convention and Visitors Bureau (the "Bureau"), the Cumberland County Tourism Development Authority (the "Authority"), each major fund and the aggregate remaining fund information of the County of Cumberland, North Carolina (the "County") as of and for the year ended June 30, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the general and county school funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010 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.

As discussed in the notes to the financial statements, the District discovered that capital project costs were expensed in previous years, but should have been capitalized as construction in progress. Accordingly, beginning net assets of the District for June 30, 2009 on the government wide financial statements have been restated to properly reflect the increase.

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, budgetary schedules, and other schedules for the years ended June 30, 2010 and 2009, 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, budgetary schedules, and other schedules for the years ended June 30, 2010 and 2009, 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 15, 2010

## Management's Discussion and Analysis

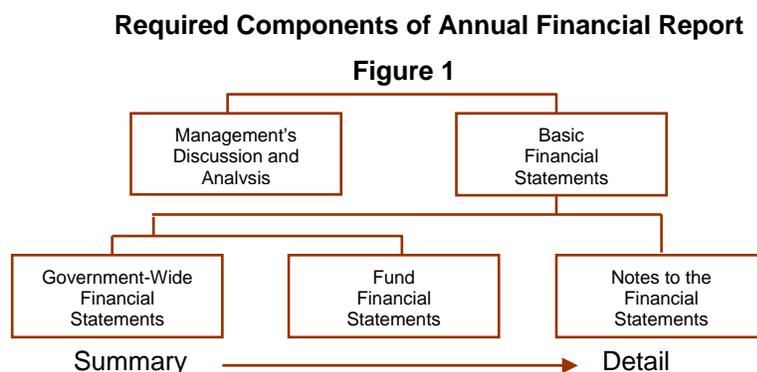
As management of Cumberland County, we are presenting to the readers of the County's financial statements this narrative overview and analysis of the financial activities of Cumberland County for the fiscal year ended June 30, 2010. We encourage readers to read the information presented here in conjunction with the transmittal letter, which can be found in the Introductory Section, and the County's financial statements which follow this narrative.

### Financial Highlights

- The assets of Cumberland County exceeded its liabilities at the close of the fiscal year by \$171,876,676 (*net assets*). In accordance with North Carolina law, liabilities of the county include approximately \$122,184,017 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 \$1,390,628, a decrease of 0.80%, primarily due to decreases in the governmental activities' net assets.
- As of the close of the current fiscal year, Cumberland County's governmental funds reported combined ending fund balances of \$144,329,976 a decrease of \$12,452,780 from the prior year due to spending down \$27,779,017 of previously unexpended capital project funds. Approximately 76.64 percent of this total amount, or \$110,610,454, 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 \$68,368,929 or 22.64 percent of total general fund expenditures including transfers for the fiscal year. Of this amount, \$18,261,131 has been designated for subsequent year's expenditures and other purposes leaving \$39,409,785 or 13.05 percent of total general fund expenditures as undesignated and unreserved.
- Cumberland County's total outstanding debt decreased by \$3,939,042 (1.59%) during the current fiscal year. The County issued Qualified School construction Bonds (QSCBs) in the amount of \$15,900,000 to fund construction of additional school classrooms. The County also issued \$1,138,000 of Recovery Zone Economic Development (RZED) bonds and \$1,980,000 of Build America Bonds for mechanical upgrades to the Crown Arena and Theater.
- Cumberland County maintained its AA+ bond rating from Standard and Poor's Rating Group and an Aa1 rating from Moody's Investor Service.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Cumberland County'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 Cumberland County.



## ***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 two 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.

1. The *statement of net assets* presents information on all of Cumberland County's net assets and liabilities, with the difference between the two reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial condition of Cumberland County is improving or deteriorating.
2. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. This statement accounts for all of the year's revenues and expenses without regard as to when cash is received or paid. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities and 3) component units.

*Governmental activities* - Governmental activities are those functions of the County that are principally supported by taxes and intergovernmental revenues. 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, education and interest on long-term debt.

*Business-type activities* - Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. These include Solid Waste Management, Cumberland County Crown Complex, Kelly Hills and NORCRESS Water and Sewer District funds.

*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**

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. Cumberland County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Cumberland County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements provide more detailed information about the County's most significant funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Most of the County's basic services are accounted for in governmental funds. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps 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.

Cumberland County maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, County School Fund, and the Health Department and Grays Creek Middle School Capital Project Funds—all of which are considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation under other governmental funds.

Cumberland County 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. A more detailed budgetary comparison schedule elsewhere in this report is presented at the legal level of budgetary control.

**Proprietary Funds** – Cumberland County 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. Cumberland County 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. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Cumberland County’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Two pension trust fund, a Special Allowance fund and six agency funds comprise the County’s fiduciary 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 regarding the County’s progress in funding its obligation to provide certain pension benefits to its qualified sworn law enforcement officers and other postemployment health care benefits (OPEB) to its retirees and their dependents. 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 Cumberland County exceeded liabilities by \$171,876,676 as of June 30, 2010. The County’s net assets decreased by \$1,390,628 for the fiscal year ended June 30, 2010. Net assets are negatively affected by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities. The decrease in net assets is also due to the liability associated with providing postemployment healthcare benefits (OPEB) to retirees of the County. For FY2010, the net OPEB obligation (expense) of \$12,268,553 was allocated between the governmental activities functional areas and business-type activities. The net OPEB obligation at year end is \$39,040,122. Of total net assets, one of the largest portions \$167,448,370 (97.42%), 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. Cumberland County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County’s net assets,

**Cumberland County’s Net Assets  
Figure 2**

	Government Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
<b>Assets</b>						
Current and other	\$ 196,813,671	\$ 182,135,204	\$ 49,305,816	\$ 53,743,010	\$ 246,119,487	\$ 235,878,214
Capital	<u>171,236,443</u>	<u>195,295,568</u>	<u>74,504,697</u>	<u>72,281,459</u>	<u>245,741,140</u>	<u>267,577,027</u>
Total assets	<u>368,050,114</u>	<u>377,430,772</u>	<u>123,810,513</u>	<u>126,024,469</u>	<u>491,860,627</u>	<u>503,455,241</u>
<b>Liabilities</b>						
Long-term outstanding	242,275,077	252,436,106	48,813,273	49,895,519	291,088,350	302,331,625
Other	<u>23,960,249</u>	<u>25,491,592</u>	<u>3,544,724</u>	<u>3,755,348</u>	<u>27,504,973</u>	<u>29,246,940</u>
Total liabilities	<u>266,235,326</u>	<u>277,927,698</u>	<u>52,357,997</u>	<u>53,650,867</u>	<u>318,593,323</u>	<u>331,578,565</u>
<b>Net assets:</b>						
Invested in capital, net of related debt	113,222,386	130,423,459	35,922,541	37,024,911	149,144,927	167,448,370
Restricted	32,513,194	31,401,643	8,544,807	8,646,797	41,058,001	40,048,440
Unrestricted	<u>(43,920,792)</u>	<u>(62,322,028)</u>	<u>26,985,168</u>	<u>26,701,894</u>	<u>(16,935,624)</u>	<u>(35,620,134)</u>
Total net assets	<u>\$ 101,814,788</u>	<u>\$ 99,503,074</u>	<u>\$ 71,452,516</u>	<u>\$ 72,373,602</u>	<u>\$ 173,267,304</u>	<u>\$ 171,876,676</u>

\$40,048,440 (23.30%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a negative \$35,620,134 (-20.72%).

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 \$122,184,017 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 99.14% for real and personal property and 82.40% for motor vehicles.
- Achieving an average overall tax collection rate including collection of all prior year taxes of 99.25%.
- Program revenues covered 30.90% of program expenses, increasing from 27.89% last year.
- Program revenues totaled \$103,503,403 increasing by \$10,224,644 million from the previous year.
- Operating grants from the State and Federal government and changes for services increased \$7,742,866 to \$75,023,642 and \$20,001,678, respectively. Increase funding for Workforce Development and for CDBG programs spurred the increase.
- Capital Grants and contributions increased \$2,481,778 to \$8,478,083 due to a \$4,527,220 increase in NC Education Lottery funds for school capital projects.
- General revenues, excluding transfers, totaled \$236,527,096 decreasing by \$2,016,645 from the previous year.
- Property tax revenue provided a significant increase to \$168,579,799, up \$13,245,556 or 8.5%, due to a conservative estimate of the revenue neutral tax rate that effective for FY2010.
- Sales tax revenue decreased to \$44,355,111, down \$9,517,864 or 17.67% from the previous year due to decreased taxable retail sales in a slumping economy and the State of North Carolina Medicaid relief Legislation which provided a phase out of the last one-quarter of a cent sales tax and a hold harmless provision for the municipal allocations.
- Investment income decreased \$2,047,094 or 91.48% due to decreased yields on investment balances.
- Government-wide expenses increased only \$844,304 to \$354,027,306 or 0.24%.

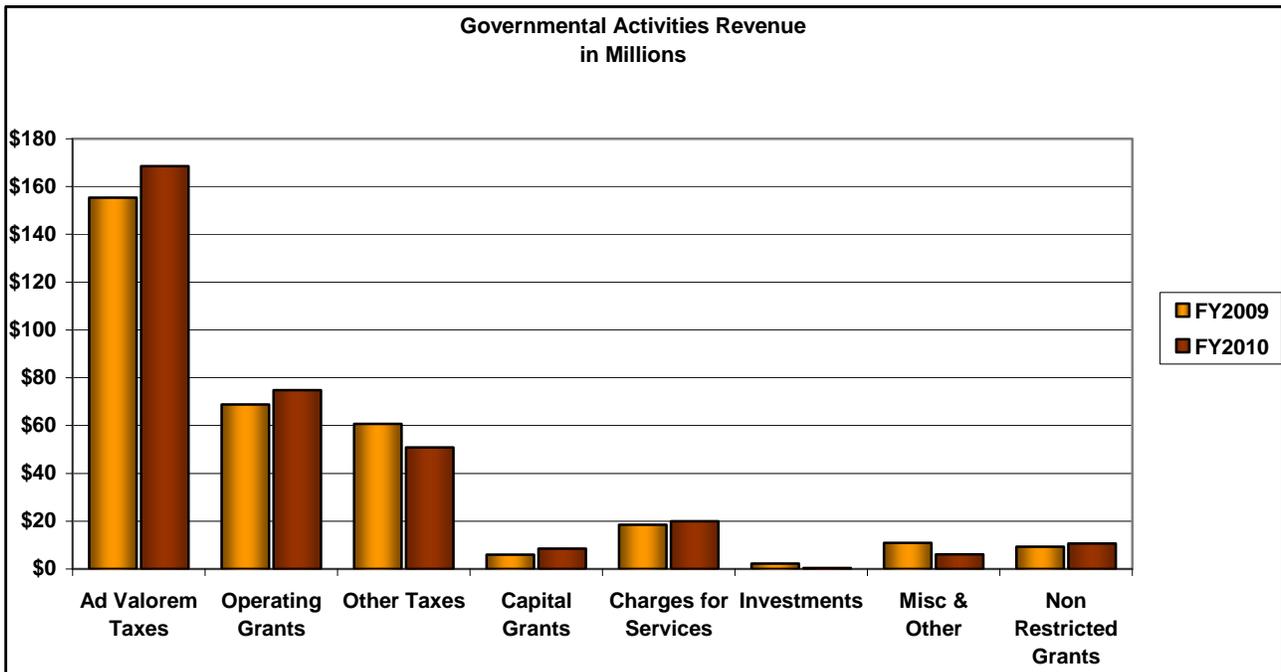
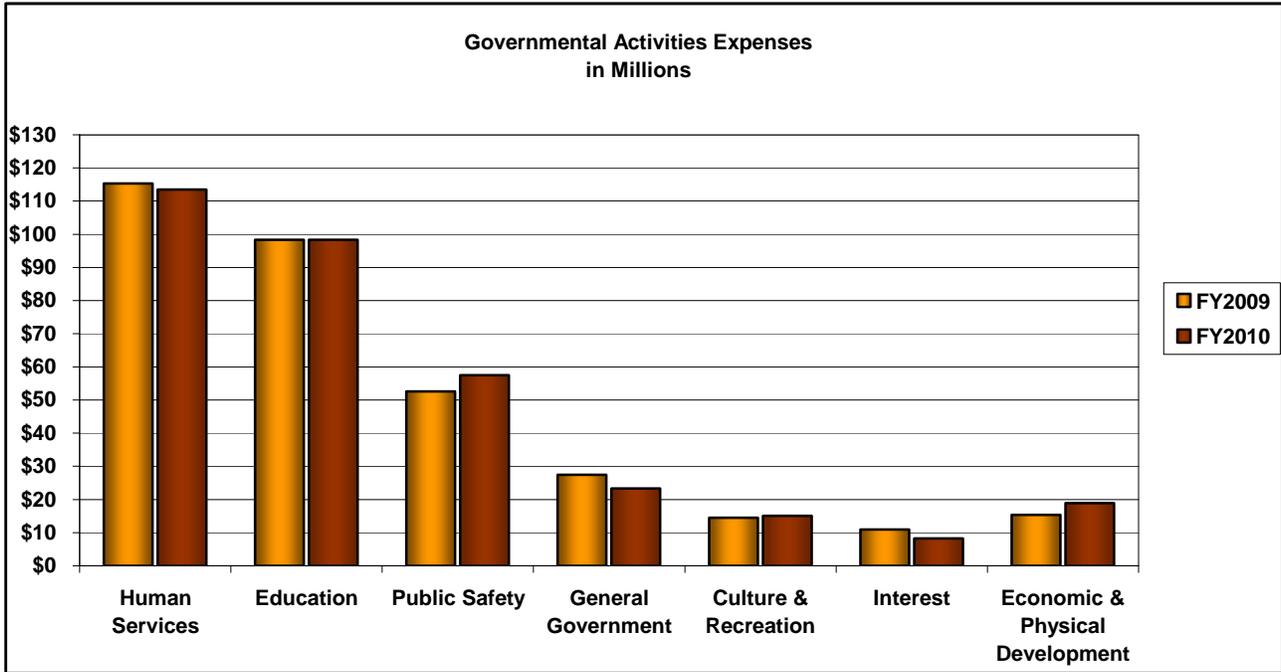
**Cumberland County's Changes in Net Assets  
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 18,463,699	\$ 20,001,678	\$ 6,557,814	\$ 6,065,789	\$ 25,021,513	\$ 26,067,467
Operating grants and contributions	68,818,755	75,023,642	10,472	518,723	68,829,227	75,542,365
Capital grants and contributions	5,996,305	8,478,083			5,996,305	8,478,083
General revenues:						
Property taxes	155,334,243	168,579,799			155,334,243	168,579,799
Other taxes	60,658,983	50,815,261	5,827,811	5,811,507	66,486,794	56,626,768
Grants and contributions not restricted to specific programs	9,354,732	10,663,034			9,354,732	10,663,034
Unrestricted investment earnings	2,237,751	423,070	1,336,681	190,657	3,574,432	613,727
Gain on sale of assets	898,377	76,496			898,377	76,496
Miscellaneous	10,059,655	5,969,436	290,162	19,503	10,349,817	5,988,939
Total revenues	<u>331,822,500</u>	<u>340,030,499</u>	<u>14,022,940</u>	<u>12,606,179</u>	<u>345,845,440</u>	<u>352,636,678</u>
<b>Expenses:</b>						
General government	27,423,609	23,337,278			27,423,609	23,337,278
Public safety	52,605,678	57,441,883			52,605,678	57,441,883
Economic and physical development	15,361,627	18,944,001			15,361,627	18,944,001
Human services	115,362,990	113,529,432			115,362,990	113,529,432
Culture and recreation	14,464,541	15,095,287			14,464,541	15,095,287
Education	98,329,043	98,360,208			98,329,043	98,360,208
Interest on long-term debt	10,948,170	8,285,618			10,948,170	8,285,618
Crown Center			10,062,189	9,166,951	10,062,189	9,166,951
Solid Waste			8,088,765	9,268,378	8,088,765	9,268,378
Kelly Hills Water and Sewer District			66,862	66,845	66,862	66,845
Norcross Water and Sewer District			469,528	531,425	469,528	531,425
Total expenses	<u>334,495,658</u>	<u>334,993,707</u>	<u>18,687,344</u>	<u>19,033,599</u>	<u>353,183,002</u>	<u>354,027,306</u>
Increase in net assets before transfers	(2,673,158)	5,036,792	(4,664,404)	(6,427,420)	(7,337,562)	(1,390,628)
Transfers	(7,276,945)	(7,348,506)	7,276,945	7,348,506		
Change in net assets	<u>(9,950,103)</u>	<u>(2,311,714)</u>	<u>2,612,541</u>	<u>921,086</u>	<u>(7,337,562)</u>	<u>(1,390,628)</u>
Net assets, July 1	<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>
Net assets, June 30	<u>\$ 101,814,788</u>	<u>\$ 99,503,074</u>	<u>\$ 71,452,516</u>	<u>\$ 72,373,602</u>	<u>\$ 173,267,304</u>	<u>\$ 171,876,676</u>

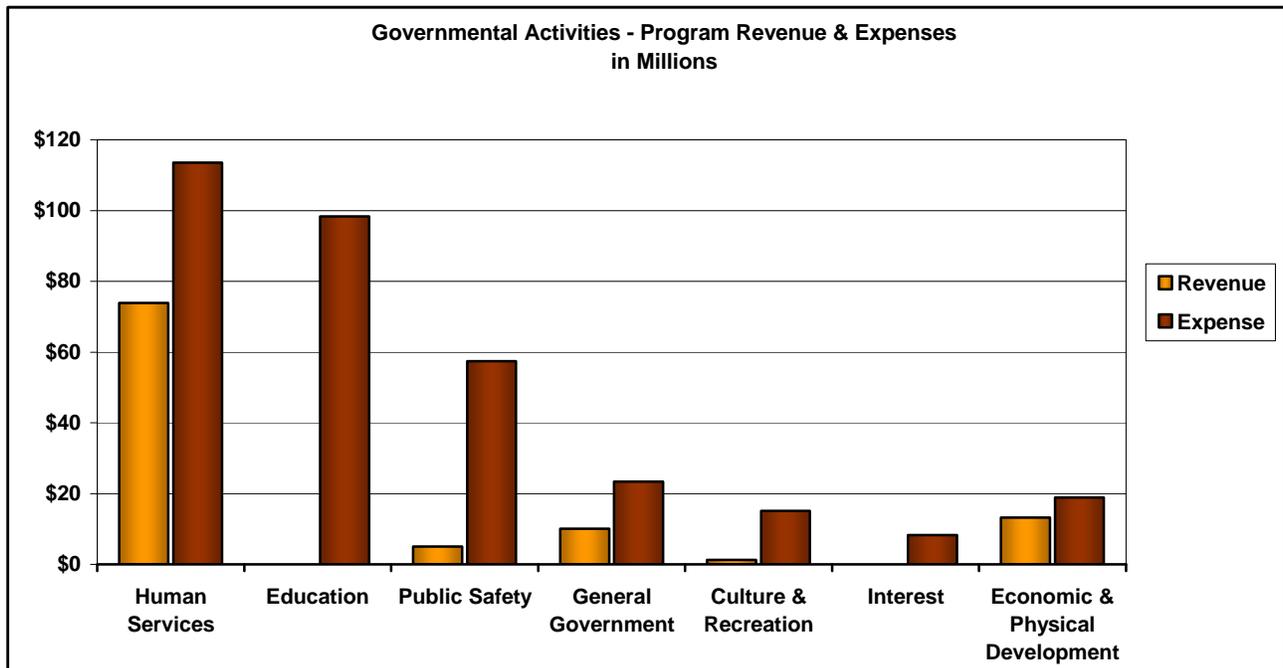
**Governmental activities.** Governmental activities decreased the County's net assets by \$2,311,714. Key elements of this decrease are as follows:

- Operating expenses decreased by \$17,343,290. Escrow fees related to refinancing debt decreased \$19,207,961, from \$55,622,909 to \$36,414,948. Another large decrease was related to \$3,332,231 of expenditures incurred in FY2009 for a fire at the Headquarters Library. These decreases were offset by increases of \$4,120,831 in contracted services.
- Other charges and services increased \$7,120,513 (5.42%). Current expense for county schools increased \$7,106,115 as a result of county schools receiving 51.16% of actual tax collections. The other significant changes for FY2010 included; \$6,091,613 reduction in state Medicaid expense as the final year of the three-year phase out of Medicaid for counties, \$1,761,984 increase for DSS Foster Care Board and \$1,102,184 for fire protection contracts with the County's volunteer fire departments.
- Capital outlay decreased a total of \$7,889,548 from FY2009. Courthouse Plaza renovations and improvements that began in FY2008 were essentially completed in FY2009 resulting in a \$1,288,460 reduction in expenditures for this year over last year. Due to the decline in sales tax collections and available school capital funding from the state, overall school capital outlay expenditures decreased \$4,857,734.
- Ad valorem taxes increased \$13,245,556 as a result of a conservative estimate for the revenue neutral tax rate that was set in early 2009.

- Sales taxes decreased net assets by \$9,517,864. This was due to the weak economy and changes in sales tax distribution for the 1-cent Article 39 and 1/2-cent Article 44 sales taxes caused by the 3rd year phase-in of the “Medicaid swap”.
- Intergovernmental revenues increased \$11,167,228 as a result of a \$4,527,220 increase in lottery funds for school construction and capital expenses and \$2,233,342 increase in sales tax hold harmless payments from the City of Fayetteville and Town of Spring Lake.

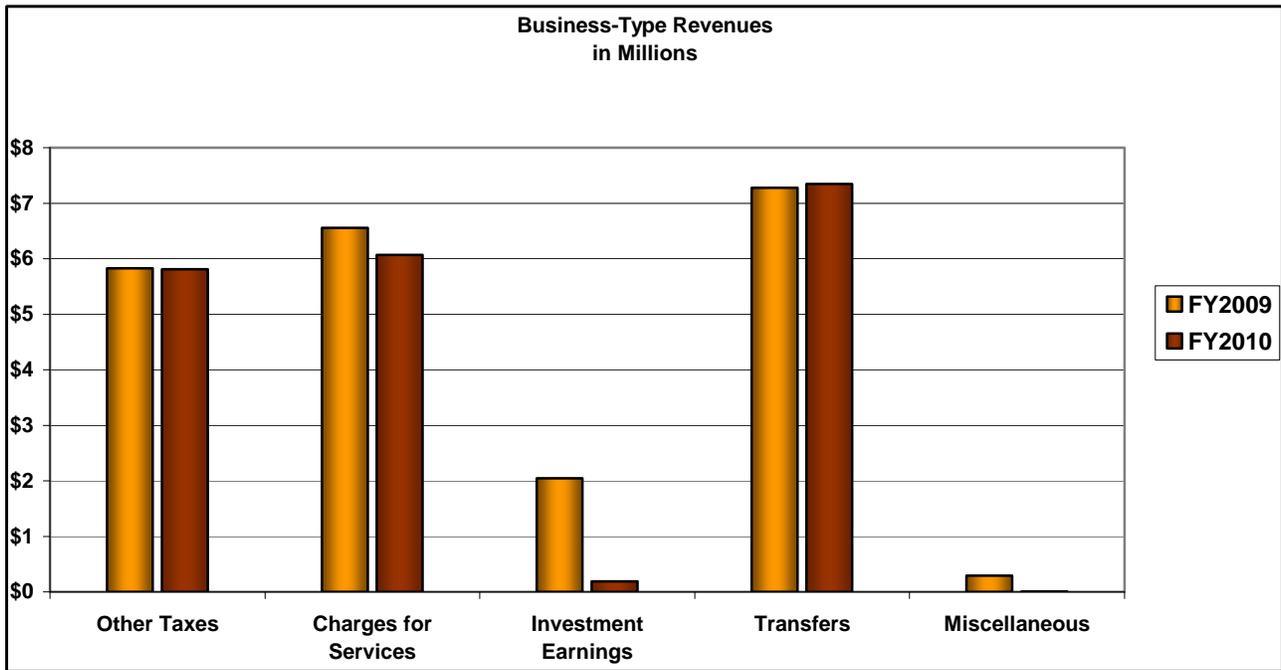
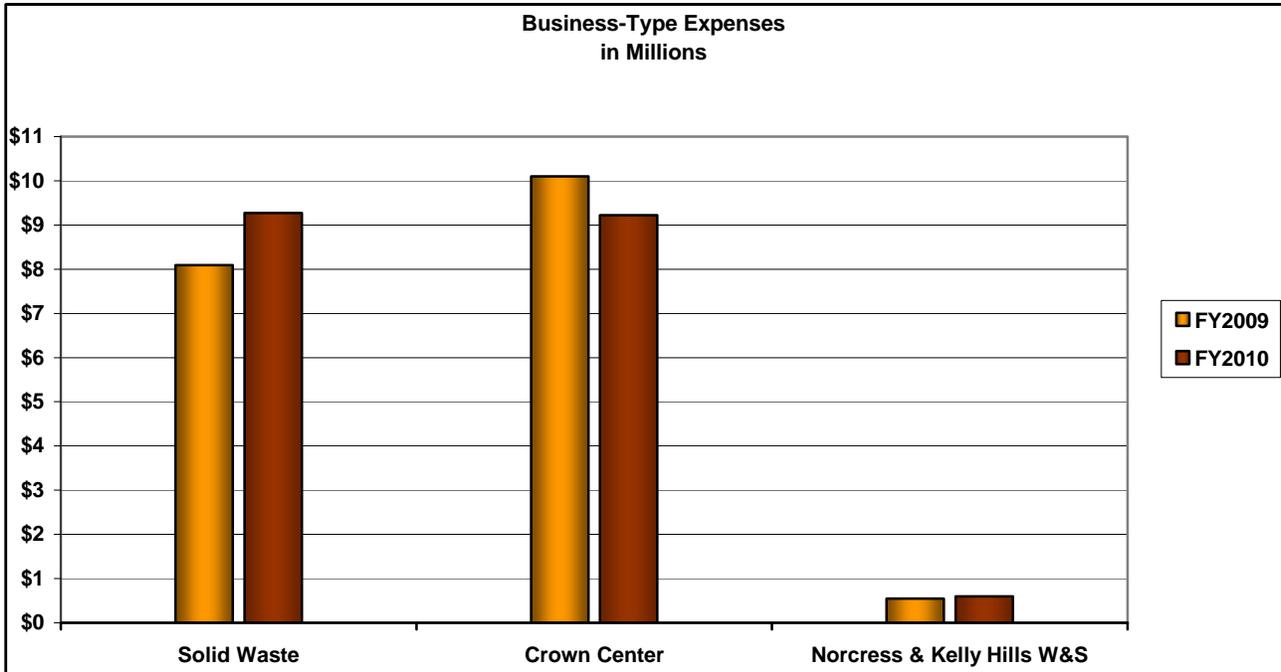


The graph below represents a comparison of program revenues to program expenses for governmental activities. For each activity, general revenues were required to support expenses. Program revenues covered 27.89% of expenses at June 30, 2009 and 30.90% at June 30, 2010. The largest general revenue source for governmental activities was ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$168,579,799 amounted to 71.2% of the total general revenues excluding transfers. The second largest general revenue source was Other Taxes at \$50,815,261 or 21.48% of the governmental activities revenues. All other revenue amounted to 17,132,036 or 7.24%.



**Business-type activities:** Business-type activities increased Cumberland County's net assets by \$921,086 accounting for all the total growth in the government's net assets. Key elements of this increase are as follows:

- The Crown Center increased net assets by \$1,698,343. Contributing to the net asset increase were a \$55,193 increase in net transfers and a decrease of \$660,738 in interest expense. Operating income decreased by \$14,906 over FY2009.
- The Solid Waste Fund, on the other hand reported a decrease in net assets of \$473,014. The Solid Waste experienced an operating loss of \$667,205. This decrease over the prior year was due to \$555,402 in increased administrative costs. Overall, revenue has remained flat while expenses have increased.



### Financial Analysis of the County's Funds

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

**Governmental Funds.** The focus of Cumberland County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the

County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the governmental funds of Cumberland County reported a combined fund balance of \$144,329,976 a 7.94 percent decrease over last year. This decrease is due to spending down \$27,779,017 of previously unexpended capital project funds from last year. The unreserved fund balance, which is not reserved for specific purposes, makes up 56.57% of the total \$144 million. The remainder of fund balance is reserved to indicate that it is not available for general purposes because it is legally restricted or has been contractually committed: (1) to liquidate contracts and purchase orders of the prior period (\$4,442,421), (2) reserved under state statutory requirements (\$28,555,694), or (3) other restricted purposes (\$721,407). \$28,959,144 of the available fund balance has been designated by actions of the Board of County commissioners for a specific purpose: (1) for subsequent years' expenditures (\$18,261,131) (2) for Hope VI Project (\$3,375,000) and (3) for other specific purposes (\$7,323,013). The unreserved fund balance (that not reserved or designated) totals \$81,651,310 million.

The General Fund is the primary operating fund of Cumberland County. At the end of the current fiscal year, undesignated fund balance of the General Fund was \$39,409,785; unreserved and undesignated fund balance was \$68,368,929 while total fund balance reached \$96,263,043. 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. Undesignated fund balance represents 13.05 percent of total General Fund expenditures including transfers and excluding other financing uses; unreserved and undesignated fund balance was 22.64 percent while total fund balance represents 31.87 percent of that same amount.

Total General Fund revenues were \$331,244,436, decreasing \$24,382,683 or 6.86% from last year. Highlights of significant areas of change include:

- Current year property tax revenue increased to \$154,442,366 going up \$13,481,207 or 8.7% due to a conservative estimate of the revenue neutral tax rate that was effective for 2010.
- Sales tax revenue in the General Fund decreased by \$8,172,828 or 18.6% due to decreased taxable retail sales in a slumping economy and the State of North Carolina Medicaid relief Legislation which provided a phase out of the last one-quarter of a cent sales tax and a hold harmless provision for the municipal allocations.
- Intergovernmental revenue increased \$4,810,452 up 6.96%. \$1,782,144 is related to sales tax hold harmless payments from municipalities due to annexations. \$1,782,353 is due to a one-time Mental Health revenue reduction in 2009. The remainder of the increase and decreases were spread over several departments.
- Licenses and permits decreased \$158,695 primarily due to reductions in Register of Deeds fees as a result of the economy.
- Charges for services were up \$424,516 or 2.66%. This increase was spread across many departments.
- Investment income for the General Fund decreased \$1,042,172 or 74.27% due to record low interest rates on investments.

General Fund expenditures were \$338,421,810 decreasing \$18,836,537 or 5.27% from last year. Highlights of significant areas of change include:

- In FY2009 there were financing (escrow) expenditures associated with refunding bonds of \$55.6 million. For FY2010 the County had escrow expenditures related to new financing of \$36.4 million. This \$19.2 million by its self accounts for the decrease.
- Education current expenditures increased \$7,759,959 due primarily to a school funding formula whereby the school system receives approximately 50% of actual current year tax collections.

- Social Services medical assistance costs were down \$6,091,613 due to the Medicaid Relief legislation which eliminated County responsibility for these expenditures.
- Debt service costs decreased \$1,600,307 or 6.14% due to re-financings and paying down existing debt.

The other major governmental funds are the County School Fund, which funds debt service payments, construction of classroom additions and other small renovation projects, and the purchase of vehicles and equipment. The Health Department Building Fund accounts for the capital expenditures relating to construction of a new facility. The Grays Creek Middle School Fund accounts for construction expenses of that facility.

The County School Capital Outlay Fund fund balance decreased \$649,388. Major revenue sources included \$8,019,069 from dedicated ½ cent sales taxes, and \$6,046,938 from the NC Lottery Commission. Expenditures included \$9,885,510 for capital needs and a transfer of \$6,106,833 to the General Fund for debt service on school general obligation bonds.

The Health Department Building Capital Fund's net assets decreased \$6,586,569 as the County finished construction on the project.

The Gray's Creek Middle School Building Fund's net assets decreased \$1,046,384 as the County is finishing the construction on the project.

**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 \$61,106,710 or 19.98 percent of total budget.

- *Ad valorem taxes* increased \$4,715,109 (3.13%) due to a conservative estimate of the FY2010 revenue neutral tax rate.
- *Unrestricted intergovernmental* revenue increased \$659,394 (6.695) due to additional municipal election fees.
- *Restricted intergovernmental* revenue, which is additional/and or adjustments to federal and state funding estimates, increased \$9,342,371. Many of the increases were caused by the State not setting their funding levels until after the County had to adopt its budget.
- *Local sales & services and miscellaneous revenues* increase \$669,021. Health department fees of \$359,269 were the primary reason for the increase.
- *Other financing sources* increased \$45,720,815 (196.84%). The County refinanced some outstanding COPS resulting in financing proceeds of \$36,747,603 which were offset by a corresponding expenditure amount. Transfers to the General Fund resulted in an additional \$817,667. These increases were a result of closing out the Animal Control Capital Project Fund and transfers from the Sheriff's Forfeiture Funds to help finance the acquisition of the Viper communication system. The remaining \$7,913,545 of the total increase is from fund balance. \$4,439,206 of this amount was appropriated to fund prior year obligations (encumbrances and unexpended grants) and to fund new initiatives. \$1,542,587 was from designated maintenance and renovations one-time funds, and \$1,931,752 was from dedicated communications reserves to fund upgrades to the E911 communication system.

Total actual revenues, excluding other financing sources, for the General Fund were less than the budgeted amount by \$3,184,712.

- *Ad Valorem taxes* collected exceeded the budget by \$4,579,153 (102.95%). FY2010 was a revaluation year. Based on the December final valuation statistics, the revenue neutral tax rate set in June turned out to be very conservative which resulted in the over collection.
- *Other taxes:* While total sales tax collections were only \$111,584 below budget estimates, they were \$1,617,521 below the prior year's adjusted collections. This reduction was a continuation of reductions in overall sales that began last year.
- *Unrestricted intergovernmental* revenue was \$157,853 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 \$5,851,740. Of this amount, \$2,275,108 is attributable to unrealized revenue in the Social Services Department, \$1,061,781 in Public Health, and \$853,788 in Mental Health.
- *Licenses and permit fees* were \$407,051 above budget due to over realization of Register of Deeds fees and better than expected revenue realization in the Inspections Department.
- *Sales and services fees* were \$592,486 below budget due primarily to a \$1,358,079 under realization in Mental Health fees. This under realization was partially offset by gains in Public Health fees.
- Miscellaneous revenue was just \$59,836 below budget.

Total actual expenditures, excluding other financing uses, were less than the budgeted amount by \$23,374,709 resulting in an expenditure rate of 92.71%. In general, variances usually result from conservative budget practices such as, budgeting fully for positions in most departments; the need to allow for fluctuation in Human Services, grant programs and management of the large number of service contracts in the Human Services area; and capital purchases which are not completed at year end.

- *Personnel* expenditures Due to turnover and vacancies, total were \$6,964,325 less than budgeted.
- *Basic operating* expenditures were \$10,987,540 under budget. Of this amount, \$3,716,080 was for contracted services; \$1,684,150 was for unexpended "Viper" equipment; \$1,073,736 was for unspent maintenance and repair. While not included as expenditure, another \$1,804,689 is being reserved for outstanding encumbrances. The remaining \$4,513,574, excluding encumbrances, was unspent in 101 of the total 113 line items.
- *Other charges & services* was \$3,096,622 under budget. Under spending in Human Services of \$1,757,740 accounted for 56.76% of the total and unspent grants totaled \$1,133,143 for 36.59%.
- While *capital outlay* was under spent by \$2,149,645, almost all of those funds will be re-budgeted next year.
- Lastly, *Debt service* was under spent by only \$7.

**Proprietary Funds.** Cumberland County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. They include four enterprise funds and six internal service funds. Total net assets for the proprietary funds decreased \$518,047 to \$78,938,656. Unrestricted net assets decreased \$1,746,559 to \$24,849,390. The Solid Waste Fund and the Cumberland County Crown Complex Fund were discussed in an earlier section. The other two enterprise funds, both water and sewer funds, had combined net assets of \$9,967,240. This represents a decrease of \$304,243 from last year as expenses exceeded revenues. The six internal service funds had combined net assets of \$6,565,054, a decrease of \$1,439,133 from the prior year. A decrease in net assets in the two insurance funds of \$1,416,500 accounted for the decrease.

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

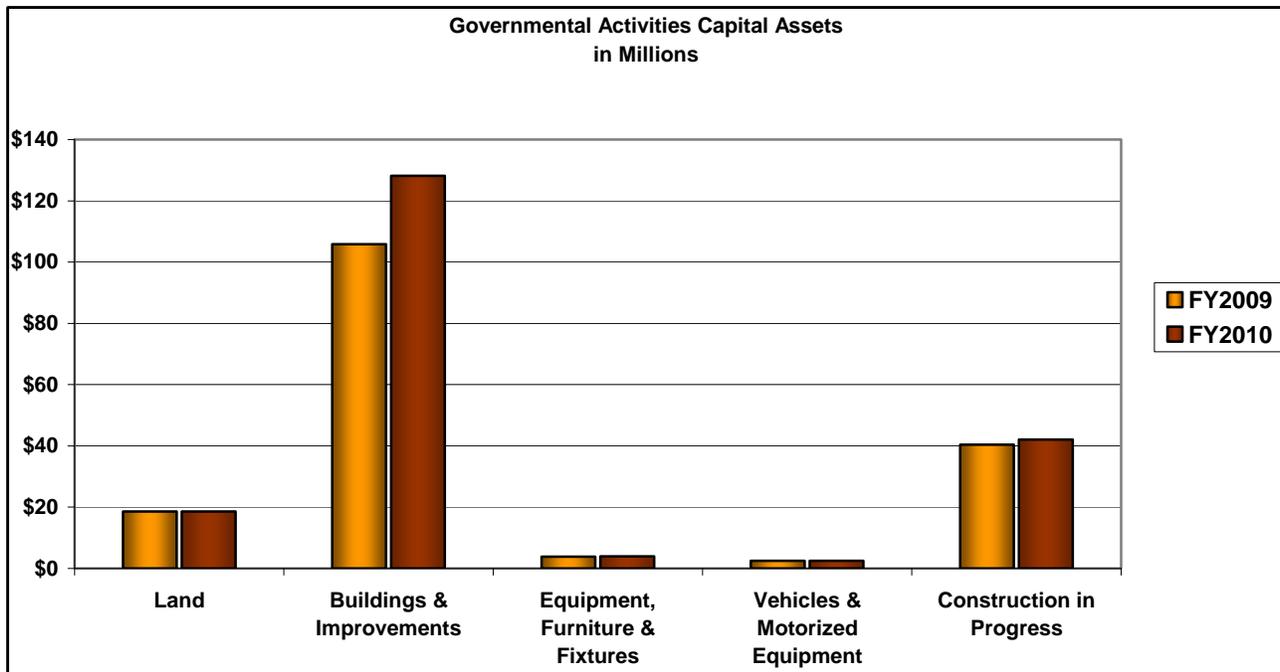
**Capital assets.** Cumberland County's capital assets for its governmental and business-type activities as of June 30, 2010, totals \$267,577,027 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, vehicles and heavy equipment, furniture, machinery, 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

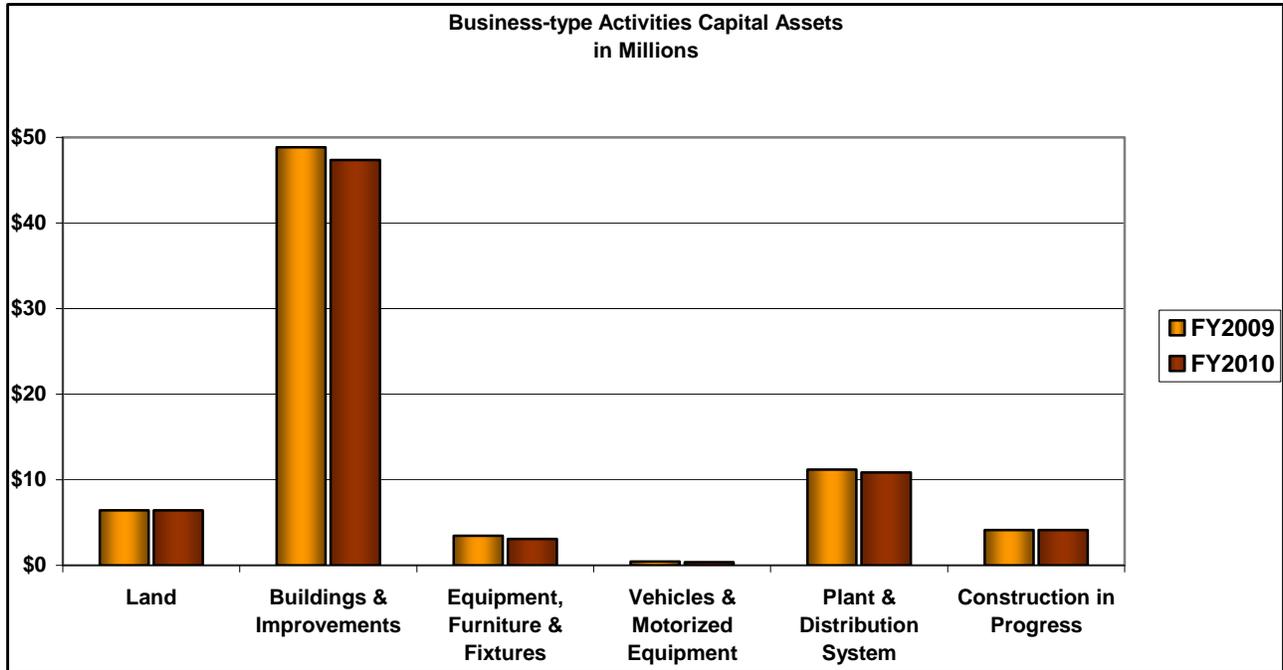
expenditures in the period in which they are purchased. Significant changes included a \$20,822,454 increase in buildings and improvements related to completing construction on the new Health Department facility, Gray's Creek and New Century Elementary Schools. Additional information on the County's capital assets can be found in note 4 of the Basic Financial Statements.

**Cumberland County's Capital Assets**  
**Figure 4**

(net of depreciation)

	Government Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 18,594,218	\$ 18,594,218	\$ 6,449,358	\$ 6,449,358	\$ 25,043,576	\$ 25,043,576
Buildings and improvements	105,871,295	128,173,453	48,831,297	47,351,593	154,702,592	175,525,046
Equipment, furniture and fixtures	3,869,083	3,982,464	3,460,063	3,096,537	7,329,146	7,079,001
Vehicles and motorized equipment	2,519,827	2,478,601	455,601	380,308	2,975,428	2,858,909
Plant and distribution system			11,174,879	10,870,165	11,174,879	10,870,165
Construction in progress	40,382,021	42,066,831	4,133,499	4,133,499	44,515,520	46,200,330
<b>Total net assets</b>	<b>\$ 171,236,444</b>	<b>\$ 195,295,567</b>	<b>\$ 74,504,697</b>	<b>\$ 72,281,460</b>	<b>\$ 245,741,141</b>	<b>\$ 267,577,027</b>

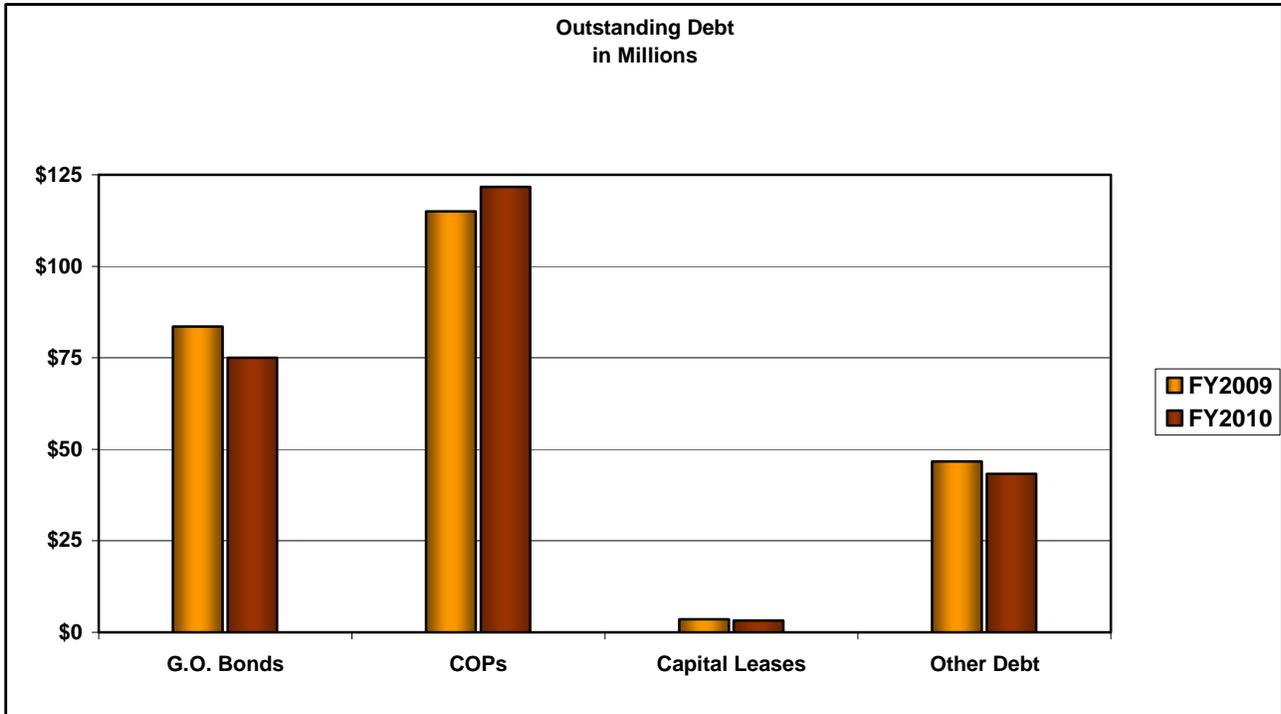




**Long-term Debt.** As of June 30, 2010, Cumberland County had total bonded debt outstanding of \$73,815,000 all of which is backed by the full faith and credit of the County.

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

	Government Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
General obligation bonds	\$ 82,295,000	\$ 73,815,000	\$ 1,221,000	\$ 1,205,000	\$ 83,516,000	\$ 75,020,000
Certificates of participation	74,825,000	86,580,000	38,518,781	35,073,781	113,343,781	121,653,781
Capital leases	3,562,009	3,201,690			3,562,009	3,201,690
Other debt	46,666,905	43,274,182			46,666,905	43,274,182
<b>Total debt</b>	<b>\$ 207,348,914</b>	<b>\$ 206,870,872</b>	<b>\$ 39,739,781</b>	<b>\$ 36,278,781</b>	<b>\$ 247,088,695</b>	<b>\$ 243,149,653</b>



Cumberland County's total debt of \$246,267,653 decreased \$821,042 (.33%) during the past fiscal year. The County issued Qualified School Construction Bonds (QSCB), which are tax credit COPS in the amount of \$15,900,000 to construct additional classrooms. The County also issued \$1,138,000 of Recovery Zone Economic Development Bonds (RZED) and \$1,980,000 of Build America Bonds for mechanical upgrades to the Crown Arena and Theater.

Last year, Cumberland County 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 Aa1 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. At June 30, 2010, the County had bonds authorized but unissued of \$16,931,000 and a legal debt margin of \$1,804,819,000

Additional information regarding Cumberland County'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.

- For 2010, the County has an unemployment rate of 9.2% which is 1.4% lower than the State average of 10.6%. Unemployment for 2009 was also 9.2% versus the State average of 10.6%
- The county lowered its property tax rate from 76.6 cents to 74.0 cents.

- The locally generated point-of-delivery sales tax collection rate was 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, 2011**

The County approved a \$317,433,362 General Fund budget for fiscal year 2011, which represents a \$4,092,004 (3.79%) increase over fiscal year 2010 approved budget.

- *Ad Valorem Taxes* have been budgeted at an increase of \$4,928,742 (3.28%). The ad valorem tax rate was reduced from 76.6 cents to the recalculated revenue neutral rate of 73.4 cents. An additional 0.6 cents was added to the tax rate to create a dedicated funding stream to begin planning for an addition to the County Detention Facility. The total countywide tax rate now becomes 74.0 cents, a net reduction of 2.6 cents.
- *Other Taxes* are projected to decrease \$1,627,286 (4.24%). Beginning with the second quarter of FY2010, the Article 44 sales tax was reduced to \$0 as part of the State's three year implementation plan for Medicaid. The result is an \$890,956 reduction in revenue for FY2011.
- *Unrestricted Intergovernmental* revenue is projected to increase \$217,052 (2.2%). Reductions in sales tax hold harmless reimbursements due to lower State sales tax reimbursements were offset by increased revenue from the County's ABC Board and revenue from municipal elections fees.
- *Restricted Intergovernmental* revenue has been budgeted at a net increase of \$2,306,779 (3.86%) based on a FY2011 budget of \$62,055,472. Mental Health restricted revenue is projected to decrease \$1,339,734 (9.27%) as the State continues to reduce funding. Social Services revenues, on the other hand, are projected to increase \$540,044 (1.42). Both departments continue to experience significant fluctuation in their revenue streams from year to year. Child Support Enforcement, a new program for FY2011 is expected to generate \$2,641,478 in federal reimbursements.
- *Licenses and Fees* are projected to experience an overall slight increase of \$7,053 (0.34%) based on an adopted budget of \$2,071,949. After last year's decrease, the Register of Deeds fees is expected to increase \$168,482 while various inspection department fees are projected to decline after a strong showing in FY2010.
- *Sales and Service* fees are projected to decrease \$836,973 (5.06%) due primarily to reductions in mental health services.
- *Miscellaneous Revenue* will decrease \$742,779 (13.27%) due to the continued low interest rates on investment of idle cash. Since FY2009, interest income has dropped \$3,304,761.
- *Other Financing Sources* will increase a total of \$7,325,195 (31.54%) due to a \$4,382,766 increase in fund balance appropriated for one-time expenditures to: fund public safety communications; to begin funding a detention facility expansion; and to fund other one-time expenditures. Another major increase is in the transfers from the School Capital Fund of \$1,801,355 to pay for increased debt service on new school facilities.

Budgeted expenditures in the General Fund are \$317,433,362 which represents an increase of \$11,577,783 (3.79%) over fiscal year 2010.

- Personal Services increased \$6,292,753 (5.46%) due to the addition of 83 new positions 65 of which were for the new Child Support Department, 24 reclassifications, and a 2.0 percent cost-of-living adjustment for all current employees.
- Operating Expenditures increased \$2,443,766 (5.88%). Major changes include: \$1,408,406 for an Emergences Services Viper radio system and reductions of \$482,274 in various maintenance & repair line items. General Government contingency decreases of \$1,050,649 and the establishment of a \$3,017,794 reserve for initial planning for a jail expansion accounts for the majority of the remainder of the increases.

- Other Charges and Services will increase \$2,356,651 (2.07%) to \$116,143,394. Five line items totaling \$108,020,877 account for 93.0% of this budget area. An increase of \$2,208,332 for education represents 93.7% of the increase.
- Capital Outlay expenditures increased \$1,013,369 (69.2%). Expenditures for vehicles decreased \$317,079 while funding for the county's roofing replacement plan increased \$1,203,627.
- Debt Service payments decreased \$530,086 (1.99%) due to the refinancing of G.O. debt at lower interest rates, elimination of the General Fund's contribution to the Crown Center's debt payments, and additional new principal payments for the new Western Library and New Century International Elementary School.

Other capital projects under consideration include an addition to the current 568-bed Detention Center and renovate a portion of the former health department facility for a consolidated public service dispatch center.

### ***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, Cumberland County, 117 Dick Street, Fayetteville, NC 28301.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Net Assets  
June 30, 2010**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total Primary Government</b>	<b>Cumberland County ABC Board</b>	<b>Eastover Sanitary District</b>	<b>Tourism Development Authority</b>	<b>Fayetteville Area Convention and Visitors Bureau</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 61,733,387	\$ 8,816,244	\$ 70,549,631	\$ 2,526,488	438,463	\$ 1,182,300	\$ 214,684
Investments	51,613,634	31,975,206	83,588,840	-	-	-	287,711
Taxes receivable, net	4,254,298	109,517	4,363,815	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	4,224
Sales tax receivable	12,774,922	278,445	13,053,367	-	142,356	-	-
Due from other governments	11,195,761	27,836	11,223,597	-	86,537	-	165,675
Patient receivables, net	1,758,088	-	1,758,088	-	-	-	-
Other receivables, net	2,652,832	441,795	3,094,627	-	-	-	-
Internal balances	5,500	(5,500)	-	-	-	-	-
Due from component units	180,795	-	180,795	-	-	-	-
Inventories	156,803	46,310	203,113	2,599,062	-	-	198
Prepaid expenses	39,717	-	39,717	1,245	-	-	4,311
Restricted cash and cash equivalents	34,550,332	2,296,155	36,846,487	14,219	4,076,200	-	-
Restricted investments	36,279	9,461,130	9,497,409	-	-	-	-
Capital assets:							
Nondepreciable	60,661,048	10,582,857	71,243,905	1,215,516	7,262,857	-	-
Depreciable, net	134,634,520	61,698,602	196,333,122	2,628,865	5,353,767	-	250,172
Other assets	1,182,856	295,872	1,478,728	-	-	-	-
Security deposits	-	-	-	4,501	-	-	-
<b>Total assets</b>	<b>377,430,772</b>	<b>126,024,469</b>	<b>503,455,241</b>	<b>8,989,896</b>	<b>17,360,180</b>	<b>1,182,300</b>	<b>926,975</b>
<b>Liabilities</b>							
Accounts and vouchers payable	15,337,875	839,484	16,177,359	2,221,509	266,005	457,640	52,833
Due to other governments	4,012,733	76,489	4,089,222	-	-	-	-
Accrued payroll	4,034,137	138,642	4,172,779	-	-	-	-
Accrued interest payable	1,321,290	2,696,233	4,017,523	-	54,833	-	-
Other payables	337,555	4,500	342,055	-	4,450	-	-
Unearned revenue	448,002	-	448,002	-	-	-	-
Long-term liabilities:							
Due in less than one year	23,217,616	4,304,435	27,522,051	38,383	79,292	-	-
Due in more than one year	229,082,531	45,591,084	274,673,615	479,877	9,976,960	-	-
Arbitrage rebate	135,959	-	135,959	-	-	-	-
<b>Total liabilities</b>	<b>277,927,698</b>	<b>53,650,867</b>	<b>331,578,565</b>	<b>2,739,769</b>	<b>10,381,540</b>	<b>457,640</b>	<b>52,833</b>
<b>Net assets</b>							
Invested in capital assets net of related debt	130,423,459	37,024,911	167,448,370	3,844,381	7,089,605	-	250,172
Restricted for debt service	8,691,700	8,646,797	17,338,497	748,724	-	-	-
Restricted by grants	14,942,491	-	14,942,491	-	-	-	-
Restricted for cemetery - nonexpendable	42,296	-	42,296	-	-	-	-
Restricted - claims	7,725,156	-	7,725,156	-	-	-	-
Restricted - law enforcement	-	-	-	-	-	-	-
Unrestricted	(62,322,028)	26,701,894	(35,620,134)	1,657,022	(110,965)	724,660	623,970
<b>Total net assets</b>	<b>\$ 99,503,074</b>	<b>\$ 72,373,602</b>	<b>\$ 171,876,676</b>	<b>\$ 6,250,127</b>	<b>\$ 6,978,640</b>	<b>\$ 724,660</b>	<b>\$ 874,142</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Activities  
Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau	
					Governmental Activities	Business-type Activities	Total					
Governmental activities:												
General government	\$ 23,337,278	\$ 2,858,960	\$ 752,384	\$ 6,046,938	\$ (13,678,996)	\$ -	\$ (13,678,996)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	57,441,883	3,419,961	1,274,393	746,372	(52,001,157)	-	(52,001,157)	-	-	-	-	-
Economic and physical development	18,944,001	969,652	10,942,151	1,336,432	(5,695,766)	-	(5,695,766)	-	-	-	-	-
Human services	113,529,432	12,388,227	61,167,757	348,341	(39,625,107)	-	(39,625,107)	-	-	-	-	-
Cultural and recreational	15,095,287	364,878	886,957	-	(13,843,452)	-	(13,843,452)	-	-	-	-	-
Education	98,360,208	-	-	-	(98,360,208)	-	(98,360,208)	-	-	-	-	-
Interest on long-term debt	8,285,618	-	-	-	(8,285,618)	-	(8,285,618)	-	-	-	-	-
Total governmental activities	334,993,707	20,001,678	75,023,642	8,478,083	(231,490,304)	-	(231,490,304)	-	-	-	-	-
Business-type activities:												
Crown Center	9,166,951	2,467,261	-	-	-	(6,699,690)	(6,699,690)	-	-	-	-	-
Solid Waste	9,268,378	3,304,501	518,723	-	-	(5,445,154)	(5,445,154)	-	-	-	-	-
NORCRESS Water and Sewer District	531,425	294,027	-	-	-	(237,398)	(237,398)	-	-	-	-	-
Kelly Hills Water and Sewer District	66,845	-	-	-	-	(66,845)	(66,845)	-	-	-	-	-
Total business-type activities	19,033,599	6,065,789	518,723	-	-	(12,449,087)	(12,449,087)	-	-	-	-	-
Total primary government	\$ 354,027,306	\$ 26,067,467	\$ 75,542,365	\$ 8,478,083	(231,490,304)	(12,449,087)	(243,939,391)	-	-	-	-	-
Component unit:												
ABC Board	\$ 19,295,122	\$ 19,103,753	\$ -	\$ -	-	-	-	(191,369)	-	-	-	-
Eastover Sanitary District	417,245	437,178	-	34,968	-	-	-	-	54,901	-	-	-
Tourism Development Authority	4,125,202	4,257,058	-	-	-	-	-	-	-	131,856	-	-
Fayetteville Area Convention & Visitors Bureau	2,054,766	2,051,052	-	-	-	-	-	-	-	-	-	(3,714)
Total component unit	\$ 25,892,335	\$ 25,849,041	\$ -	\$ 34,968	-	-	-	(191,369)	54,901	131,856	-	(3,714)
General revenues:												
Property taxes					168,579,799	-	168,579,799	-	-	-	-	-
Other taxes:												
Sales tax					44,355,111	-	44,355,111	-	-	-	-	-
Animal registration					323,484	-	323,484	-	-	-	-	-
Real estate transfer					820,502	-	820,502	-	-	-	-	-
Beer and wine					110,064	-	110,064	-	-	-	-	-
Solid waste					-	4,779,170	4,779,170	-	-	-	-	-
Food and beverage					5,206,100	-	5,206,100	-	-	-	-	-
Room and occupancy					-	1,032,337	1,032,337	-	-	-	-	-
Grants and contributions not restricted to specific programs					10,663,034	-	10,663,034	-	-	-	-	-
Unrestricted investment earnings					423,070	190,657	613,727	24,808	465	-	-	12,942
Gain on sale of capital assets					76,496	-	76,496	-	-	-	-	-
Miscellaneous					5,969,436	19,503	5,988,939	95,942	35,175	-	-	-
Transfers					(7,348,506)	7,348,506	-	-	-	-	-	-
Total general revenues and transfers					229,178,590	13,370,173	242,548,763	120,750	35,640	-	-	12,942
Change in net assets					(2,311,714)	921,086	(1,390,628)	(70,619)	90,541	131,856	-	9,228
Net assets - beginning					101,814,788	71,452,516	173,267,304	6,320,746	6,654,498	592,804	-	864,914
Prior period adjustment - CIP					-	-	-	-	233,601	-	-	-
Net assets - beginning - as restated					101,814,788	71,452,516	173,267,304	6,320,746	6,888,099	592,804	-	864,914
Net assets - ending					\$ 99,503,074	\$ 72,373,602	\$ 171,876,676	\$ 6,250,127	\$ 6,978,640	\$ 724,660	\$ -	\$ 874,142

## **FUND FINANCIAL STATEMENTS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Balance Sheet  
Governmental Funds  
June 30, 2010**

	<b>General</b>	<b>County School Fund</b>	<b>Health Department Building Fund</b>	<b>Grays Creek Middle School Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 36,694,217	\$ 5,380,323	\$ -	\$ 300,740	\$ 19,358,107	\$ 61,733,387
Investments	49,543,076	-	-	-	2,070,558	51,613,634
Taxes receivable, net	3,124,133	-	-	-	368,063	3,492,196
Sales tax receivable	10,067,189	2,080,631	281,907	20,122	324,873	12,774,722
Due from other governments	9,251,661	29,818	-	-	1,884,334	11,165,813
Patient receivables	1,758,088	-	-	-	-	1,758,088
Other receivables, net	1,229,589	-	-	-	1,420,191	2,649,780
Due from other funds	1,389,715	-	-	-	-	1,389,715
Due from component units	180,795	-	-	-	-	180,795
Inventories	156,803	-	-	-	-	156,803
Restricted assets:						
Cash and cash equivalents	104	2,907,029	1,933,237	1,008,802	20,286,801	26,135,973
Investments	-	-	-	-	36,101	36,101
<b>Total assets</b>	<b>\$ 113,395,370</b>	<b>\$ 10,397,801</b>	<b>\$ 2,215,144</b>	<b>\$ 1,329,664</b>	<b>\$ 45,749,028</b>	<b>\$ 173,087,007</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts and vouchers payable	\$ 5,117,955	\$ 1,895,816	\$ 403,394	\$ 134,504	\$ 6,143,179	\$ 13,694,848
Due to other governments	3,944,612	-	-	-	68,121	4,012,733
Accrued payroll	3,921,607	-	-	-	102,656	4,024,263
Other payables	302,364	-	-	-	35,191	337,555
Due to other funds	-	-	-	-	1,384,215	1,384,215
Deferred revenue	3,845,789	-	-	-	1,457,628	5,303,417
<b>Total liabilities</b>	<b>17,132,327</b>	<b>1,895,816</b>	<b>403,394</b>	<b>134,504</b>	<b>9,190,990</b>	<b>28,757,031</b>
<b>Fund balances:</b>						
<b>Reserved:</b>						
Reserved for inventories	156,802	-	-	-	-	156,802
Reserved for register of deeds	498,743	-	-	-	-	498,743
Reserved for encumbrances	3,635,186	-	2,108	-	805,127	4,442,421
Reserved by State statute	23,603,383	2,110,449	281,907	20,122	2,539,833	28,555,694
Reserved for inmates	-	-	-	-	23,566	23,566
Reserved for cemetery	-	-	-	-	42,296	42,296
<b>Unreserved:</b>						
Designated for subsequent year's expenditures	18,261,131	-	-	-	-	18,261,131
Designated for tax office software	1,175,000	-	-	-	-	1,175,000
Designated for renovations and maintenance	2,265,121	-	-	-	-	2,265,121
Designated for "old" Health Department renovation	3,882,892	-	-	-	-	3,882,892
Designated for Hope VI Project	3,375,000	-	-	-	-	3,375,000
Undesignated	39,409,785	6,391,536	1,527,735	1,175,038	-	48,504,094
<b>Unreserved, reported in nonmajor:</b>						
Special revenue	-	-	-	-	5,182,510	5,182,510
<b>Undesignated</b>						
Special revenue	-	-	-	-	13,022,215	13,022,215
Capital projects	-	-	-	-	14,942,491	14,942,491
<b>Total fund balances</b>	<b>96,263,043</b>	<b>8,501,985</b>	<b>1,811,750</b>	<b>1,195,160</b>	<b>36,558,038</b>	<b>144,329,976</b>
<b>Total liabilities and fund balances</b>	<b>\$ 113,395,370</b>	<b>\$ 10,397,801</b>	<b>\$ 2,215,144</b>	<b>\$ 1,329,664</b>	<b>\$ 45,749,028</b>	<b>\$ 173,087,007</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Assets  
June 30, 2010**

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

Ending fund balance - governmental funds \$ 144,329,976

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (see note 4). 195,292,547

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

Deferred Revenue	\$	4,855,415	
Accrued Tax Penalties		762,102	
Bond issue cost		1,182,856	
Prepaid Pension benefit		<u>39,717</u>	
			6,840,090

Internal service funds are used by management to charge the costs of group insurance, employee flexible benefits, workers' compensation, and general litigation costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 6,565,054

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	\$	(252,203,303)	
Accrued interest payable		<u>(1,321,290)</u>	
			(253,524,593)

Net assets of governmental activities \$ 99,503,074

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2010**

	<b>General</b>	<b>County School Fund</b>	<b>Health Department Building Fund</b>	<b>Gray's Creek Middle School Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Ad valorem taxes	\$ 159,755,339	\$ -	\$ -	\$ -	\$ 9,985,900	\$ 169,741,239
Other taxes	37,590,092	8,019,069	-	-	5,227,384	50,836,545
Unrestricted intergovernmental revenue	10,623,694	1,031,346	-	-	-	11,655,040
Restricted intergovernmental revenue	63,292,237	6,046,938	-	-	14,128,950	83,468,125
Licenses and permits	2,471,947	-	-	-	-	2,471,947
Sales and services	16,371,484	-	-	-	199,153	16,570,637
Interest earned on investments	257,828	11,028	4,415	2,518	135,480	411,269
Miscellaneous	4,466,867	234,574	-	6,269	1,268,683	5,976,393
<b>Total revenues</b>	<b>294,829,488</b>	<b>15,342,955</b>	<b>4,415</b>	<b>8,787</b>	<b>30,945,550</b>	<b>341,131,195</b>
<b>Expenditures</b>						
Current:						
General government	19,902,858	-	-	-	502,184	20,405,042
Public safety	43,806,118	-	-	-	7,191,552	50,997,670
Economic and physical development	4,706,982	-	-	-	13,205,524	17,912,506
Human services	104,431,215	-	-	-	1,613,479	106,044,694
Cultural and recreational	9,489,542	-	-	-	3,623,288	13,112,830
Education	88,474,698	9,885,510	-	-	-	98,360,208
Capital outlay	2,053,906	-	6,590,984	1,055,171	20,806,540	30,506,601
Debt service:						
Principal payments	15,698,042	-	-	-	150,000	15,848,042
Interest and fees	8,774,476	-	-	-	5,399	8,779,875
<b>Total expenditures</b>	<b>297,337,837</b>	<b>9,885,510</b>	<b>6,590,984</b>	<b>1,055,171</b>	<b>47,097,966</b>	<b>361,967,468</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,508,349)</b>	<b>5,457,445</b>	<b>(6,586,569)</b>	<b>(1,046,384)</b>	<b>(16,152,416)</b>	<b>(20,836,273)</b>
<b>Other financing sources (uses)</b>						
Debt issuance	36,104,505	-	-	-	15,758,035	51,862,540
Debt issuance costs	320,367	-	-	-	-	320,367
Sale of capital assets	163,597	-	-	-	10,443	174,040
Payment to refund bond escrow agent	(36,414,948)	-	-	-	-	(36,414,948)
Transfers in	7,181,364	-	-	-	2,198,022	9,379,386
Transfers out	(4,669,025)	(6,106,833)	-	-	(6,162,034)	(16,937,892)
<b>Total other financing sources (uses)</b>	<b>2,685,860</b>	<b>(6,106,833)</b>	<b>-</b>	<b>-</b>	<b>11,804,466</b>	<b>8,383,493</b>
<b>Net change in fund balances</b>	<b>177,511</b>	<b>(649,388)</b>	<b>(6,586,569)</b>	<b>(1,046,384)</b>	<b>(4,347,950)</b>	<b>(12,452,780)</b>
<b>Fund balance - beginning</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>Fund balance - ending</b>	<b>\$ 96,263,043</b>	<b>\$ 8,501,985</b>	<b>\$ 1,811,750</b>	<b>\$ 1,195,160</b>	<b>\$ 36,558,038</b>	<b>\$ 144,329,976</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, 2010**

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

Net change in fund balances - total governmental funds \$ (12,452,780)

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	\$ 30,842,763	
Depreciation	<u>(6,671,858)</u>	24,170,905

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) to increase net assets. (110,826)

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

Accrued tax penalties	\$ (34,038)	
Pension costs	374	
Deferred revenues	<u>(1,148,686)</u>	(1,182,350)

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	\$ 15,848,042	
Proceeds	(15,370,000)	
Changes in premium/deferred	(517,430)	
Accrued interest payable	270,429	
Accrued vacation payable	46,270	
Bond issuance costs	191,192	
Other postemployment benefits	<u>(11,766,033)</u>	(11,297,530)

The net revenue of certain activities of the internal service fund is reported with governmental activities. (1,439,133)

Change in net assets of governmental activities \$ (2,311,714)

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances-  
Budget and Actual  
Year Ended June 30, 2010**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Positive (Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 150,461,077	\$ 155,176,186	\$ 159,755,339	\$ 4,579,153
Other taxes	38,372,627	38,372,627	37,590,092	(782,535)
Unrestricted intergovernmental revenue	9,856,447	10,465,841	10,623,694	157,853
Restricted intergovernmental revenue	59,748,693	69,141,064	63,292,237	(5,848,827)
Licenses and permits	2,064,896	2,064,896	2,471,947	407,051
Sales and services	16,526,307	16,966,883	16,371,484	(595,399)
Interest earned on investments	1,300,000	1,300,000	257,828	(1,042,172)
Miscellaneous	4,298,258	4,526,703	4,466,867	(59,836)
<b>Total revenues</b>	<b>282,628,305</b>	<b>298,014,200</b>	<b>294,829,488</b>	<b>(3,184,712)</b>
<b>Expenditures:</b>				
Current:				
General government	22,282,094	24,077,458	19,902,858	4,174,600
Public safety	40,955,537	47,736,263	43,806,118	3,930,145
Economic and physical development	5,031,298	5,055,296	4,706,982	348,314
Human services	108,744,335	116,653,502	104,431,215	12,222,287
Cultural and recreational	9,706,432	9,941,274	9,489,542	451,732
Education	84,079,132	88,837,236	88,474,698	362,538
Capital outlay	1,271,318	3,938,993	2,053,906	1,885,087
Debt service:				
Principal payments	15,633,043	15,698,042	15,698,042	-
Interest and fees	9,123,752	8,774,482	8,774,476	6
<b>Total expenditures</b>	<b>296,826,941</b>	<b>320,712,546</b>	<b>297,337,837</b>	<b>23,374,709</b>
<b>Revenues over (under) expenditures</b>	<b>(14,198,636)</b>	<b>(22,698,346)</b>	<b>(2,508,349)</b>	<b>(20,189,997)</b>
<b>Other financing sources (uses):</b>				
Debt issuance	-	36,104,505	36,104,505	-
Debt issuance costs	-	310,443	320,367	9,924
Sale of capital assets	-	-	163,597	163,597
Payment to refund bond escrow agent	-	(36,414,948)	(36,414,948)	-
Transfers in	6,215,002	7,261,177	7,181,364	(79,813)
Transfers out	(4,608,888)	(5,068,898)	(4,669,025)	399,873
Appropriated fund balance	12,592,522	20,506,067	-	(20,506,067)
<b>Total other financing sources (uses)</b>	<b>14,198,636</b>	<b>22,698,346</b>	<b>2,685,860</b>	<b>(20,012,486)</b>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>177,511</b>	<b>\$ 177,511</b>
<b>Fund Balances:</b>				
<b>Beginning of year, July 1</b>			<u>96,085,532</u>	
<b>End of year, June 30</b>			<u>\$ 96,263,043</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, 2010**

	<b>County School Fund</b>			<b>Variance With Final Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues:</b>				
Other taxes	\$ 10,000,000	\$ 9,515,868	\$ 8,019,069	\$ (1,496,799)
Unrestricted intergovernmental revenue	500,000	500,000	1,031,346	531,346
Restricted intergovernmental revenue	5,652,500	7,575,778	6,046,938	(1,528,840)
Interest earned on investments	-	-	11,028	11,028
Miscellaneous	-	-	234,574	234,574
Total revenues	<u>16,152,500</u>	<u>17,591,646</u>	<u>15,342,955</u>	<u>(2,248,691)</u>
<b>Expenditures:</b>				
Current:				
Education	10,878,012	18,445,000	9,885,510	8,559,490
Total expenditures	<u>10,878,012</u>	<u>18,445,000</u>	<u>9,885,510</u>	<u>8,559,490</u>
<b>Revenues over (under) expenditures</b>	<u>5,274,488</u>	<u>(853,354)</u>	<u>5,457,445</u>	<u>(6,310,799)</u>
<b>Other financing sources (uses):</b>				
Transfers out	(5,274,488)	(6,186,646)	(6,106,833)	79,813
Appropriated fund balance	-	7,040,000	-	(7,040,000)
Total other financing sources (uses)	<u>(5,274,488)</u>	<u>853,354</u>	<u>(6,106,833)</u>	<u>(6,960,187)</u>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(649,388)</u>	<u>\$ (649,388)</u>
<b>Fund Balances:</b>				
<b>Beginning of year, July 1</b>			<u>9,151,373</u>	
<b>End of year, June 30</b>			<u>\$ 8,501,985</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2010**

	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>						
Current assets						
Cash and cash equivalents	\$ 5,271,097	\$ 3,314,075	\$ 28,562	\$ 202,510	\$ 8,816,244	\$ -
Investments	31,975,206	-	-	-	31,975,206	-
Taxes receivable, net	109,517	-	-	-	109,517	-
Sales tax receivable	243,406	31,567	-	3,472	278,445	200
Due from other governments	-	140	405	27,291	27,836	2,012
Other receivables, net	209,182	171,461	-	61,152	441,795	30,988
Inventories	46,310	-	-	-	46,310	-
Total current assets	<u>37,854,718</u>	<u>3,517,243</u>	<u>28,967</u>	<u>294,425</u>	<u>41,695,353</u>	<u>33,200</u>
Noncurrent assets						
Restricted:						
Cash and cash equivalents	655,774	1,640,381	-	-	2,296,155	8,414,359
Investments	6,350,721	3,110,409	-	-	9,461,130	178
Capital assets, net of accumulated depreciation	12,105,001	49,306,294	2,414,418	8,455,746	72,281,459	3,021
Debt issue costs	-	295,872	-	-	295,872	-
Total noncurrent assets	<u>19,111,496</u>	<u>54,352,956</u>	<u>2,414,418</u>	<u>8,455,746</u>	<u>84,334,616</u>	<u>8,417,558</u>
<b>Total assets</b>	<u>56,966,214</u>	<u>57,870,199</u>	<u>2,443,385</u>	<u>8,750,171</u>	<u>126,029,969</u>	<u>8,450,758</u>
<b>Liabilities and net assets</b>						
Current liabilities						
Accounts and vouchers payable	464,633	357,677	-	17,174	839,484	42,398
Due to other governments	-	76,489	-	-	76,489	-
Accrued payroll	77,546	61,096	-	-	138,642	9,874
Accrued interest payable	-	2,692,091	-	4,142	2,696,233	-
Other payables	4,500	-	-	-	4,500	-
Incurred but not reported	-	-	-	-	-	1,736,588
Current portion of long-term debt and accrued vacation	153,327	4,135,108	-	16,000	4,304,435	21,997
Due to other funds	-	5,500	-	-	5,500	-
Total current liabilities	<u>700,006</u>	<u>7,327,961</u>	<u>-</u>	<u>37,316</u>	<u>8,065,283</u>	<u>1,810,857</u>
Noncurrent liabilities						
Post closing liability	9,585,900	-	-	-	9,585,900	-
Long-term debt	-	33,026,928	-	1,189,000	34,215,928	-
Accrued vacation	(28,772)	115,510	-	-	86,738	1,157
Other postemployment benefits liability	1,028,115	674,403	-	-	1,702,518	73,690
Total noncurrent liabilities	<u>10,585,243</u>	<u>33,816,841</u>	<u>-</u>	<u>1,189,000</u>	<u>45,591,084</u>	<u>74,847</u>
<b>Total liabilities</b>	<u>11,285,249</u>	<u>41,144,802</u>	<u>-</u>	<u>1,226,316</u>	<u>53,656,367</u>	<u>1,885,704</u>
Net assets						
Invested in capital assets, net of related debt	12,105,001	15,254,746	2,414,418	7,250,746	37,024,911	3,021
Restricted net assets - debt service	7,006,495	1,640,302	-	-	8,646,797	-
Restricted net assets - claims	-	-	-	-	-	8,414,537
Unrestricted	26,569,469	(169,651)	28,967	273,109	26,701,894	(1,852,504)
<b>Total net assets</b>	<u>\$ 45,680,965</u>	<u>\$ 16,725,397</u>	<u>\$ 2,443,385</u>	<u>\$ 7,523,855</u>	<u>\$ 72,373,602</u>	<u>\$ 6,565,054</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2010**

	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	\$ 3,290,266	\$ 2,467,261	\$ 1,661	\$ 292,366	\$ 6,051,554	\$ -
Contributions	-	-	-	-	-	17,286,857
Other operating revenue	532,958	-	-	-	532,958	-
Solid Waste fees	4,779,170	-	-	-	4,779,170	-
Total operating revenues	<u>8,602,394</u>	<u>2,467,261</u>	<u>1,661</u>	<u>292,366</u>	<u>11,363,682</u>	<u>17,286,857</u>
<b>Operating expenses</b>						
Salaries and employee benefits	3,011,644	2,296,281	-	-	5,307,925	18,453,291
Other supplies	907,507	246,257	-	-	1,153,764	-
Repairs and maintenance	1,047,374	550,055	-	95,411	1,692,840	-
Utilities	95,286	812,427	-	147,834	1,055,547	-
Administrative costs	2,638,330	1,463,938	-	-	4,102,268	495,950
Depreciation	791,413	1,932,106	66,845	237,869	3,028,233	954
Landfill closure and postclosure care costs	778,045	-	-	-	778,045	-
Total operating expenses	<u>9,269,599</u>	<u>7,301,064</u>	<u>66,845</u>	<u>481,114</u>	<u>17,118,622</u>	<u>18,950,195</u>
<b>Operating income (loss)</b>	<u>(667,205)</u>	<u>(4,833,803)</u>	<u>(65,184)</u>	<u>(188,748)</u>	<u>(5,754,940)</u>	<u>(1,663,338)</u>
<b>Nonoperating revenue (expense)</b>						
Interest earned on investments	186,661	11,422	-	-	198,083	14,205
Motel occupancy tax	-	1,032,337	-	-	1,032,337	-
Gain (loss) on disposal of capital assets	1,221	-	-	-	1,221	-
Miscellaneous	6,309	5,768	-	-	12,077	-
Interest expense	-	(1,865,887)	-	(50,311)	(1,916,198)	-
Total nonoperating revenue (expense)	<u>194,191</u>	<u>(816,360)</u>	<u>-</u>	<u>(50,311)</u>	<u>(672,480)</u>	<u>14,205</u>
<b>Income (loss) before transfers and contributions</b>	<u>(473,014)</u>	<u>(5,650,163)</u>	<u>(65,184)</u>	<u>(239,059)</u>	<u>(6,427,420)</u>	<u>(1,649,133)</u>
Transfers in	-	7,403,699	-	-	7,403,699	210,000
Transfers out	-	(55,193)	-	-	(55,193)	-
<b>Change in net assets</b>	<u>(473,014)</u>	<u>1,698,343</u>	<u>(65,184)</u>	<u>(239,059)</u>	<u>921,086</u>	<u>(1,439,133)</u>
<b>Total net assets - beginning</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>
<b>Total net assets - ending</b>	<u>\$ 45,680,965</u>	<u>\$ 16,725,397</u>	<u>\$ 2,443,385</u>	<u>\$ 7,523,855</u>	<u>\$ 72,373,602</u>	<u>\$ 6,565,054</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2010**

	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	\$ 8,060,155	\$ 2,571,032	\$ 1,661	\$ 292,366	\$ 10,925,214	\$ -
Other operating revenue	687,998	-	-	-	687,998	-
Cash received from contributions	-	-	-	-	-	17,286,947
Cash paid to employees	(2,629,223)	(2,071,232)	-	-	(4,700,455)	36
Cash paid for goods and services	(4,625,468)	(3,091,836)	-	(330,291)	(8,047,595)	(461,215)
Cash received for goods and services	-	-	(36)	-	(36)	39,440
Cash paid for claims	-	-	-	-	-	(18,151,576)
<b>Net cash provided by (used in) operating activities</b>	<u>1,493,462</u>	<u>(2,592,036)</u>	<u>1,625</u>	<u>(37,925)</u>	<u>(1,134,874)</u>	<u>(1,286,368)</u>
<b>Noncapital financing activities</b>						
Transfers in	-	7,403,699	-	-	7,403,699	210,000
Transfers out	-	(55,193)	-	-	(55,193)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>7,348,506</u>	<u>-</u>	<u>-</u>	<u>7,348,506</u>	<u>210,000</u>
<b>Capital and related financing activities</b>						
Acquisition and construction of capital assets	(264,970)	(529,063)	1	-	(794,032)	-
Other capital asset transactions	6,309	5,768	-	-	12,077	-
Proceeds from sales of capital assets	(9,742)	-	-	-	(9,742)	-
Proceeds from issuance of long-term debt	-	-	-	(16,055)	(16,055)	-
Principal paid on long-term debt	-	(255,574)	-	-	(255,574)	-
Interest paid on bonds	-	(1,680,695)	-	(50,311)	(1,731,006)	-
Motel occupancy tax	-	1,032,337	-	-	1,032,337	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(268,403)</u>	<u>(1,427,227)</u>	<u>1</u>	<u>(66,366)</u>	<u>(1,761,995)</u>	<u>-</u>
<b>Investing activities</b>						
Proceeds from sale of investments	(3,957,426)	-	-	-	(3,957,426)	500,685
Purchase of investments	(6,350,721)	(3,053,956)	-	-	(9,404,677)	-
Investment earnings	186,661	11,422	-	-	198,083	14,205
<b>Net cash provided (used) in investing activities</b>	<u>(10,121,486)</u>	<u>(3,042,534)</u>	<u>-</u>	<u>-</u>	<u>(13,164,020)</u>	<u>514,890</u>
<b>Net increase in cash and cash equivalents</b>	<u>(8,896,427)</u>	<u>286,709</u>	<u>1,626</u>	<u>(104,291)</u>	<u>(8,712,383)</u>	<u>(561,478)</u>
<b>Cash and cash equivalents</b>						
<b>Beginning of year</b>	<u>14,823,298</u>	<u>4,667,747</u>	<u>26,936</u>	<u>306,801</u>	<u>19,824,782</u>	<u>8,975,837</u>
<b>End of year</b>	<u>\$ 5,926,871</u>	<u>\$ 4,954,456</u>	<u>\$ 28,562</u>	<u>\$ 202,510</u>	<u>\$ 11,112,399</u>	<u>\$ 8,414,359</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>						
Operating income (loss)	\$ (667,205)	\$ (4,833,803)	\$ (65,184)	\$ (188,748)	\$ (5,754,940)	\$ (1,663,338)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	791,413	1,932,106	66,845	237,869	3,028,233	954
Landfill closure and post closure care costs	778,045	-	-	-	778,045	-
Change in assets and liabilities						
(Increase) decrease in accounts receivable	(9,281)	-	-	-	(9,281)	-
(Increase) decrease in other receivables	155,040	(123,004)	(36)	(2,338)	29,662	1,173
(Increase) decrease in inventories	(10,051)	-	-	(44,962)	(55,013)	84,788
(Increase) decrease in internal balances	4,500	-	-	-	4,500	-
Increase (decrease) in accounts payable and accrued liabilities	437,230	431,789	-	-	869,019	288,785
Increase (decrease) in accrued landfill	35,000	-	-	-	35,000	-
Increase (decrease) in compensated absences payable	(34,311)	876	-	-	(33,435)	36
Increase (decrease) in deferred revenue	-	-	-	(39,746)	(39,746)	-
Increase (decrease) in contract retainage	13,082	-	-	-	13,082	1,234
Total adjustments	<u>2,160,667</u>	<u>2,241,767</u>	<u>66,809</u>	<u>150,823</u>	<u>4,620,066</u>	<u>376,970</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,493,462</u>	<u>\$ (2,592,036)</u>	<u>\$ 1,625</u>	<u>\$ (37,925)</u>	<u>\$ (1,134,874)</u>	<u>\$ (1,286,368)</u>
<b>Noncash investing, capital, and financing activities:</b>						
Cash and cash equivalents						
Unrestricted	\$ 5,271,097	\$ 3,314,075	\$ 28,562	\$ 202,510	\$ 8,816,244	\$ -
Restricted	655,774	1,640,381	-	-	2,296,155	8,414,359
Total	<u>\$ 5,926,871</u>	<u>\$ 4,954,456</u>	<u>\$ 28,562</u>	<u>\$ 202,510</u>	<u>\$ 11,112,399</u>	<u>\$ 8,414,359</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010**

	<b>Pension Trust Fund</b>	
	<b>Special Separation Allowance Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Taxes receivable	\$ -	\$ 4,585,596
Due from other governments	-	19,966
Other receivables	311	-
Restricted cash and cash equivalents	209,749	755,877
Restricted investments - U.S. Government Agencies	<u>1,119,284</u>	<u>-</u>
Total assets	<u>1,329,344</u>	<u>\$ 5,361,439</u>
<b>Liabilities</b>		
Accounts and vouchers payable	-	\$ 5,337,800
Due to other governments	-	23,639
Accrued payroll	7,847	-
Deferred revenue	<u>311</u>	<u>-</u>
Total liabilities	<u>8,158</u>	<u>\$ 5,361,439</u>
<b>Net assets</b>		
Net assets held in trust for pension benefits	<u>\$ 1,321,186</u>	

The notes to the financial statements are an integral part of this statement.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended June 30, 2010**

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	<b>Pension Trust Fund</b>
	<b>Special Separation Allowance Fund</b>
<b>Additions</b>	
Employer contributions	\$ 336,278
Interest earned on investments	8,999
Total additions	<u>345,277</u>
<b>Deductions</b>	
Benefits	<u>304,215</u>
Total deductions	<u>304,215</u>
<b>Change in net assets</b>	41,062
<b>Total net assets - beginning</b>	<u>1,280,124</u>
<b>Total net assets - ending</b>	<u><u>\$ 1,321,186</u></u>

## NOTES TO FINANCIAL STATEMENTS

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**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

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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, 2010**

**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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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

**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 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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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 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; Emergency Telephone 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 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; Averagesboro Battlefield Fund; West Regional Library Fund; New Century Elementary Fund; Qualified School Construction Bonds Projects 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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

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

**Basis of Presentation (continued)**

*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.

**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.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

---

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

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

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

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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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

**C - Budgetary Data (continued)**

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.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

---

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

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

**1. Deposits and Investments (continued)**

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.

**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, 2009.

**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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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

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

**6. Inventories and Prepaid Items (continued)**

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

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>
Appraisals	5 – 30
Buildings	40
Leasehold Improvements	10 – 20
Equipment	5 – 10
Vehicles	5

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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

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

**7. Capital Assets (continued)**

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

	<u>Years</u>
Software	3
Equipment	5
Furniture	10
Improvements	3 - 40

**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.

**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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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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**

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

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

The governmental fund types classify fund balances as follows:

**Reserved**

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

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

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

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(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 or 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 2010-2011 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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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)**

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.

**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. 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, 2010

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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, 2010, the County's deposits had a carrying amount of \$106,161,905 and a bank balance of \$109,860,347. Of the bank balance, \$1,496,292 was covered by Federal depository insurance, \$108,345,931 was covered by collateral under the Pooling Method and \$18,124 was related to retainage with an insurance administrator for payment of future claims. Included in the County's deposits is cash of \$4,514,663 and \$1,182,300 for the District and the TDA, respectively. The County had \$15,141 in the petty cash and change funds.

At June 30, 2010, the ABC Board's deposits had a carrying amount of \$2,540,707 and a bank balance of \$2,191,523. Of the bank balance, \$250,000 was covered by Federal depository insurance and \$1,941,523 was covered by collateral under the Pooling Method. The ABC Board has petty cash of \$19,050.

At June 30, 2010, the Bureau's deposits had a carrying amount of \$214,684 and a bank balance of \$598,281. Of the bank balance, \$250,000 was covered by Federal depository insurance.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

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

**B – Investments - County**

As of June 30, 2010 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	\$ 2,732,851	\$ -	\$ 2,732,851	\$ -
US Government Agencies	46,755,900		30,965,635	15,790,265
Commercial Paper	13,989,870	13,989,870	-	-
NC Capital Management Trust -- Cash Portfolio	32,257,852	N/A	N/A	N/A
NC Capital Management Trust -- Term Portfolio	6,350,721	N/A	N/A	N/A
<b>Total</b>	<b>\$ 102,087,194</b>	<b>\$ 13,989,870</b>	<b>\$ 33,698,486</b>	<b>\$ 15,790,265</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:** The County has a board adopted investment policy which places greater restrictions than required under North Carolina G.S. 159-30(c). This policy seeks to assure investment quality and to mitigate 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, 2010, 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, 2010. 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. Cumberland County has adopted a formal investment policy. Cumberland County uses Wells Fargo Securities to provide third-party safekeeping service for the County. The securities are held in a separate entity with the bank and are held in the name of County of Cumberland. Cumberland County uses the Pooling Method of collateralization when purchasing its Certificates of Deposit.

**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 15%, 32%, 10%, and 11% of total investments, respectively.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

**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	\$ 102,087,194	\$ -		\$ -	\$ 287,711
Cash (demand deposits)	100,464,942	2,521,657	4,514,663	1,182,300	214,684
Petty cash	15,141	19,050	-	-	-
Total cash and investments	<u>202,567,277</u>	<u>2,540,707</u>	<u>4,514,663</u>	<u>1,182,300</u>	<u>502,395</u>
Less: investments	(94,205,533)	-	-	-	(287,711)
Total cash and equivalents	<u>\$ 108,361,744</u>	<u>\$ 2,540,707</u>	<u>\$ 4,514,663</u>	<u>\$ 1,182,300</u>	<u>\$ 214,684</u>

Total per Statement of Net Assets:

Cash and cash equivalent - unrestricted	\$ 70,549,631	\$ 2,526,488	\$ 438,463	\$ 1,182,300	\$ 214,684
Cash and cash equivalent - restricted	36,846,487	14,219	4,076,200	-	-
Cash and cash equivalent - pension trust fund	209,749	-	-	-	-
Cash and cash equivalent - agency funds	755,877	-	-	-	-
Total cash and equivalents	<u>\$ 108,361,744</u>	<u>\$ 2,540,707</u>	<u>\$ 4,514,663</u>	<u>\$ 1,182,300</u>	<u>\$ 214,684</u>
Investments - unrestricted	\$ 83,588,840	\$ -	\$ -	\$ -	\$ 287,711
Investments - restricted	9,497,409	-	-	-	-
Investments - restricted - pension trust fund	1,119,284	-	-	-	-
Total investments	<u>\$ 94,205,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,711</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, 2010 is as follows:

Taxes receivable - General Fund	\$ 7,618,523
Patient receivable - General Fund	5,607,118
	<u>\$ 13,225,641</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

**Note 4 - Capital Assets**

	Beginning Balances	Increases & Adjustments	Decreases & Adjustments	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 18,594,218	\$ -	\$ -	\$ -	\$ 18,594,218
Construction in progress	40,382,021	21,272,790	19,587,981	-	42,066,830
Total capital assets not being depreciated	<u>58,976,239</u>	<u>21,272,790</u>	<u>19,587,981</u>	<u>-</u>	<u>60,661,048</u>
Capital assets being depreciated:					
Buildings and improvements	163,519,718	7,525,554	(19,560,730)	-	190,606,002
Equipment, furniture and fixtures	16,361,781	1,082,453	395,664	-	17,048,570
Vehicles	10,227,902	961,965	429,671	-	10,760,196
Total capital assets being depreciated	<u>190,109,401</u>	<u>9,569,972</u>	<u>(18,735,395)</u>	<u>-</u>	<u>218,414,768</u>
Less accumulated depreciation for:					
Buildings and improvements	57,648,423	4,795,803	11,677	-	62,432,549
Equipment, furniture and fixtures	12,492,694	934,487	361,075	-	13,066,106
Vehicles	7,708,080	941,568	368,055	-	8,281,593
Total accumulated depreciation	<u>77,849,197</u>	<u>\$ 6,671,858</u>	<u>\$ 740,807</u>	<u>\$ -</u>	<u>83,780,248</u>
Total capital assets being depreciated, net	<u>112,260,204</u>				<u>134,634,520</u>
Governmental activity capital assets, net	<u>\$ 171,236,443</u>				<u>\$ 195,295,568</u>

**Primary Government**

Capital asset activity for the governmental activities for the year ended June 30, 2010 was as follows:

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

General government	\$ 1,369,880
Public safety	2,764,715
Human services	1,242,519
Economic and physical development	396,788
Cultural and recreational	897,002
Internal Service	954
 Total depreciation expense	 <u>\$ 6,671,858</u>

Total governmental activities capital assets include internal service fund capital assets with a book value of \$3,021.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

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

**Primary Government (continued)**

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

<b>Business-type activities:</b>	<b>Beginning</b>		<b>Decreases &amp;</b>	<b>Ending</b>
	<b>Balances</b>	<b>Increases</b>	<b>Transfers</b>	<b>Balances</b>
<b><i>Cumberland County Solid Waste</i></b>				
Capital assets not being depreciated:				
Land	\$ 2,946,196	\$ -	\$ -	\$ 2,946,196
Construction in progress	4,133,499	-	-	4,133,499
Total capital assets not being depreciated	<u>7,079,695</u>	<u>-</u>	<u>-</u>	<u>7,079,695</u>
Capital assets being depreciated:				
Landfill	7,198,817	-	-	7,198,817
Buildings and building improvements	6,832,067	31,388	-	6,863,455
Furniture, fixtures and equipment	7,427,686	160,875	(106,372)	7,482,189
Vehicles	2,219,070	83,670	-	2,302,740
Total capital assets being depreciated	<u>23,677,640</u>	<u>275,933</u>	<u>(106,372)</u>	<u>23,847,201</u>
Less accumulated depreciation for:				
Landfill	7,198,817	-	-	7,198,817
Buildings and building improvements	3,980,108	231,180	-	4,211,288
Furniture, fixtures and equipment	5,194,463	401,267	(106,372)	5,489,358
Vehicles	1,763,465	158,967	-	1,922,432
Total accumulated depreciation	<u>18,136,853</u>	<u>\$ 791,414</u>	<u>\$ (106,372)</u>	<u>18,821,895</u>
Total capital assets being depreciated, net	5,540,787			5,025,306
Cumberland County Solid Waste capital assets, net	<u>\$ 12,620,482</u>			<u>\$ 12,105,001</u>
<b><i>Cumberland County Crown Center</i></b>				
Capital assets not being depreciated:				
Land	\$ 3,503,162	\$ -	\$ -	\$ 3,503,162
Capital assets being depreciated:				
Buildings and building improvements	69,440,328	436,308	-	69,876,636
Furniture, fixtures and equipment	3,613,957	92,755	(4,885)	3,701,827
Vehicles	54,629	-	-	54,629
Total capital assets being depreciated	<u>73,108,914</u>	<u>529,063</u>	<u>(4,885)</u>	<u>73,633,092</u>
Less accumulated depreciation for:				
Building and building improvements	23,460,992	1,716,218	-	25,177,210
Furniture, fixtures and equipment	2,387,118	215,888	(4,885)	2,598,121
Vehicles	54,629	-	-	54,629
Total accumulated depreciation	<u>25,902,739</u>	<u>\$ 1,932,106</u>	<u>\$ (4,885)</u>	<u>27,829,960</u>
Total capital assets being depreciated, net	47,206,175			45,803,132
Cumberland County Crown Center capital assets, net	<u>\$ 50,709,337</u>			<u>\$ 49,306,294</u>
<b><i>Kelly Hills Water and Sewer District</i></b>				
Capital assets being depreciated:				
Plant and distribution system	\$ 2,676,498	\$ -	\$ -	\$ 2,676,498
Total capital assets being depreciated	<u>2,676,498</u>	<u>-</u>	<u>-</u>	<u>2,676,498</u>
Less accumulated depreciation for:				
Plant and distribution system	195,234	66,846	-	262,080
Total accumulated depreciation	<u>195,234</u>	<u>\$ 66,846</u>	<u>\$ -</u>	<u>262,080</u>
Total capital assets being depreciated, net	2,481,264			2,414,418
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 2,481,264</u>			<u>\$ 2,414,418</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

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

**Primary Government (continued)**

	Beginning Balances	Increases	Decreases & Transfers	Ending 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	830,008	237,869	-	1,067,877
Total accumulated depreciation	<u>830,008</u>	<u>\$ 237,869</u>	<u>\$ -</u>	<u>1,067,877</u>
Total capital assets being depreciated, net	<u>8,693,615</u>			<u>8,455,746</u>
Norcross Water and Sewer District capital assets, net	<u>\$ 8,693,615</u>			<u>\$ 8,455,746</u>
Business-type activities capital assets, net	<u>\$ 74,504,697</u>			<u>\$ 72,281,459</u>

Construction contracts of approximately \$68,777,420 exist for various renovation and construction projects for the County. At June 30, 2010, the remaining commitment on these contracts approximated \$9,163,806. Construction contracts of approximately \$6,632,391 exist for various renovation and construction projects for the Eastover Sanitary District. At June 30, 2010, the remaining commitment on these contracts approximated \$4,647,989.

**Discretely presented component units**

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

	Beginning Balances	Increases	Decreases/ Transfers	Ending 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	502,306	25,750	-	528,056
Furniture and equipment	823,081	197,120	-	1,020,201
Vehicles	<u>302,874</u>	<u>-</u>	<u>-</u>	<u>302,874</u>
Total capital assets being depreciated	4,696,535	222,870	-	4,919,405
Less accumulated depreciation	<u>2,013,704</u>	<u>276,836</u>	<u>-</u>	<u>2,290,540</u>
Total capital assets being depreciated, net	<u>2,682,831</u>			<u>2,628,865</u>
ABC capital assets, net	<u>\$ 3,898,347</u>			<u>\$ 3,844,381</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

**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	\$ 4,785,798	\$ 2,477,059	\$ -	\$ 7,262,857
Total capital assets not being depreciated	<u>4,785,798</u>	<u>2,477,059</u>	<u>-</u>	<u>7,262,857</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	(1,134,339)	(166,848)	-	(1,301,187)
Total capital assets being depreciated, net	<u>5,520,615</u>	<u>\$ (166,848)</u>	<u>\$ -</u>	<u>5,353,767</u>
Total capital assets being depreciated, net	<u>\$ 10,306,413</u>			<u>\$ 12,616,624</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	\$ 26,666	\$ (2,807)	\$ -	\$ 23,859
Equipment	205,795	1,416	-	207,211
Software	73,031	-	-	73,031
Capital improvements	139,156	-	-	139,156
Total capital assets being depreciated	444,648	(1,391)	-	443,257
Less accumulated depreciation	(140,506)	(52,579)	-	(193,085)
Total capital assets being depreciated, net	<u>304,142</u>	<u>\$ (53,970)</u>	<u>\$ -</u>	<u>250,172</u>
Bureau capital assets, net	<u>\$ 304,142</u>			<u>\$ 250,172</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, 2010

**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, 2009 the Separation Allowance's membership consisted of:

Retirees receiving benefits	27
Active plan members	<u>300</u>
Total	<u><u>327</u></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 \$336,278. 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, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% 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, 2009 was 21 years.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

**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	\$	336,278
Interest on net pension obligation		(2,852)
Adjustment to annual required contribution		2,478
Annual pension cost		<u>335,904</u>
Contributions made		<u>(336,278)</u>
Increase (decrease) in net pension obligation		(374)
Net pension obligation beginning of year		<u>(39,343)</u>
Prepaid pension benefit end of year	\$	<u><u>(39,717)</u></u>

**Three Year Trend Information**

<b>Fiscal Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Prepaid)</b>
2008	\$ 248,241	104.74%	\$ (38,048)
2009	288,705	100.45%	(39,343)
2010	335,904	100.11%	(39,717)

**Funded Status and Funding Progress**

As of December 31, 2009, the most recent actuarial valuation date, the plan was 32.95% funded. The actuarial accrued liability for benefits (AAL) was \$4,474,587 and the actuarial value of the assets was \$1,474,475 resulting in an unfunded actuarial accrued liability (UAAL) of \$3,000,112. The covered payroll (annual payroll of active employees covered by the plan) was \$13,852,076 and the ratio of the UAAL to the covered payroll was 21.66%.

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, 2010, 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, 2010 and 2009, 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, 2010

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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, 2010, 2009 and 2008 were \$4,122,934, \$4,174,468, and \$3,961,497 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2010, 2009 and 2008 were \$147,975, \$148,784, and \$130,677 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, 2010 were \$1,069,325 which consisted of \$705,147 from the County and \$364,178 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, 2010

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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, 2010, contributions for law enforcement officers were \$16,245, which consisted of \$14,815 from the Board and \$1,430 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2010 were \$138,570 which consisted of \$85,340 from the Board and \$53,230 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, 2010, the County's required and actual contributions were \$28,440.

**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. There is no separate audited post-employment report since OPEB financial information is included within this audit report.

Membership of the HCB Plan consisted of the following as December 31, 2009 the date of the latest actuarial valuation:

Retired Members	569
General Employees	1,944
Law Enforcement Members	<u>300</u>
Total	<u>2,813</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

**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 19.22% of annual covered payroll. For the current year the County contributed \$4,464,927 or 5.17% 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:

Employer Annual required contribution	\$16,586,495
Interest on net OPEB obligation	1,070,863
Adjustment to annual required contribution	<u>(923,878)</u>
Annual OPEB cost (expense)	16,733,480
Contributions made	<u>(4,464,927)</u>
Increase (decrease) in net OPEB obligation	12,268,553
Net OPEB obligation, beginning of the year	<u>26,771,569</u>
Net OPEB obligation, end of the year	<u>\$39,040,122</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010:

For Year Ended <u>June 30</u>	Annual <u>OPEB Cost</u>	Percentage of Annual <u>OPEB Cost Contributed</u>	Net OPEB <u>Obligation</u>
2008	\$17,786,721	16.37%	\$14,875,304
2009	15,986,983	26.10%	26,689,898
2010	16,733,440	26.68%	39,040,122

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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

**Funding Status and Funding Progress**

As of December 31, 2009, 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 \$197,838,097. The covered payroll (annual payroll of active employees covered by the plan) was \$86,264,545 and the ratio of the UAAL to the covered payroll was 229.3%. 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, 2009 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 10.50% 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, 2009 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, 2010

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

For the fiscal year ended June 30, 2010 the County made contributions to the State for death benefits of \$91,592. 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 no benefits for the years ended June 30, 2010 and 2009, 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 \$9,585,900 reported as landfill closure and postclosure care liability at June 30, 2010 consists of a closed landfill with estimated costs of \$1,380,265, a Construction & Demolition (C&D) landfill with estimated costs of \$1,802,102 and the subtitle D landfill with estimated costs of \$6,403,533. 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 29.90% and 46.94%, respectively of the total estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$4,224,011 and \$7,239,729 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 2010. The life expectancy of the C & D landfill is estimated at 18.31 years and the subtitle D landfill at 16.39 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, 2010**

**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 are composed of the following elements:

	Unearned/ Deferred Revenue	Unearned Revenue
Taxes receivable net of allowance - General Fund	\$ 3,123,870	\$ -
Taxes receivable net of allowance - Other Governmental Funds	368,063	-
Accounts receivable other - General Fund	273,917	-
Accounts receivable other - Other Governmental Funds	1,089,565	-
Prepaid taxes not yet earned - General Fund	448,002	448,002
	<u>\$ 5,303,417</u>	<u>\$ 448,002</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, 2010 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, 2010 and 2009 were as follows:

	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2009-10	\$ 1,455,237	\$ 16,146,130	\$ (15,864,779)	\$ 1,736,588
2008-09	1,427,284	14,265,710	(14,237,757)	1,455,237

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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**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 on June 9, 2006 including interest at 3.945%. \$ 3,201,690

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, 2010, the value of the capital assets associated with this lease is \$3,746,583.

**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, 2010 are comprised of the following individual issues:

*Governmental Activities:*

**\$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%.

\$ 11,375,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

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

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

**\$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%. 4,075,000

**\$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%. 28,180,000

**\$34,670,000 General Obligation Refunding Bonds, Series 2009**

Serial bonds payable annually from February 1, 2010 through February 1, 2017 in amounts ranging from \$3,265,000 to \$5,045,000; Interest ranges from 2.5% to 5.0%. 30,185,000

	<u>73,815,000</u>
Bond premium	2,871,270
Deferred amount on defeasance	<u>(2,316,292)</u>
Total	<u>\$ 74,369,978</u>

*Business type Activities:*

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

Serial bonds payable annual from June 1, 2009 through June 1, 2045 in amounts ranging from \$14,000 to \$52,000; interest of 4.125% \$ 1,205,000

At June 30, 2010, the County had bonds authorized but unissued of \$16,931,000 and a legal debt margin of \$1,804,819,000.

**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. On December 1, 2009, the County issued Series 2009 Qualified School Construction Bond tax credit certificates to finance various school renovation projects. Debt related to the Series 2009A certificates, the Series 2009B refunding certificates, and the Series 2009 QSCB tax credit certificates are accounted for as governmental activities. Certificates outstanding for the year ended June 30, 2010 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, 2010**

**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%. \$ 23,090,000

**\$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 2009B 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

**\$15,900,000 Current Interest Serial 2009 QSCB Tax Credit Certificates**  
 Due in annual installments of \$993,750 from December 15, 2010 to December 15, 2025. Interest is paid semi-annually at a rate of 1.25%. 15,900,000  
86,580,000  
 Premium on COPS 3,122,189  
 Deferred amount on defeasance (627,735)  
\$ 89,074,454

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, 2010 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%. 22,245,000

**\$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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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

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

**\$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%.

	<u>2,905,000</u>
	35,073,781
Premium on COPS	1,974,520
Deferred amount on defeasance	<u>(3,004,265)</u>
	<u>\$ 34,044,036</u>

**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, 2010 are comprised of the following:

*Governmental Activities:*

Note payable in nineteen quarterly installments of \$236,158 beginning August 24, 2010 plus a final payment of \$236,158 on April 24, 2011. Interest accrues at 3.65%.

924,182

Note payable in forty semi-annual installments of \$500,000 plus Interest at the rate of 4.21%.

18,500,000

Note payable in twenty annual installments of \$1,325,000 plus Interest at the rate of 4.42%.

23,850,000

\$ 43,274,182

*Business-type Activities:*

Build America Bonds payable in ten annual installments of \$198,000 beginning May 14, 2011 and ending May 14, 2020. Interest is paid semi-annually at a rate of 4.93% prior to 35% federal interest rebate.

\$1,980,000

Recovery Zone Economic Development Bonds payable in ten annual installments of \$113,800 beginning May 14, 2011 and ending May 14, 2020. Interest is paid semi-annually at a rate of 4.93% prior to 35% federal interest rebate.

1,138,000

\$3,118,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

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

**E - Long-term Obligation Activity**

The following is a summary of changes in the County's long-term obligations as of June 30, 2010:

	<b>Balance</b>				<b>Balance</b>		<b>Current</b>
	<b>June 30, 2009</b>	<b>Additions</b>	<b>Refundings</b>	<b>Payments</b>	<b>June 30, 2010</b>	<b>Liabilities</b>	<b>Portion</b>
							<b>of Long-term</b>
Governmental activities:							
Bonds payable	\$ 82,295,000	\$ 34,670,000	\$ 35,200,000	\$ 7,950,000	\$ 73,815,000	\$ 7,970,000	
Bond premium	1,832,362	1,434,505		395,597	2,871,270	400,033	
Deferred amount on defeasance	(2,028,708)	(581,773)		(294,189)	(2,316,292)	(296,040)	
Capital lease obligations	3,562,009			360,319	3,201,690	374,674	
Certificates of participation payable	74,825,000	15,900,000		4,145,000	86,580,000	6,473,750	
Certificates of participation premium	3,422,122			299,933	3,122,189	299,933	
Deferred amount on defeasance	(693,778)			(66,043)	(627,735)	(66,043)	
Notes payable	46,666,905			3,392,723	43,274,182	3,249,182	
Accrued vacation	5,087,774	4,787,853		4,833,388	5,042,239	4,812,127	
OPEB payable	25,548,508	16,051,160		4,262,064	37,337,604	-	
<b>Total governmental activities</b>	<b>\$ 240,517,194</b>	<b>\$ 72,261,745</b>	<b>\$ 35,200,000</b>	<b>\$ 25,278,792</b>	<b>\$ 252,300,147</b>	<b>\$ 23,217,616</b>	

	<b>Balance</b>				<b>Balance</b>		<b>Current</b>
	<b>June 30, 2009</b>	<b>Additions</b>	<b>Refundings</b>	<b>Payments</b>	<b>June 30, 2010</b>	<b>Liabilities</b>	<b>Portion</b>
							<b>of Long-term</b>
Business-type activities:							
Certificates of participation payable	\$ 38,518,781			\$ 3,445,000	\$ 35,073,781	\$ 3,785,000	
Certificates of participation premium	2,111,481		-	136,961	1,974,520	136,961	
Deferred amount on defeasance	(3,212,653)			(208,388)	(3,004,265)	(208,388)	
Bond payable	1,221,000	-	-	16,000	1,205,000	16,000	
Notes Payable	-	3,118,000			3,118,000	311,800	
Accrued landfill closure and postclosure costs	8,807,855	778,045	-	-	9,585,900	35,000	
Accrued vacation	225,419	228,795	-	214,149	240,065	228,062	
OPEB payable	1,141,390	763,991	-	202,863	1,702,518	-	
<b>Total business-type activities</b>	<b>\$ 48,813,273</b>	<b>\$ 4,888,831</b>	<b>\$ -</b>	<b>\$ 3,806,585</b>	<b>\$ 49,895,519</b>	<b>\$ 4,304,435</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, 2010**

**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:										
2011	\$ 7,970,000	\$ 3,046,051	\$ 6,473,750	\$ 3,009,788	\$ 374,674	\$ 122,648	\$ 3,249,182	\$ 1,842,946	\$ 18,067,606	\$ 8,021,433
2012	7,970,000	2,745,949	6,548,750	2,787,713	389,600	107,721	2,325,000	1,721,830	17,233,350	7,363,213
2013	7,810,000	2,466,201	6,613,750	2,577,388	405,122	92,200	2,325,000	1,621,165	17,153,872	6,756,954
2014	7,855,000	2,165,450	6,673,750	2,354,137	421,262	76,060	2,325,000	1,520,500	17,275,012	6,116,147
2015	7,765,000	1,846,001	6,738,750	2,133,638	438,044	59,277	2,325,000	1,419,835	17,266,794	5,458,751
2016-2020	31,395,000	4,475,824	29,123,750	7,334,626	1,172,988	70,315	11,625,000	5,589,200	73,316,738	17,469,965
2021-2025	3,050,000	178,562	18,693,750	3,496,881	-	-	11,625,000	3,072,575	33,368,750	6,748,018
2026-2030	-	-	5,713,750	575,800	-	-	7,475,000	646,090	13,188,750	1,221,890
	<u>73,815,000</u>	<u>16,924,038</u>	<u>86,580,000</u>	<u>24,269,971</u>	<u>3,201,690</u>	<u>528,221</u>	<u>43,274,182</u>	<u>17,434,141</u>	<u>206,870,872</u>	<u>59,156,371</u>
Premium	2,871,270	-	3,122,189	-	-	-	-	-	5,993,459	-
Deferred Defeasance (net of amortization)	(2,316,292)	-	(627,735)	-	-	-	-	-	(2,944,027)	-
	<u>\$ 74,369,978</u>	<u>\$ 16,924,038</u>	<u>\$ 89,074,454</u>	<u>\$ 24,269,971</u>	<u>\$ 3,201,690</u>	<u>\$ 528,221</u>	<u>\$ 43,274,182</u>	<u>\$ 17,434,141</u>	<u>\$ 209,920,304</u>	<u>\$ 59,156,371</u>
Business-type Activities:										
2011	\$ 16,000	\$ 49,706	\$ 3,785,000	\$ 1,382,375	\$ -	\$ -	\$ 311,800	\$ 153,718	\$ 4,112,800	\$ 1,585,799
2012	17,000	49,046	947,326	2,321,899	-	-	311,800	138,346	1,276,126	2,509,291
2013	18,000	48,345	930,519	2,340,581	-	-	311,800	122,974	1,260,319	2,511,900
2014	18,000	47,603	915,936	2,357,564	-	-	311,800	107,602	1,245,736	2,512,769
2015	19,000	46,860	2,075,000	1,193,175	-	-	311,800	92,230	2,405,800	1,332,265
2016-2020	108,000	221,760	11,765,000	4,576,363	-	-	1,559,000	230,576	13,432,000	5,028,699
2021-2025	131,000	197,794	14,655,000	1,694,437	-	-	-	-	14,786,000	1,892,231
2026-2030	162,000	168,259	-	-	-	-	-	-	162,000	168,259
2031-2035	197,000	132,124	-	-	-	-	-	-	197,000	132,124
2036-2040	241,000	87,904	-	-	-	-	-	-	241,000	87,904
2041-2045	278,000	34,568	-	-	-	-	-	-	278,000	34,568
2046-2050	-	-	-	-	-	-	-	-	-	-
	<u>1,205,000</u>	<u>1,083,969</u>	<u>35,073,781</u>	<u>15,866,394</u>	<u>-</u>	<u>-</u>	<u>3,118,000</u>	<u>845,446</u>	<u>39,396,781</u>	<u>17,795,809</u>
COPS Premium			1,974,520						1,974,520	-
Deferred Defeasance (net of amortization)	-	-	(3,004,265)	-	-	-	-	-	(3,004,265)	-
	<u>\$ 1,205,000</u>	<u>\$ 1,083,969</u>	<u>\$ 34,044,036</u>	<u>\$ 15,866,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,118,000</u>	<u>\$ 845,446</u>	<u>\$ 38,367,036</u>	<u>\$ 17,795,809</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

**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, 2010, there were no industrial revenue bonds outstanding.

**G - Defeasance of Debt**

***Current Year Defeasance of Debt***

On July 8, 2009, the County issued \$34,670,000 General Obligation Refunding Bonds, Series 2009 for the purpose of providing funds, together with other available funds, to currently refund \$35,200,000 of outstanding bonds, as follows:

Current Interest Serial 1998 G.O. Refunding Bonds	\$ 7,320,000
Current Interest Serial 1998 G.O. Bonds	<u>27,880,000</u>
	<u>\$35,200,000</u>

Interest on the General Obligation Refunding Bonds is payable semiannually on February 1 and August 1, commencing February 1 2010, at rates ranging from 2.5% to 5%. The maturity of the Refunding Bonds is February 1 2017. The County completed the current refunding to reduce its total debt service payments over 7.5 years by \$2,782,697 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,473,386. As a result, the refunded general obligation bonds listed above are considered to be defeased and the liability for those certificates of participation has been removed. The carrying value of the current year general obligation refunding bonds has been adjusted (net of amortization) for the deferred amounts on defeasance of (\$494,771) and premium of \$1,226,026.

***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, 2010, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted \$29,100,000.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

**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 prior years' general obligation refunding bonds has been adjusted (net of amortization) for the deferred amounts on defeasance of (\$1,821,521) and premium of \$1,645,244. The carrying value of prior years' refunding certificates of participation has been adjusted (net of amortization) for the deferred amounts on defeasance of (\$3,632,000) and premium of \$5,096,709.

**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, 2010 are comprised of the following individual issues:

Note payable in quarterly installments, in the amount of \$4,583; interest is at 2% below prime	\$ 192,500
Note payable in quarterly installments of \$9,190 including Interest at a fixed rate of 5.25%	<u>325,760</u>
Total	518,260
Less current portion	<u>(38,383)</u>
Noncurrent portion	<u>\$ 479,877</u>

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

	<b>Principal</b>
2011	\$ 38,383
2012	39,456
2013	40,587
2014	41,779
2015	43,035
2016-2020	236,487
2021-2025	78,533
	<u>\$ 518,260</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 of general obligation debt in fiscal year 2010. Principal payments amounted to \$52,500 during fiscal year 2010.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

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

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

The District's general obligation bonds payable at June 30, 2010 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%.	\$ 2,596,000
<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>1,024,500</u>
Total	3,620,500
Less current portion	<u>(55,000)</u>
Noncurrent portion	<u>\$ 3,565,500</u>

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

	<b>Eastover Sanitary District</b>	
	<b>Principal</b>	<b>Interest</b>
2011	\$ 55,000	\$ 162,239
2012	57,500	159,774
2013	59,500	157,199
2014	62,500	154,534
2015	65,500	151,734
2016-2020	374,000	711,933
2021-2025	466,000	620,220
2026-2030	580,000	506,034
2031-2035	721,500	363,818
2036-2040	839,000	189,638
2041-2045	340,000	22,830
	<u>\$ 3,620,500</u>	<u>\$ 3,199,953</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

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

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

In March 2010, the Eastover Sanitary District issued bond anticipation notes to finance construction of a major new water project. In addition the District has a note payable due to the County for a sewer extension project. The District's notes payable at June 30, 2010 are comprised of the following individual issues:

Bond anticipation note payable in single installment of \$6,177,000 plus interest at a rate of \$2.365% due August 3, 2011.	<u>\$6,177,000</u>
Total	\$6,177,000
Less current portion	<u>-</u>
Noncurrent portion	<u>\$6,177,000</u>

Note payable in semi-annual installments of \$12,500 including interest at a fixed rate of 5.29% and a balloon payment of \$227,560 including interest on September 1, 2012.	<u>\$258,752</u>
Total	\$258,752
Less current portion	<u>(24,292)</u>
Noncurrent portion	<u>\$234,460</u>

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

	<u>Principal</u>	<u>Interest</u>
2011	\$ 24,292	\$ 13,208
2012	6,189,764	208,235
2013	221,696	5,864
	<u>\$ 6,435,752</u>	<u>\$ 227,307</u>

The following is a summary of changes in the District's long-term obligations as of June 30, 2010:

	<u>Balance</u>			<u>Balance</u>	<u>Portion</u>
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2010</u>	<u>of Long-term</u>
					<u>Liabilities</u>
General obligation bonds	\$ 3,673,000	\$ -	\$ 52,500	\$ 3,620,500	\$ 55,000
Bond anticipation notes	-	6,177,000	-	6,177,000	-
Note payable	250,000	-	(8,752)	258,752	24,292
	<u>\$ 3,923,000</u>	<u>\$ 6,177,000</u>	<u>\$ 43,748</u>	<u>\$ 10,056,252</u>	<u>\$ 79,292</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2010**

**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, 2010 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	\$ 1,384,215	\$ 5,500	\$ 1,389,715
Total	<u>\$ 1,384,215</u>	<u>\$ 5,500</u>	<u>\$ 1,389,715</u>

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

**Transfers to/from Other Funds**

Transfers in (out) for the year ended June 30, 2010 is summarized below:

	<u>Transfer in:</u>				
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Cumberland County Crown Center</u>	<u>Internal service</u>	<u>Total</u>
<b>Transfer out:</b>					
General	\$ -	\$ 1,913,695	\$ 2,545,330	\$ 210,000	\$ 4,669,025
Major Governmental:					
County Schools	6,106,833				6,106,833
Nonmajor governmental	1,019,338	284,327	4,858,369	-	6,162,034
Crown Center	55,193	-	-	-	55,193
Total Transfers out	<u>\$ 7,181,364</u>	<u>\$ 2,198,022</u>	<u>\$ 7,403,699</u>	<u>\$ 210,000</u>	<u>\$ 16,993,085</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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

**Note 11 - Joint Venture (continued)**

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 \$1,115,000 in bonds outstanding at June 30, 2010 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 North Carolina State construction bond funds. At June 30, 2010 the outstanding note balance is \$924,182.

The County contributed \$8,573,663 and \$38,653 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2010. In addition, during the fiscal year, the County made debt service payments of \$398,950 and \$944,632 on general obligation refunding bonds and notes payable, respectively. 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, 2010. 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.

**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	\$ 237,013,624	\$ 83,092,256
TANF	4,299,418	(4,593)
Special Assistance for Adults	-	2,065,375
Energy Assistance	2,011,796	-
Adoption Subsidy	-	1,333,141
WIC Food Vouchers	9,284,623	-
Adoption Assistance	1,411,775	291,974
	<u>\$ 254,021,236</u>	<u>\$ 86,778,153</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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

**Note 13 - Leases (continued)**

**A - Lessor Arrangements (continued)**

**Operating Lease (continued)**

Remaining payments are as follows:

<u>Fiscal Year Ended</u>	
2011	\$ 6,900
2012	6,900
2013	6,900
	<u>\$ 20,700</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.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

**Note 13 - Leases (continued)**

**A - Lessor Arrangements (continued)**

**Management Lease (continued)**

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>
2011	\$ 3,065,000
2012	3,065,000
2013	3,065,000
2014	3,065,000
2015	3,065,000
2016-2020	15,325,000
2021-2025	15,325,000
2026-2028	9,195,000
	<u>\$ 55,170,000</u>

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

**B - Lessee Arrangements**

The ABC Board leases real property for three store locations under operating leases expiring in various years through the year 2013. At June 30, 2010 future minimum lease payments under all leases are as follows:

2011	\$ 115,164
2012	56,802
2013	23,212
	<u>\$ 195,178</u>

Total rent expense under leases for the year ended June 30, 2010 was \$139,097.

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, 2010 was \$10,000.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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**Note 14 - Contingent Liabilities**

**Federal and State Assisted Programs**

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

**Claims and judgments**

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

**Arbitrage**

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

**Note 15 - Deferred Compensation Plan**

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

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

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

**Note 17 - Subsequent Events**

The Count has received a second allocation of Qualified School Construction Bonds (QSCB's) under the American Recovery and Reinvestment Act (ARRA). This second allocation of \$14.8M will be used for construction of the Western Middle School.

In December 2010, the County plans to refund the Series 2008 Gray's Creek Middle School and Series 2008 Public Health Center installment purchase contracts. The most current analysis indicates potential savings of \$2.5 million or 6% in net present value savings or approximately \$240,000 in annual savings through 2028.

County management intends to combine the sale of the refund bonds and QSCB's. The expected closing date of the sale is December 29, 2010.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2010

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**Note 18 – Prior Period Adjustment**

During the fiscal year ended June 30, 2010, the District determined that certain capital projects costs were expensed in operating expenses in previous years, but should have been capitalized in construction in progress. Therefore, an adjustment was recorded to beginning net assets of the District, the net effect of which was to increase capital assets and beginning net assets by \$233,601.

**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>
2000	\$ 726,819	\$ 1,759,985	\$ 1,033,166	41.30%	\$ 10,019,486	10.31%
2001	708,456	1,706,390	997,934	41.52%	9,483,327	10.52%
2002	619,478	1,783,284	1,163,806	34.74%	9,142,355	12.73%
2003	894,510	1,919,964	1,025,454	46.59%	8,955,910	11.45%
2004	992,117	2,359,322	1,367,205	42.05%	9,573,312	14.28%
2005	1,131,826	2,216,448	1,084,622	51.06%	10,803,871	10.04%
2006	1,275,277	2,558,408	1,283,131	49.85%	11,373,709	11.28%
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%
2009	1,474,475	4,474,587	3,000,112	32.95%	13,852,076	21.66%

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
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%
2010	336,278	100.00%

**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	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumption	
Investment rate of return*	5.00%
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**

<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>
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%
2009	-	197,838,097	197,838,097	0.00%	86,264,545	229.30%

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2008	\$ 17,786,721	16.37%
2009	15,986,983	26.10%
2010	16,586,495	26.92%

**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	12/31/2009
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	
Pre-Medicare trend rate	10.50% to 5.00%
Pre-Medicare trend rate	9.00% to 5.00%
Year of Ultimate trend rate	2017
* 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, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 36,694,217	\$ 20,933,722
Investments	49,543,076	64,371,447
Taxes receivable, net	3,124,133	3,527,588
Sales tax receivable	10,067,189	12,102,472
Due from other governments	9,251,661	8,608,494
Patient receivables	1,758,088	1,150,956
Other receivables, net	1,229,589	2,098,090
Due from other funds	1,389,715	1,338,930
Due from component units	180,795	487,531
Inventories	156,803	194,096
Restricted assets		
Cash and cash equivalents	<u>104</u>	<u>81,188</u>
<b>Total assets</b>	<u><u>\$ 113,395,370</u></u>	<u><u>\$ 114,894,514</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts and vouchers payable	\$ 5,117,955	\$ 6,166,760
Due to other governments	3,944,612	3,944,875
Accrued payroll	3,921,607	3,576,817
Other payables	302,364	959,814
Deferred revenues	<u>3,845,789</u>	<u>4,160,716</u>
<b>Total liabilities</b>	<u>17,132,327</u>	<u>18,808,982</u>
<b>Fund balance</b>		
Reserved for inventories	156,802	194,096
Reserved for register of deeds	498,743	461,343
Reserved for encumbrances	3,635,186	3,746,750
Reserved by State statute	23,603,383	25,456,434
Unreserved (available for future appropriation)		
Designated for subsequent year's expenditures	18,261,131	12,606,247
Designated for tax office software	1,175,000	1,175,000
Designated for renovations and maintenance	2,265,121	3,536,479
Designated for "old" Health Department renovations	3,882,892	5,682,892
Designated for Hope VI Project	3,375,000	3,375,000
Undesignated	<u>39,409,785</u>	<u>39,851,291</u>
<b>Total fund balance</b>	<u>96,263,043</u>	<u>96,085,532</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 113,395,370</u></u>	<u><u>\$ 114,894,514</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2010  
(With Comparative Totals for June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
<b>Ad valorem taxes</b>				
Current year	\$ 138,943,400	\$ 142,514,324	\$ 3,570,924	\$ 127,069,184
Prior years	1,231,664	964,039	(267,625)	1,180,776
Penalties and interest	1,273,132	1,461,933	188,801	1,361,534
Motor vehicle - current	10,955,832	11,928,041	972,209	13,481,207
Motor vehicle - prior	2,297,158	2,447,607	150,449	2,383,544
Other	475,000	439,395	(35,605)	472,730
<b>Total ad valorem taxes</b>	<b>155,176,186</b>	<b>159,755,339</b>	<b>4,579,153</b>	<b>145,948,975</b>
<b>Other taxes</b>				
Dog registration fees	450,000	323,484	(126,516)	333,916
Real estate transfer	850,000	820,502	(29,498)	875,787
Beer and wine	525,362	110,064	(415,298)	473,232
Sales	35,803,827	35,692,243	(111,584)	43,865,071
Other	743,438	643,799	(99,639)	755,814
<b>Total other taxes</b>	<b>38,372,627</b>	<b>37,590,092</b>	<b>(782,535)</b>	<b>46,303,820</b>
<b>Unrestricted intergovernmental revenues</b>				
Federal	225,000	142,459	(82,541)	274,028
State government	230,370	369,353	138,983	307,793
Fayetteville	7,060,779	6,739,566	(321,213)	5,073,090
Municipalities	1,449,692	1,398,478	(51,214)	474,197
Other governmental	1,500,000	1,973,838	473,838	2,687,328
<b>Total unrestricted intergovernmental revenues</b>	<b>10,465,841</b>	<b>10,623,694</b>	<b>157,853</b>	<b>8,816,436</b>
<b>Restricted intergovernmental revenues</b>				
Federal	1,994,478	1,060,503	(933,975)	293,653
NC health programs	6,542,052	5,480,271	(1,061,781)	4,893,342
NC mental health programs	14,157,373	13,303,585	(853,788)	11,879,068
NC social services programs	43,444,561	41,169,453	(2,275,108)	40,316,416
NC library programs	737,304	770,086	32,782	907,713
NC other restricted revenue	701,623	496,044	(205,579)	1,082,925
Other restricted revenue	1,569,150	1,014,859	(554,291)	918,490
<b>Total restricted intergovernmental revenues</b>	<b>69,146,541</b>	<b>63,294,801</b>	<b>(5,851,740)</b>	<b>60,291,607</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, 2010  
(With Comparative Totals for June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues (continued)</b>				
<b>Licenses and permits</b>				
Inspection department permits	\$ 678,000	\$ 794,896	\$ 116,896	\$ 811,027
Marriage licenses	62,721	99,175	36,454	116,900
Register of Deeds fees	1,250,000	1,481,628	231,628	1,570,304
Miscellaneous permits	74,175	96,248	22,073	132,411
<b>Total licenses and permits</b>	<b>2,064,896</b>	<b>2,471,947</b>	<b>407,051</b>	<b>2,630,642</b>
<b>Sales and services</b>				
Health department fees	2,994,431	3,447,441	453,010	3,310,465
Library fees	263,130	364,878	101,748	316,123
Mental health department fees	8,763,852	7,405,773	(1,358,079)	7,087,395
Sheriff department fees	2,654,968	2,606,043	(48,925)	2,610,415
Social services fees	105,497	93,689	(11,808)	106,716
Other department fees	2,179,528	2,451,096	271,568	2,513,290
<b>Total sales and services</b>	<b>16,961,406</b>	<b>16,368,920</b>	<b>(592,486)</b>	<b>15,944,404</b>
<b>Interest earned on investments</b>	<b>1,300,000</b>	<b>257,828</b>	<b>(1,042,172)</b>	<b>1,403,181</b>
<b>Miscellaneous</b>				
Miscellaneous	493,209	399,181	(94,028)	4,135,556
Rent, land, and buildings	4,028,511	4,062,387	33,876	4,045,138
Sales miscellaneous	4,983	5,299	316	8,586
<b>Total miscellaneous</b>	<b>4,526,703</b>	<b>4,466,867</b>	<b>(59,836)</b>	<b>8,189,280</b>
<b>Total revenues</b>	<b>298,014,200</b>	<b>294,829,488</b>	<b>(3,184,712)</b>	<b>289,528,345</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, 2010  
(With Comparative Totals for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Governing body	\$ 481,048	\$ 472,786	\$ 8,262	\$ 505,319
Administration	1,702,990	1,363,389	339,601	1,472,129
Court facilities	136,500	32,181	104,319	64,859
Information services	1,753,658	1,660,055	93,603	1,731,389
Elections	897,939	858,195	39,744	814,144
Finance	1,010,646	1,002,050	8,596	1,007,617
Legal	685,853	642,073	43,780	667,931
Register of Deeds	2,191,333	1,719,418	471,915	1,854,101
Tax Assessor	4,358,413	4,147,391	211,022	4,259,387
Print & graphics shop	200,362	199,604	758	196,578
Public building	2,509,381	1,960,312	549,069	1,950,936
Communications center	167,286	144,572	22,714	160,772
Carpenter shop	198,691	177,629	21,062	178,346
Public buildings - equipment maintenance	1,075,064	1,039,443	35,621	1,066,752
Public buildings - janitorial	660,382	656,566	3,816	643,166
Central maintenance	518,768	476,493	42,275	861,562
Landscaping and grounds	648,018	572,088	75,930	593,372
General government other	6,678,531	3,436,023	3,242,508	8,224,099
<b>Total general government</b>	<b>25,874,863</b>	<b>20,560,268</b>	<b>5,314,595</b>	<b>26,252,459</b>
<b>Public safety</b>				
Emergency services	6,418,990	4,538,638	1,880,352	2,216,694
Sheriff	22,705,201	22,062,391	642,810	21,137,370
Jail	11,586,131	11,362,415	223,716	11,160,255
School law enforcement-local	3,266,078	3,255,728	10,350	3,111,358
Sheriff's grants	2,066,634	995,200	1,071,434	699,168
Animal services	1,969,104	1,431,199	537,905	1,331,022
Public safety other	854,362	778,366	75,996	880,645
Cumberland day reporting center	210,054	206,637	3,417	211,138
Criminal justice unit	336,267	335,248	1,019	336,284
Community correction - probation	78,604	77,799	805	84,211
<b>Total public safety</b>	<b>49,491,425</b>	<b>45,043,621</b>	<b>4,447,804</b>	<b>41,168,145</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, 2010  
(With Comparative Totals for June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Economic and physical development</b>				
Planning and inspections department	\$ 2,995,868	\$ 2,802,049	\$ 193,819	\$ 2,893,407
Engineering	273,830	268,371	5,459	268,336
NC cooperative extension service	574,050	498,512	75,538	553,049
Soil conservation district	75,952	73,176	2,776	72,581
Soil conservation cost	60,661	60,023	638	55,067
Economic physical development - other	433,909	420,625	13,284	435,385
Industrial park	83,417	54,088	29,329	55,239
Location services	413,577	387,563	26,014	272,609
Public utilities	147,032	142,575	4,457	147,211
<b>Total economic and physical development</b>	<b>5,058,296</b>	<b>4,706,982</b>	<b>351,314</b>	<b>4,752,884</b>
<b>Human services</b>				
<b>Mental Health</b>				
Child and youth contracts	375,322	375,013	309	362,277
Family preservation	1,072,990	782,674	290,316	745,046
Homeless child	61,309	55,881	5,428	59,775
Smart Start	293,509	276,783	16,726	275,403
Child outpatient	1,111,130	884,199	226,931	876,534
Winding creek	229,450	66,844	162,606	62,227
Adult homeless	99,797	92,428	7,369	87,367
Juvenile crime prevention	202,915	138,456	64,459	178,416
NC treatment alternative to street crime	250,574	208,456	42,118	227,909
Substance abuse contracts	1,941,132	1,634,739	306,393	1,206,008
Detoxification	1,062,356	917,805	144,551	982,008
Smart Start daycare	-	-	-	2
Developmental disabled contracts	2,677,681	2,042,352	635,329	1,552,710
Adult contracts	1,998,772	1,937,948	60,824	963,830
Crisis stabilization	1,115,404	936,279	179,125	822,970
Adult periodic	1,691,980	1,414,421	277,559	1,321,845

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2010  
(With Comparative Totals for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Mental Health (continued)</b>				
Child respite	\$ 526,379	\$ 495,164	\$ 31,215	\$ 529,051
Alternative family living	4,460,821	4,121,201	339,620	3,690,988
Mental health department	1,313,352	552,745	760,607	748,827
Medical services	2,967,892	2,149,944	817,948	2,134,693
Claims management	283,034	258,472	24,562	251,936
Medical records	320,447	256,010	64,437	237,188
Management information systems	1,291,095	778,609	512,486	1,058,627
Personnel	163,446	139,813	23,633	141,427
Medicaid contracts	1,715,000	1,552,005	162,995	1,488,166
Thomas S. - Mentally retarded and ill contracts	738,290	460,839	277,451	461,989
Managed care	253,788	126,450	127,338	93,450
RCE - TASC - Community partnership	1,819,628	1,813,590	6,038	1,908,597
Business management and accounting	634,950	542,093	92,857	523,057
Provider relations and support	197,671	184,828	12,843	183,637
Access line screening triag - referral	838,413	734,270	104,143	659,249
Service management	712,313	686,732	25,581	720,115
Consumer affairs and customer service	431,510	329,475	102,035	346,946
Quality improvement and outcome evaluation	826,768	672,408	154,360	715,320
CTSP court order evaluation	125,027	98,081	26,946	87,123
<b>Subtotal - mental health</b>	<b>33,804,145</b>	<b>27,717,007</b>	<b>6,087,138</b>	<b>25,704,713</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, 2010  
(With Comparative Totals for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Health</b>				
Health - administration	\$ 1,595,745	\$ 1,551,298	\$ 44,447	\$ 1,539,647
Laboratory	393,720	332,604	61,116	369,109
Mosquito control	-	-	-	20,539
Pharmacy	576,156	478,194	97,962	423,231
C. C. Jail health program	1,856,673	1,859,793	(3,120)	1,639,507
Management support	289,410	278,630	10,780	304,835
NC environmental health	1,422,429	1,229,453	192,976	1,371,981
Immunization clinic	405,283	370,537	34,746	462,217
School health program	793,075	712,526	80,549	780,476
C.C. wellness program	46,386	39,392	6,994	38,330
Child health clinic	819,507	726,477	93,030	690,220
Dental clinic	312,412	240,534	71,878	318,940
Health promotion	330,273	314,476	15,797	308,739
Maternal health clinic	566,015	482,119	83,896	509,371
Medical records	239,511	225,949	13,562	246,467
Childhood lead poison prevention	-	-	-	277
Breast/cervical cancer	121,799	120,488	1,311	117,911
Child service coordination	608,777	548,526	60,251	615,931
Child fatality prevention	3,813	3,505	308	3,876
BCCCP-CVD screening	-	-	-	24,791
Medical referral program	525,013	461,290	63,723	-
Chest TB clinic	145,422	132,947	12,475	218,312
Family planning clinic	841,369	724,300	117,069	952,554
NC epilepsy program	-	-	-	866
NC general communicable disease	396,562	331,821	64,741	249,416
CDC tuberculosis project	133,128	88,016	45,112	70,424
NC AIDS	65,716	59,171	6,545	67,421
Adult health clinic	991,476	958,365	33,111	752,538
School health	490,863	425,317	65,546	445,093
WIC - clinic services	2,560,044	2,052,861	507,183	1,793,382
Health - other	89,530	87,955	1,575	147,417
Regional bioterrorism response team	715,529	564,835	150,694	496,512
Bioterrorism preparedness and response	249,660	185,872	63,788	105,853
STD clinic	452,276	452,009	267	427,216
South Central partnership	-	-	-	196,496
Maternal care coordination	549,982	477,800	72,182	570,192
<b>Subtotal - health</b>	<b>18,587,554</b>	<b>16,517,060</b>	<b>2,070,494</b>	<b>16,280,087</b>
<b>Welfare</b>				
Social services department	35,227,404	32,613,812	2,613,592	33,461,023
Social services - other	28,041,304	26,573,232	1,468,072	30,606,209
Grant - FV care center	386,717	351,877	34,840	350,580
Grant - FV care center	308,376	291,116	17,260	377,280
<b>Subtotal - welfare</b>	<b>63,963,801</b>	<b>59,830,037</b>	<b>4,133,764</b>	<b>64,795,092</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, 2010  
(With Comparative Totals for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Other human services</b>				
Veterans' services	\$ 312,471	\$ 275,225	\$ 37,246	\$ 311,023
Spring Lake Resource Center - Admin	8,819	-	8,819	-
Child support enforcement	279,498	227,098	52,400	2,980
<b>Subtotal - other human services</b>	<b>600,788</b>	<b>502,323</b>	<b>98,465</b>	<b>314,003</b>
<b>Total human services</b>	<b>116,956,288</b>	<b>104,566,427</b>	<b>12,389,861</b>	<b>107,093,895</b>
<b>Cultural and recreational</b>				
Library	8,935,122	8,549,249	385,873	8,364,197
Library foreign language	47,800	42,252	5,548	182,435
Law library	75,184	73,541	1,643	75,622
Library - Smart Start	224,577	224,288	289	250,238
Motherread	65,785	63,110	2,675	67,987
Stadium maintenance	155,158	155,158	-	153,911
Culture recreation other	304,170	302,580	1,590	312,300
Library - grants	214,118	103,145	110,973	153,480
<b>Total cultural and recreational</b>	<b>10,021,914</b>	<b>9,513,323</b>	<b>508,591</b>	<b>9,560,170</b>
<b>Education</b>				
Public schools - current	80,180,578	79,862,381	318,197	72,392,192
Community colleges - current	8,573,663	8,573,663	-	8,283,893
Community colleges - capital outlay	82,995	38,654	44,341	910,678
<b>Total education</b>	<b>88,837,236</b>	<b>88,474,698</b>	<b>362,538</b>	<b>81,586,763</b>
<b>Debt service</b>				
Principal payments	15,698,042	15,698,042	-	15,388,661
Interest and fees	8,774,482	8,774,476	6	10,684,164
<b>Total debt service</b>	<b>24,472,524</b>	<b>24,472,518</b>	<b>6</b>	<b>26,072,825</b>
<b>Total expenditures</b>	<b>320,712,546</b>	<b>297,337,837</b>	<b>23,374,709</b>	<b>296,487,141</b>
<b>Revenues over (under) expenditures</b>	<b>(22,698,346)</b>	<b>(2,508,349)</b>	<b>20,189,997</b>	<b>(6,958,796)</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, 2010  
(With Comparative Totals for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Other financing sources (uses)</b>				
Sale of capital assets	\$ -	\$ 163,597	\$ 163,597	\$ 270,916
Bond proceeds	36,104,505	36,104,505	-	52,400,000
Debt issue costs	310,443	320,367	9,924	4,178,094
Payment to escrow agent	(36,414,948)	(36,414,948)	-	(55,622,909)
Transfers in	7,261,177	7,181,364	(79,813)	9,249,764
Transfers out	(5,068,898)	(4,669,025)	399,873	(5,148,297)
Fund balance appropriated	20,506,067	-	(20,506,067)	-
<b>Total other financing sources (uses)</b>	<u>22,698,346</u>	<u>2,685,860</u>	<u>(20,012,486)</u>	<u>5,327,568</u>
<b>Revenues and other financing sources (uses) over expenditures</b>	<u>\$ -</u>	<u>177,511</u>	<u>\$ 177,511</u>	<u>(1,631,228)</u>
<b>Fund balance</b>				
Beginning of year - July 1		<u>96,085,532</u>		<u>97,716,760</u>
End of year - June 30		<u>\$ 96,263,043</u>		<u>\$ 96,085,532</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, 2010  
(With Comparative Totals for June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Other taxes	\$ 9,515,868	\$ 8,019,069	\$ (1,496,799)	\$ 9,252,090
Unrestricted intergovernmental revenue	500,000	1,031,346	531,346	580,149
Restricted intergovernmental revenue	7,575,778	6,046,938	(1,528,840)	3,397,118
Interest earned on investments	-	11,028	11,028	222,413
Miscellaneous	-	234,574	234,574	184,104
<b>Total revenues</b>	<b>17,591,646</b>	<b>15,342,955</b>	<b>(2,248,691)</b>	<b>13,635,874</b>
<b>Expenditures</b>				
Education				
School capital outlay I	11,104,000	4,289,128	6,814,872	9,126,582
School capital outlay II	6,565,000	5,043,991	1,521,009	6,821,553
School capital outlay III	776,000	552,391	223,609	794,145
<b>Total expenditures</b>	<b>18,445,000</b>	<b>9,885,510</b>	<b>8,559,490</b>	<b>16,742,280</b>
<b>Revenues over expenditures</b>	<b>(853,354)</b>	<b>5,457,445</b>	<b>6,310,799</b>	<b>(3,106,406)</b>
<b>Other financing sources (uses)</b>				
Transfers (out)	(6,186,646)	(6,106,833)	79,813	(5,405,750)
Appropriated fund balance	7,040,000	-	(7,040,000)	-
<b>Total other financing sources (uses)</b>	<b>853,354</b>	<b>(6,106,833)</b>	<b>(6,960,187)</b>	<b>(5,405,750)</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>(649,388)</b>	<b>\$ (649,388)</b>	<b>(8,512,156)</b>
<b>Fund balances</b>				
Beginning of year - July 1		9,151,373		17,663,529
End of year - June 30		\$ 8,501,985		\$ 9,151,373

**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, 2010**

	<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	\$ -	\$ 180,894	\$ -	\$ 4,415	\$ 185,309
<b>Total revenues</b>	<u>-</u>	<u>180,894</u>	<u>-</u>	<u>4,415</u>	<u>185,309</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Health Department Building	<u>27,986,300</u>	<u>19,768,875</u>	<u>-</u>	<u>6,590,984</u>	<u>26,359,859</u>
<b>Total expenditures</b>	<u>27,986,300</u>	<u>19,768,875</u>	<u>-</u>	<u>6,590,984</u>	<u>26,359,859</u>
<b>Revenues over (under) expenditures</b>	<u>(27,986,300)</u>	<u>(19,587,981)</u>	<u>-</u>	<u>(6,586,569)</u>	<u>(26,174,550)</u>
<b>Other financing sources (uses)</b>					
Debt issuance	26,500,000	26,500,000	-	-	26,500,000
Transfers in	<u>1,486,300</u>	<u>1,486,300</u>	<u>-</u>	<u>-</u>	<u>1,486,300</u>
<b>Total other financing sources</b>	<u>27,986,300</u>	<u>27,986,300</u>	<u>-</u>	<u>-</u>	<u>27,986,300</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 8,398,319</u>	<u>\$ -</u>	<u>(6,586,569)</u>	<u>\$ 1,811,750</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>8,398,319</u>	
End of year - June 30				<u>\$ 1,811,750</u>	

**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, 2010**

	<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	\$ -	\$ 211,442	\$ -	\$ 2,518	\$ 213,960
Miscellaneous	-	314,591	-	6,269	320,860
<b>Total revenues</b>	<u>-</u>	<u>526,033</u>	<u>-</u>	<u>8,787</u>	<u>534,820</u>
<b>Expenditures</b>					
NC school bond project	19,969,874	18,254,363	-	1,055,171	19,309,534
Debt service	30,126	30,126	-	-	30,126
<b>Total expenditures</b>	<u>20,000,000</u>	<u>18,284,489</u>	<u>-</u>	<u>1,055,171</u>	<u>19,339,660</u>
<b>Revenues over (under) expenditures</b>	<u>(20,000,000)</u>	<u>(17,758,456)</u>	<u>-</u>	<u>(1,046,384)</u>	<u>(18,804,840)</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>\$ 2,241,544</u>	<u>\$ -</u>	<u>(1,046,384)</u>	<u>\$ 1,195,160</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>2,241,544</u>	
End of year - June 30				<u>\$ 1,195,160</u>	

**NONMAJOR GOVERNMENTAL FUNDS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 19,358,107	\$ -	\$ -	\$ 19,358,107
Investments	2,070,558	-	-	2,070,558
Taxes receivable, net	368,063	-	-	368,063
Sales tax receivable	75,603	249,270	-	324,873
Due from other governments	1,884,334	-	-	1,884,334
Other receivables, net	1,420,191	-	-	1,420,191
Restricted assets:				
Cash and cash equivalents	80,801	20,199,605	6,395	20,286,801
Investments	-	-	36,101	36,101
<b>Total assets</b>	<b>\$ 25,257,657</b>	<b>\$ 20,448,875</b>	<b>\$ 42,496</b>	<b>\$ 45,749,028</b>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts and vouchers payable	\$ 885,865	\$ 5,257,114	\$ 200	\$ 6,143,179
Due to other governments	68,121	-	-	68,121
Accrued payroll	102,656	-	-	102,656
Other payables	35,191	-	-	35,191
Due to other funds	1,384,215	-	-	1,384,215
Deferred revenue	1,457,628	-	-	1,457,628
<b>Total liabilities</b>	<b>3,933,676</b>	<b>5,257,114</b>	<b>200</b>	<b>9,190,990</b>
Fund balances:				
Reserved:				
Reserved for encumbrances	805,127	-	-	805,127
Reserved by State statute	2,290,563	249,270	-	2,539,833
Reserved for inmates	23,566	-	-	23,566
Reserved for cemetery	-	-	42,296	42,296
Unreserved:				
Designated for subsequent year's expenditures	5,182,510	-	-	5,182,510
Undesignated	13,022,215	14,942,491	-	27,964,706
<b>Total fund balances</b>	<b>21,323,981</b>	<b>15,191,761</b>	<b>42,296</b>	<b>36,558,038</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,257,657</b>	<b>\$ 20,448,875</b>	<b>\$ 42,496</b>	<b>\$ 45,749,028</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2010**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 9,985,900	\$ -	\$ -	\$ 9,985,900
Other taxes	5,227,384	-	-	5,227,384
Restricted intergovernmental revenue	14,126,383	2,567	-	14,128,950
Sales and services	193,772	5,381	-	199,153
Interest earned on investments	86,785	48,337	358	135,480
Miscellaneous	1,266,284	-	2,399	1,268,683
<b>Total revenues</b>	<b>30,886,508</b>	<b>56,285</b>	<b>2,757</b>	<b>30,945,550</b>
<b>Expenditures</b>				
Current:				
General government	500,584	-	1,600	502,184
Public safety	7,191,552	-	-	7,191,552
Economic and physical development	13,201,257	4,267	-	13,205,524
Human services	1,613,479	-	-	1,613,479
Cultural and recreational	3,623,288	-	-	3,623,288
Capital outlay	667,972	20,138,568	-	20,806,540
Principal payments	150,000	-	-	150,000
Interest and fees	5,399	-	-	5,399
<b>Total expenditures</b>	<b>26,953,531</b>	<b>20,142,835</b>	<b>1,600</b>	<b>47,097,966</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,932,977</b>	<b>(20,086,550)</b>	<b>1,157</b>	<b>(16,152,416)</b>
<b>Other financing sources (uses)</b>				
Debt issuance	-	15,758,035	-	15,758,035
Sale of capital assets	10,443	-	-	10,443
Transfers in	2,198,022	-	-	2,198,022
Transfers out	(5,430,907)	(731,127)	-	(6,162,034)
<b>Total other financing sources (uses)</b>	<b>(3,222,442)</b>	<b>15,026,908</b>	<b>-</b>	<b>11,804,466</b>
 <b>Net change in fund balances</b>	 <b>710,535</b>	 <b>(5,059,642)</b>	 <b>1,157</b>	 <b>(4,347,950)</b>
<b>Fund balance - beginning</b>	<b>20,613,446</b>	<b>20,251,403</b>	<b>41,139</b>	<b>40,905,988</b>
<b>Fund balance - ending</b>	<b>\$ 21,323,981</b>	<b>\$ 15,191,761</b>	<b>\$ 42,296</b>	<b>\$ 36,558,038</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2010

(continued)

	Prepared Food and Beverage Fund	Emergency Telephone Fund	Workforce Development Fund	Industrial Development Fund	Water and Sewer Fund	Property Revaluation Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund
<b>Assets</b>									
Cash and cash equivalents	\$ 5,974,319	\$ 3,095,776	\$ 1,499	\$ 2,896,167	\$ 3,532,364	\$ 424,835	\$ 1,192,785	\$ 412,256	\$ 117,417
Investments	-	-	-	500,285	1,496,297	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	128,779	-	-
Sales tax receivable	-	4,789	49,125	-	3,334	736	4,597	1,103	480
Due from other governments	-	96,135	691,836	-	-	-	-	8,280	225,844
Other receivables, net	-	873	-	674	1,354,222	-	-	-	64,422
Restricted assets:									
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5,974,319</b>	<b>\$ 3,197,573</b>	<b>\$ 742,460</b>	<b>\$ 3,397,126</b>	<b>\$ 6,386,217</b>	<b>\$ 425,571</b>	<b>\$ 1,326,161</b>	<b>\$ 421,639</b>	<b>\$ 408,163</b>
<b>Liabilities and fund balances</b>									
Liabilities:									
Accounts and vouchers payable	\$ 1,320	\$ 3,583	\$ 65,944	\$ -	\$ -	\$ 1,526	\$ 39,974	\$ 175,201	\$ 163,790
Due to other governments	-	-	13,671	-	-	-	44,646	-	9,804
Accrued payroll	-	-	45,993	-	-	15,267	-	17,382	2,156
Other payables	-	-	-	-	-	-	-	-	31,884
Due to other funds	-	-	429,693	-	-	-	-	-	190,459
Deferred revenue	-	150	-	78	1,089,332	-	128,780	-	-
<b>Total liabilities</b>	<b>1,320</b>	<b>3,733</b>	<b>555,301</b>	<b>78</b>	<b>1,089,332</b>	<b>16,793</b>	<b>213,400</b>	<b>192,583</b>	<b>398,093</b>
Fund balances:									
Reserved:									
Reserved for encumbrances	-	30,392	54,238	-	333,929	-	77,721	19,001	283,942
Reserved by State statute	-	101,647	740,961	596	268,224	736	4,596	9,383	290,746
Reserved for inmates	-	-	-	-	-	-	-	-	-
Unreserved:									
Designated for subsequent year's expenditures	2,637,848	1,325,405	-	1,003,503	-	9,376	32,000	10,068	-
Undesignated	3,335,151	1,736,396	(608,040)	2,392,949	4,694,732	398,666	998,444	190,604	(564,618)
<b>Total fund balances</b>	<b>5,972,999</b>	<b>3,193,840</b>	<b>187,159</b>	<b>3,397,048</b>	<b>5,296,885</b>	<b>408,778</b>	<b>1,112,761</b>	<b>229,056</b>	<b>10,070</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,974,319</b>	<b>\$ 3,197,573</b>	<b>\$ 742,460</b>	<b>\$ 3,397,126</b>	<b>\$ 6,386,217</b>	<b>\$ 425,571</b>	<b>\$ 1,326,161</b>	<b>\$ 421,639</b>	<b>\$ 408,163</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2010

(concluded)

	Flea Hill Drainage District Fund	Community Development Fund	Fire Protection Fund	Federal Drug Forfeiture Fund	Federal Forfeiture Treasury Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Downtown Revitalization Fund	Inmate Welfare Fund	Total Nonmajor Special Revenue Funds
<b>Assets</b>										
Cash and cash equivalents	\$ 5,266	\$ 36,640	\$ 409,918	\$ 933,444	\$ 1,226	\$ 73,066	\$ 15,915	\$ 235,214	\$ -	\$ 19,358,107
Investments	73,976	-	-	-	-	-	-	-	-	2,070,558
Taxes receivable, net	-	-	239,284	-	-	-	-	-	-	368,063
Sales tax receivable	-	11,439	-	-	-	-	-	-	-	75,603
Due from other governments	-	862,239	-	-	-	-	-	-	-	1,884,334
Other receivables, net	-	-	-	-	-	-	-	-	-	1,420,191
Restricted assets:										
Cash and cash equivalents	-	-	-	-	-	-	-	-	80,801	80,801
<b>Total assets</b>	<b>\$ 79,242</b>	<b>\$ 910,318</b>	<b>\$ 649,202</b>	<b>\$ 933,444</b>	<b>\$ 1,226</b>	<b>\$ 73,066</b>	<b>\$ 15,915</b>	<b>\$ 235,214</b>	<b>\$ 80,801</b>	<b>\$ 25,257,657</b>
<b>Liabilities and fund balances</b>										
Liabilities:										
Accounts and vouchers payable	\$ -	\$ 77,592	\$ 351,839	\$ 5,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 885,865
Due to other governments	-	-	-	-	-	-	-	-	-	68,121
Accrued payroll	-	18,643	-	-	-	-	-	-	3,215	102,656
Other payables	-	3,307	-	-	-	-	-	-	-	35,191
Due to other funds	-	745,292	-	-	-	-	-	-	18,771	1,384,215
Deferred revenue	-	-	239,288	-	-	-	-	-	-	1,457,628
Total liabilities:	-	844,834	591,127	5,096	-	-	-	-	21,986	3,933,676
Fund balances:										
Reserved:										
Reserved for encumbrances	-	-	-	5,904	-	-	-	-	-	805,127
Reserved by State statute	-	873,678	(4)	-	-	-	-	-	-	2,290,563
Reserved for inmates	-	-	-	-	-	-	-	-	23,566	23,566
Unreserved:										
Designated for subsequent year's expenditures	-	-	-	164,310	-	-	-	-	-	5,182,510
Undesignated	79,242	(808,194)	58,079	758,134	1,226	73,066	15,915	235,214	35,249	13,022,215
Total fund balances	79,242	65,484	58,075	928,348	1,226	73,066	15,915	235,214	58,815	21,323,981
<b>Total liabilities and fund balances</b>	<b>\$ 79,242</b>	<b>\$ 910,318</b>	<b>\$ 649,202</b>	<b>\$ 933,444</b>	<b>\$ 1,226</b>	<b>\$ 73,066</b>	<b>\$ 15,915</b>	<b>\$ 235,214</b>	<b>\$ 80,801</b>	<b>\$ 25,257,657</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2010**

(continued)

	Prepared Food and Beverage Fund	Emergency Telephone 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,571,229	\$ -	\$ -
Other taxes	5,206,100	21,284	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	1,153,621	6,324,790	10,600	12,700	-	18,957	1,229,321	1,102,472
Sales and services	-	-	24,126	-	-	-	-	131,441	38,205
Interest earned on investments	11,128	8,702	-	9,343	51,313	440	2,653	430	257
Miscellaneous	-	-	188	-	773,883	-	-	-	-
<b>Total revenues</b>	<b>5,217,228</b>	<b>1,183,607</b>	<b>6,349,104</b>	<b>19,943</b>	<b>837,896</b>	<b>440</b>	<b>3,592,839</b>	<b>1,361,192</b>	<b>1,140,934</b>
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	500,584	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Economic and physical development	-	659,999	6,350,158	1,041,185	298,918	-	-	-	1,211,139
Human services	-	-	-	-	-	-	-	1,613,479	-
Cultural and recreational	4,907	-	-	-	-	-	3,618,381	-	-
Capital outlay	-	449,623	-	-	-	-	195,947	-	-
Principal payments	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>4,907</b>	<b>1,109,622</b>	<b>6,350,158</b>	<b>1,041,185</b>	<b>298,918</b>	<b>500,584</b>	<b>3,814,328</b>	<b>1,613,479</b>	<b>1,211,139</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,212,321</b>	<b>73,985</b>	<b>(1,054)</b>	<b>(1,021,242)</b>	<b>538,978</b>	<b>(500,144)</b>	<b>(221,489)</b>	<b>(252,287)</b>	<b>(70,205)</b>
<b>Other financing sources (uses)</b>									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	58,562	526,104	250,000	538,291	-	270,290	24,917
Transfers out	(4,906,907)	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(4,906,907)</b>	<b>-</b>	<b>58,562</b>	<b>526,104</b>	<b>250,000</b>	<b>538,291</b>	<b>-</b>	<b>270,290</b>	<b>24,917</b>
<b>Net change in fund balances</b>	<b>305,414</b>	<b>73,985</b>	<b>57,508</b>	<b>(495,138)</b>	<b>788,978</b>	<b>38,147</b>	<b>(221,489)</b>	<b>18,003</b>	<b>(45,288)</b>
<b>Fund balance - beginning</b>	<b>5,667,585</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>Fund balance - ending</b>	<b>\$ 5,972,999</b>	<b>\$ 3,193,840</b>	<b>\$ 187,159</b>	<b>\$ 3,397,048</b>	<b>\$ 5,296,885</b>	<b>\$ 408,778</b>	<b>\$ 1,112,761</b>	<b>\$ 229,056</b>	<b>\$ 10,070</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2010**

(concluded)

	Flea Hill Drainage District Fund	Community Development Fund	Fire Protection Fund	Federal Drug Forfeiture Fund	Federal Forfeiture Treasury Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Downtown Revitalization Fund	Inmate Welfare Fund	Total Nonmajor Special Revenue Funds
<b>Revenues</b>										
Ad valorem taxes	\$ -	\$ -	\$ 6,414,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,985,900
Other taxes	-	-	-	-	-	-	-	-	-	5,227,384
Restricted intergovernmental revenue	-	3,524,301	-	668,528	-	77,844	3,249	-	-	14,126,383
Sales and services	-	-	-	-	-	-	-	-	-	193,772
Interest earned on investments	736	-	337	705	13	236	-	429	63	86,785
Miscellaneous	-	19,824	-	-	-	-	-	-	472,389	1,266,284
<b>Total revenues</b>	<b>736</b>	<b>3,544,125</b>	<b>6,415,008</b>	<b>669,233</b>	<b>13</b>	<b>78,080</b>	<b>3,249</b>	<b>429</b>	<b>472,452</b>	<b>30,886,508</b>
<b>Expenditures</b>										
Current:										
General government	-	-	-	-	-	-	-	-	-	500,584
Public safety	-	-	6,618,563	124,786	11,000	-	-	-	437,203	7,191,552
Economic and physical development	-	3,639,858	-	-	-	-	-	-	-	13,201,257
Human services	-	-	-	-	-	-	-	-	-	1,613,479
Cultural and recreational	-	-	-	-	-	-	-	-	-	3,623,288
Capital outlay	-	-	-	22,402	-	-	-	-	-	667,972
Principal payments	-	150,000	-	-	-	-	-	-	-	150,000
Interest and fees	-	5,399	-	-	-	-	-	-	-	5,399
<b>Total expenditures</b>	<b>-</b>	<b>3,795,257</b>	<b>6,618,563</b>	<b>147,188</b>	<b>11,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437,203</b>	<b>26,953,531</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>736</b>	<b>(251,132)</b>	<b>(203,555)</b>	<b>522,045</b>	<b>(10,987)</b>	<b>78,080</b>	<b>3,249</b>	<b>429</b>	<b>35,249</b>	<b>3,932,977</b>
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	-	-	10,443	-	-	-	-	-	10,443
Transfers in	-	245,531	-	284,327	-	-	-	-	-	2,198,022
Transfers out	-	-	(24,000)	(258,000)	-	(242,000)	-	-	-	(5,430,907)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>245,531</b>	<b>(24,000)</b>	<b>36,770</b>	<b>-</b>	<b>(242,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,222,442)</b>
<b>Net change in fund balances</b>	<b>736</b>	<b>(5,601)</b>	<b>(227,555)</b>	<b>558,815</b>	<b>(10,987)</b>	<b>(163,920)</b>	<b>3,249</b>	<b>429</b>	<b>35,249</b>	<b>710,535</b>
<b>Fund balance - beginning</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>20,613,446</b>
<b>Fund balance - ending</b>	<b>\$ 79,242</b>	<b>\$ 65,484</b>	<b>\$ 58,075</b>	<b>\$ 928,348</b>	<b>\$ 1,226</b>	<b>\$ 73,066</b>	<b>\$ 15,915</b>	<b>\$ 235,214</b>	<b>\$ 58,815</b>	<b>\$ 21,323,981</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Other taxes	\$ 4,739,698	\$ 5,206,100	\$ 466,402	\$ 5,103,073
Interest earned on investments	100,000	11,128	(88,872)	92,167
<b>Total revenues</b>	<u>4,839,698</u>	<u>5,217,228</u>	<u>377,530</u>	<u>5,195,240</u>
<b>Expenditures</b>				
Cultural and recreational	9,483	4,907	4,576	3,588
<b>Total expenditures</b>	<u>9,483</u>	<u>4,907</u>	<u>4,576</u>	<u>3,588</u>
<b>Revenues over expenditures</b>	<u>4,830,215</u>	<u>5,212,321</u>	<u>382,106</u>	<u>5,191,652</u>
<b>Other financing sources (uses)</b>				
Transfers (out)	(4,912,990)	(4,906,907)	6,083	(4,427,000)
Appropriated fund balance	82,775	-	(82,775)	-
<b>Total other financing sources (uses)</b>	<u>(4,830,215)</u>	<u>(4,906,907)</u>	<u>(76,692)</u>	<u>(4,427,000)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>305,414</u>	<u>\$ 305,414</u>	<u>764,652</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>5,667,585</u>		<u>4,902,933</u>
End of year - June 30		<u>\$ 5,972,999</u>		<u>\$ 5,667,585</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Emergency Telephone Fund  
Year Ended June 30, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Other taxes	\$ -	\$ 21,284	\$ 21,284	\$ 66,604
Restricted intergovernmental revenue	958,876	1,153,621	194,745	1,339,863
Interest earned on investments	50,000	8,702	(41,298)	47,300
<b>Total revenues</b>	<b>1,008,876</b>	<b>1,183,607</b>	<b>174,731</b>	<b>1,453,767</b>
<b>Expenditures</b>				
Economic and physical development	763,730	659,999	103,731	373,087
Capital outlay	522,168	449,623	72,545	326,177
<b>Total expenditures</b>	<b>1,285,898</b>	<b>1,109,622</b>	<b>176,276</b>	<b>699,264</b>
<b>Revenues over expenditures</b>	<b>(277,022)</b>	<b>73,985</b>	<b>351,007</b>	<b>754,503</b>
Operating transfers (out)	-	-	-	(34,216)
Appropriated fund balance	277,022	-	277,022	-
<b>Total other financing sources (uses)</b>	<b>277,022</b>	<b>-</b>	<b>(277,022)</b>	<b>(34,216)</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>73,985</b>	<b>\$ 73,985</b>	<b>720,287</b>
<b>Fund balances</b>				
Beginning of year - July 1		3,119,855		2,399,568
End of year - June 30		<u>\$ 3,193,840</u>		<u>\$ 3,119,855</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 9,344,838	\$ 6,324,790	\$ (3,020,048)	\$ 4,655,626
Sales and services	76,106	24,126	(51,980)	19,873
Miscellaneous	-	188	188	319
<b>Total revenues</b>	<u>9,420,944</u>	<u>6,349,104</u>	<u>(3,071,840)</u>	<u>4,675,818</u>
<b>Expenditures</b>				
WIA administration	527,213	448,052	79,161	203,117
WIA programs	3,308,358	2,954,707	353,651	1,596,934
NEG/CAA	4,328,332	2,010,363	2,317,969	2,264,891
Senior Aides	1,369,451	937,036	432,415	611,319
<b>Total expenditures</b>	<u>9,533,354</u>	<u>6,350,158</u>	<u>3,183,196</u>	<u>4,676,261</u>
<b>Revenues over expenditures</b>	<u>(112,410)</u>	<u>(1,054)</u>	<u>111,356</u>	<u>(443)</u>
<b>Other financing sources (uses)</b>				
Transfers in	112,410	58,562	(53,848)	-
Operating transfers (out)	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>112,410</u>	<u>58,562</u>	<u>(53,848)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>57,508</u>	<u>\$ 57,508</u>	<u>(443)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>129,651</u>		<u>130,094</u>
End of year - June 30		<u>\$ 187,159</u>		<u>\$ 129,651</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 10,600	\$ 10,600	\$ -	\$ 70,600
Interest earned on investments	65,000	9,343	(55,657)	66,222
<b>Total revenues</b>	<u>75,600</u>	<u>19,943</u>	<u>(55,657)</u>	<u>136,822</u>
<b>Expenditures</b>				
Economic and physical development	1,553,800	1,041,185	512,615	905,483
Capital outlay	-	-	-	5,081
<b>Total expenditures</b>	<u>1,553,800</u>	<u>1,041,185</u>	<u>512,615</u>	<u>910,564</u>
<b>Revenues over expenditures</b>	<u>(1,478,200)</u>	<u>(1,021,242)</u>	<u>456,958</u>	<u>(773,742)</u>
<b>Other financing sources (uses)</b>				
Transfers in	526,104	526,104	-	526,104
Appropriated fund balance	952,096	-	(952,096)	-
<b>Total other financing sources (uses)</b>	<u>1,478,200</u>	<u>526,104</u>	<u>(952,096)</u>	<u>526,104</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(495,138)</u>	<u>\$ (495,138)</u>	<u>(247,638)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>3,892,186</u>		<u>4,139,824</u>
End of year - June 30		<u>\$ 3,397,048</u>		<u>\$ 3,892,186</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ -	\$ 12,700	\$ 12,700	\$ -
Interest earned on investments	-	51,313	51,313	54,165
Special assessments	-	773,883	773,883	1,031,925
<b>Total revenues</b>	<u>-</u>	<u>837,896</u>	<u>837,896</u>	<u>1,086,090</u>
<b>Expenditures</b>				
Economic and physical development	2,213,298	298,918	1,914,380	234,794
<b>Total expenditures</b>	<u>2,213,298</u>	<u>298,918</u>	<u>1,914,380</u>	<u>234,794</u>
<b>Revenues over expenditures</b>	<u>(2,213,298)</u>	<u>538,978</u>	<u>2,752,276</u>	<u>851,296</u>
<b>Other financing sources (uses)</b>				
Transfers in	250,000	250,000	-	250,000
Appropriated fund balance	1,963,298	-	(1,963,298)	-
<b>Total other financing sources (uses)</b>	<u>2,213,298</u>	<u>250,000</u>	<u>(1,963,298)</u>	<u>250,000</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>788,978</u>	<u>\$ 788,978</u>	<u>1,101,296</u>
<b>Fund balances</b>				
Beginning of year - July 1		4,507,907		3,406,611
End of year - June 30		<u>\$ 5,296,885</u>		<u>\$ 4,507,907</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ 4,500	\$ 440	\$ (4,060)	\$ 4,537
<b>Total revenues</b>	<u>4,500</u>	<u>440</u>	<u>(4,060)</u>	<u>4,537</u>
<b>Expenditures</b>				
General government	542,791	500,584	42,207	549,509
<b>Total expenditures</b>	<u>542,791</u>	<u>500,584</u>	<u>42,207</u>	<u>549,509</u>
<b>Revenues over expenditures</b>	<u>(538,291)</u>	<u>(500,144)</u>	<u>38,147</u>	<u>(544,972)</u>
<b>Other financing sources (uses)</b>				
Transfers in	538,291	538,291	-	558,976
<b>Total other financing sources (uses)</b>	<u>538,291</u>	<u>538,291</u>	<u>-</u>	<u>558,976</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>38,147</u>	<u>\$ 38,147</u>	<u>14,004</u>
<b>Fund balances</b>				
Beginning of year - July 1		370,631		356,627
End of year - June 30		<u>\$ 408,778</u>		<u>\$ 370,631</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Recreation Fund  
Year Ended June 30, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Ad valorem taxes	\$ 3,580,524	\$ 3,571,229	\$ (9,295)	\$ 2,903,535
Restricted intergovernmental revenue	-	18,957	18,957	26,653
Interest earned on investments	30,000	2,653	(27,347)	29,515
<b>Total revenues</b>	<b>3,610,524</b>	<b>3,592,839</b>	<b>(17,685)</b>	<b>2,959,703</b>
<b>Expenditures</b>				
Culture and recreational	3,613,814	3,618,381	(4,567)	3,036,159
Capital outlay	284,300	195,947	88,353	210,617
<b>Total expenditures</b>	<b>3,898,114</b>	<b>3,814,328</b>	<b>83,786</b>	<b>3,246,776</b>
<b>Revenues over expenditures</b>	<b>(287,590)</b>	<b>(221,489)</b>	<b>66,101</b>	<b>(287,073)</b>
<b>Other financing sources (uses)</b>				
Gain (loss) on sale of capital assets	-	-	-	276,750
Appropriated fund balance	287,590	-	(287,590)	-
<b>Total other financing sources (uses)</b>	<b>287,590</b>	<b>-</b>	<b>(287,590)</b>	<b>276,750</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>(221,489)</b>	<b>\$ (221,489)</b>	<b>(10,323)</b>
<b>Fund balances</b>				
Beginning of year - July 1		1,334,250		1,344,573
End of year - June 30		<u>\$ 1,112,761</u>		<u>\$ 1,334,250</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,258,644	\$ 1,229,321	\$ (29,323)	\$ 1,156,893
Sales and services	178,417	131,441	(46,976)	190,626
Interest earned on investments	-	430	430	3,344
Miscellaneous	-	-	-	1,157
<b>Total revenues</b>	<u>1,437,061</u>	<u>1,361,192</u>	<u>(75,869)</u>	<u>1,352,020</u>
<b>Expenditures</b>				
General government	6,750	6,750	-	40,174
Human services				
JCP programs	1,077,434	978,875	98,559	932,490
Residential group home	651,675	627,854	23,821	634,882
<b>Total expenditures</b>	<u>1,735,859</u>	<u>1,613,479</u>	<u>122,380</u>	<u>1,607,546</u>
<b>Revenues over expenditures</b>	<u>(298,798)</u>	<u>(252,287)</u>	<u>46,511</u>	<u>(255,526)</u>
<b>Other financing sources (uses)</b>				
Transfers in	276,604	270,290	(6,314)	300,869
Appropriated fund balance	22,194	-	(22,194)	-
<b>Total other financing sources (uses)</b>	<u>298,798</u>	<u>270,290</u>	<u>(28,508)</u>	<u>300,869</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>18,003</u>	<u>\$ 18,003</u>	<u>45,343</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>211,053</u>		<u>165,710</u>
End of year - June 30		<u>\$ 229,056</u>		<u>\$ 211,053</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Transportation Fund  
Year Ended June 30, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,785,765	\$ 1,102,472	\$ (683,293)	\$ 987,626
Sales and services	95,579	38,205	(57,374)	22,105
Interest earned on investments	-	257	257	1,270
<b>Total revenues</b>	<u>1,881,344</u>	<u>1,140,934</u>	<u>(740,410)</u>	<u>1,011,001</u>
<b>Expenditures</b>				
Economic and physical development	<u>1,920,647</u>	<u>1,211,139</u>	<u>709,508</u>	<u>1,048,483</u>
<b>Total expenditures</b>	<u>1,920,647</u>	<u>1,211,139</u>	<u>709,508</u>	<u>1,048,483</u>
<b>Revenues over expenditures</b>	<u>(39,303)</u>	<u>(70,205)</u>	<u>(30,902)</u>	<u>(37,482)</u>
<b>Other financing sources (uses)</b>				
Transfers in	39,132	24,917	(14,215)	37,510
Appropriated fund balance	<u>171</u>	<u>-</u>	<u>(171)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>39,303</u>	<u>24,917</u>	<u>(14,386)</u>	<u>37,510</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(45,288)</u>	<u>\$ (45,288)</u>	<u>28</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>55,358</u>		<u>55,330</u>
End of year - June 30		<u>\$ 10,070</u>		<u>\$ 55,358</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ 736	\$ 736	\$ 1,756
<b>Total revenues</b>	-	736	736	1,756
<b>Expenditures</b>				
Current				
Expenditures				
Economic and physical development				
Economic and physical development	-	-	-	3,921
<b>Total expenditures</b>	-	-	-	3,921
<b>Revenues over expenditures</b>	-	736	736	(2,165)
<b>Other financing sources (uses)</b>				
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>736</u>	<u>\$ 736</u>	<u>(2,165)</u>
<b>Fund balances</b>				
Beginning of year - July 1		78,506		80,671
End of year - June 30		<u>\$ 79,242</u>		<u>\$ 78,506</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 5,149,314	\$ 3,524,301	\$ (1,625,013)	\$ 2,308,676
Miscellaneous	40,000	19,824	(20,176)	20,065
<b>Total revenues</b>	<u>5,189,314</u>	<u>3,544,125</u>	<u>(1,645,189)</u>	<u>2,328,741</u>
<b>Expenditures</b>				
Economic and physical development				
Administration	418,457	398,681	19,776	379,090
Economic Development	159,853	33,035	126,818	9,741
Housing activities	3,857,460	2,408,821	1,448,639	1,834,448
Public facilities	420,340	239,697	180,643	-
Public services	188,324	146,924	41,400	164,856
Program grants	608,543	412,700	195,843	62,144
Debt service				
Principal	150,000	150,000	-	150,000
Interest	5,399	5,399	-	16,211
<b>Total expenditures</b>	<u>5,808,376</u>	<u>3,795,257</u>	<u>2,013,119</u>	<u>2,616,490</u>
<b>Revenues over (under) expenditures</b>	<u>(619,062)</u>	<u>(251,132)</u>	<u>367,930</u>	<u>(287,749)</u>
<b>Other financing sources (uses)</b>				
Transfers in	571,027	245,531	(325,496)	303,224
Appropriated fund balance	48,035	-	(48,035)	-
<b>Total other financing sources (uses)</b>	<u>619,062</u>	<u>245,531</u>	<u>(373,531)</u>	<u>303,224</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(5,601)</u>	<u>\$ (5,601)</u>	<u>15,475</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>71,085</u>		<u>55,610</u>
End of year - June 30		<u>\$ 65,484</u>		<u>\$ 71,085</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Ad valorem taxes	\$ 6,397,339	\$ 6,414,671	\$ 17,332	\$ 5,227,127
Interest earned on investments	5,812	337	(5,475)	1,909
<b>Total revenues</b>	<u>6,403,151</u>	<u>6,415,008</u>	<u>11,857</u>	<u>5,229,036</u>
<b>Expenditures</b>				
Public safety	<u>6,662,124</u>	<u>6,618,563</u>	<u>43,561</u>	<u>4,953,636</u>
<b>Total expenditures</b>	<u>6,662,124</u>	<u>6,618,563</u>	<u>43,561</u>	<u>4,953,636</u>
<b>Revenues over expenditures</b>	<u>(258,973)</u>	<u>(203,555)</u>	<u>55,418</u>	<u>275,400</u>
<b>Other financing sources (uses)</b>				
Transfers (out)	(24,000)	(24,000)	-	(24,000)
Appropriated fund balance	<u>282,973</u>	<u>-</u>	<u>(282,973)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>258,973</u>	<u>(24,000)</u>	<u>(282,973)</u>	<u>(24,000)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(227,555)</u>	<u>\$ (227,555)</u>	<u>251,400</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>285,630</u>		<u>34,230</u>
End of year - June 30		<u>\$ 58,075</u>		<u>\$ 285,630</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ -	\$ 668,528	\$ 668,528	\$ 158,875
Interest earned on investments	-	705	705	9,662
<b>Total revenues</b>	-	669,233	669,233	168,537
<b>Expenditures</b>				
Public safety	368,822	124,786	244,036	424,732
Capital outlay	35,000	22,402	12,598	10,000
<b>Total expenditures</b>	403,822	147,188	256,634	434,732
<b>Revenues over expenditures</b>	(403,822)	522,045	925,867	(266,195)
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	10,443	10,443	-
Transfers (out)	284,327	284,327	-	-
Transfers (out)	(258,000)	(258,000)	-	-
Appropriated fund balance	377,495	-	(377,495)	-
<b>Total other financing sources (uses)</b>	403,822	36,770	(367,052)	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	\$ -	558,815	\$ 558,815	(266,195)
<b>Fund balances</b>				
Beginning of year - July 1		369,533		635,728
End of year - June 30		\$ 928,348		\$ 369,533

**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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ 13	\$ 13	\$ 854
<b>Total revenues</b>	<u>-</u>	<u>13</u>	<u>13</u>	<u>854</u>
<b>Expenditures</b>				
Public safety	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>47,440</u>
<b>Total expenditures</b>	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>47,440</u>
<b>Revenues over expenditures</b>	<u>(11,000)</u>	<u>(10,987)</u>	<u>13</u>	<u>(46,586)</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	<u>11,000</u>	<u>-</u>	<u>(11,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>11,000</u>	<u>-</u>	<u>(11,000)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(10,987)</u>	<u>\$ (10,987)</u>	<u>(46,586)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>12,213</u>		<u>58,799</u>
End of year - June 30		<u>\$ 1,226</u>		<u>\$ 12,213</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ -	\$ 77,844	\$ 77,844	\$ 45,926
Interest earned on investments	-	236	236	3,362
Miscellaneous	-	-	-	2,377
<b>Total revenues</b>	-	78,080	78,080	51,665
<b>Expenditures</b>				
Public safety	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Revenues over expenditures</b>	-	78,080	78,080	51,665
<b>Other financing sources (uses)</b>				
Transfers (out)	(242,000)	(242,000)	-	-
Appropriated fund balance	242,000	-	(242,000)	-
<b>Total other financing sources (uses)</b>	-	(242,000)	(242,000)	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(163,920)</u>	<u>\$ (163,920)</u>	51,665
<b>Fund balances</b>				
Beginning of year - July 1		236,986		185,321
End of year - June 30		<u>\$ 73,066</u>		<u>\$ 236,986</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 3,000	\$ 3,249	\$ 249	\$ 4,244
<b>Total revenues</b>	<u>3,000</u>	<u>3,249</u>	<u>249</u>	<u>4,244</u>
<b>Expenditures</b>				
Public safety	3,000	-	3,000	2,150
<b>Total expenditures</b>	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>2,150</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>3,249</u>	<u>3,249</u>	<u>2,094</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>3,249</u>	<u>\$ 3,249</u>	<u>2,094</u>
<b>Fund balances</b>				
Beginning of year - July 1		12,666		10,572
End of year - June 30		<u>\$ 15,915</u>		<u>\$ 12,666</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ 429	\$ 429	\$ 3,985
<b>Total revenues</b>	-	429	429	3,985
<b>Expenditures</b>	-	-	-	-
<b>Revenues over expenditures</b>	-	429	429	3,985
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	429	<u>\$ 429</u>	3,985
<b>Fund balances</b>				
Beginning of year - July 1		234,785		230,800
End of year - June 30		<u>\$ 235,214</u>		<u>\$ 234,785</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, 2010  
(With Comparative Totals for Year Ended June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ 75	\$ 63	\$ (12)	\$ 68
Miscellaneous	435,000	472,389	37,389	429,399
<b>Total revenues</b>	<u>435,075</u>	<u>472,452</u>	<u>37,377</u>	<u>429,467</u>
<b>Expenditures</b>				
Public safety	460,589	437,203	23,386	460,549
<b>Total expenditures</b>	<u>460,589</u>	<u>437,203</u>	<u>23,386</u>	<u>460,549</u>
<b>Revenues over expenditures</b>	<u>(25,514)</u>	<u>35,249</u>	<u>60,763</u>	<u>(31,082)</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	25,514	-	(25,514)	-
<b>Total other financing sources (uses)</b>	<u>25,514</u>	<u>-</u>	<u>(25,514)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>35,249</u>	<u>\$ 35,249</u>	<u>(31,082)</u>
<b>Fund balances</b>				
Beginning of year - July 1		23,566		54,648
End of year - June 30		<u>\$ 58,815</u>		<u>\$ 23,566</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2010**

	<b>Animal Control Building Fund</b>	<b>Sheriff Training Facility Fund</b>	<b>Averasboro Battlefield Fund</b>	<b>West Regional Library Fund</b>	<b>New Century Elementary Fund</b>	<b>QSCB Projects Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Assets</b>							
Sales tax receivable	\$ -	\$ -	\$ -	\$ 38,012	\$ 174,524	\$ 36,734	\$ 249,270
Restricted assets:							
Cash and cash equivalents	-	-	-	2,169,816	3,883,144	14,146,645	20,199,605
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,207,828</b>	<b>\$ 4,057,668</b>	<b>\$ 14,183,379</b>	<b>\$ 20,448,875</b>
<b>Liabilities and fund balances</b>							
Liabilities:							
Accounts and vouchers payable	\$ -	\$ -	\$ -	\$ 471,814	\$ 2,535,017	\$ 2,250,283	\$ 5,257,114
Total liabilities	-	-	-	471,814	2,535,017	2,250,283	5,257,114
Fund balances:							
Reserved by State statute	-	-	-	38,012	174,524	36,734	249,270
Undesignated	-	-	-	1,698,002	1,348,127	11,896,362	14,942,491
Total fund balances	-	-	-	1,736,014	1,522,651	11,933,096	15,191,761
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,207,828</b>	<b>\$ 4,057,668</b>	<b>\$ 14,183,379</b>	<b>\$ 20,448,875</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Project Funds  
Year Ended June 30, 2010**

	<b>Animal Control Building Fund</b>	<b>Sheriff Training Facility Fund</b>	<b>Averasboro Battlefield Fund</b>	<b>West Regional Library Fund</b>	<b>New Century Elementary Fund</b>	<b>QSCB Projects Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues</b>							
Restricted intergovernmental revenue	\$ -	\$ -	\$ 2,567	\$ -	\$ -	\$ -	\$ 2,567
Sales and services	5,381	-	-	-	-	-	5,381
Interest earned on investments	(403)	289	-	10,102	31,052	7,297	48,337
<b>Total revenues</b>	<u>4,978</u>	<u>289</u>	<u>2,567</u>	<u>10,102</u>	<u>31,052</u>	<u>7,297</u>	<u>56,285</u>
<b>Expenditures</b>							
<b>Capital outlay</b>							
Education	-	-	-	-	13,466,817	3,832,236	17,299,053
Cultural and recreation	-	-	-	2,833,839	-	-	2,833,839
Animal control building	5,676	-	-	-	-	-	5,676
Averasboro battlefield	-	-	4,267	-	-	-	4,267
<b>Total expenditures</b>	<u>5,676</u>	<u>-</u>	<u>4,267</u>	<u>2,833,839</u>	<u>13,466,817</u>	<u>3,832,236</u>	<u>20,142,835</u>
<b>Revenues over (under) expenditures</b>	<u>(698)</u>	<u>289</u>	<u>(1,700)</u>	<u>(2,823,737)</u>	<u>(13,435,765)</u>	<u>(3,824,939)</u>	<u>(20,086,550)</u>
<b>Other financing sources (uses)</b>							
Proceeds of refunding bonds	-	-	-	-	-	15,900,000	15,900,000
Bond issuance costs	-	-	-	-	-	(141,965)	(141,965)
Transfers out	(446,800)	(284,327)	-	-	-	-	(731,127)
<b>Total other financing sources</b>	<u>(446,800)</u>	<u>(284,327)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,758,035</u>	<u>15,026,908</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>(447,498)</u>	<u>(284,038)</u>	<u>(1,700)</u>	<u>(2,823,737)</u>	<u>(13,435,765)</u>	<u>11,933,096</u>	<u>(5,059,642)</u>
<b>Fund balance</b>							
Beginning of year - July 1	<u>447,498</u>	<u>284,038</u>	<u>1,700</u>	<u>4,559,751</u>	<u>14,958,416</u>	<u>-</u>	<u>20,251,403</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,736,014</u>	<u>\$ 1,522,651</u>	<u>\$ 11,933,096</u>	<u>\$ 15,191,761</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2010**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Sales and Services	\$ 57,262	\$ 51,881	\$ 57,262	\$ 5,381	\$ -
Interest earned on investments	350,027	245,937	245,534	(403)	-
Miscellaneous	-	104,493	104,493	-	-
<b>Total revenues</b>	<u>407,289</u>	<u>402,311</u>	<u>407,289</u>	<u>4,978</u>	<u>-</u>
<b>Expenditures</b>					
Animal control building	<u>4,986,242</u>	<u>4,980,564</u>	<u>4,986,240</u>	<u>5,676</u>	<u>-</u>
<b>Total expenditures</b>	<u>4,986,242</u>	<u>4,980,564</u>	<u>4,986,240</u>	<u>5,676</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>(4,578,953)</u>	<u>(4,578,253)</u>	<u>(4,578,951)</u>	<u>(698)</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	5,225,753	5,225,751	5,225,751	-	-
Transfers out	<u>(646,800)</u>	<u>(200,000)</u>	<u>(646,800)</u>	<u>(446,800)</u>	<u>-</u>
<b>Total other financing sources</b>	<u>4,578,953</u>	<u>5,025,751</u>	<u>4,578,951</u>	<u>(446,800)</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 447,498</u>	<u>\$ -</u>	<u>(447,498)</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>447,498</u>	
End of year - June 30				<u>\$ -</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2010**

	<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	\$ 238,999	\$ 238,706	\$ 238,995	\$ 289	\$ -
Miscellaneous	80,179	80,179	80,179	-	-
<b>Total revenues</b>	<u>319,178</u>	<u>318,885</u>	<u>319,174</u>	<u>289</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Sheriff training facility	4,875,740	4,875,736	4,875,736	-	-
<b>Total expenditures</b>	<u>4,875,740</u>	<u>4,875,736</u>	<u>4,875,736</u>	<u>-</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>(4,556,562)</u>	<u>(4,556,851)</u>	<u>(4,556,562)</u>	<u>289</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	4,840,889	4,840,889	4,840,889	-	-
Transfers out	(284,327)	-	(284,327)	(284,327)	-
<b>Total other financing sources</b>	<u>4,556,562</u>	<u>4,840,889</u>	<u>4,556,562</u>	<u>(284,327)</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 284,038</u>	<u>\$ -</u>	<u>(284,038)</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>284,038</u>	
End of year - June 30				<u>\$ -</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2010**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Restricted intergovernmental revenue	\$ 570,986	\$ 560,122	\$ -	\$ 2,567	\$ 562,689
Interest earned on investments	-	1,274	-	-	1,274
<b>Total revenues</b>	<u>570,986</u>	<u>561,396</u>	<u>-</u>	<u>2,567</u>	<u>563,963</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Averagesboro Battlefield	577,617	566,327	-	4,267	570,594
<b>Total expenditures</b>	<u>577,617</u>	<u>566,327</u>	<u>-</u>	<u>4,267</u>	<u>570,594</u>
<b>Revenues over (under) expenditures</b>	<u>(6,631)</u>	<u>(4,931)</u>	<u>-</u>	<u>(1,700)</u>	<u>(6,631)</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>\$ 1,700</u>	<u>\$ -</u>	<u>(1,700)</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>1,700</u>	
End of year - June 30				<u>\$ -</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2010**

	<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	\$ -	\$ 7,403	\$ -	\$ 10,102	\$ 17,505
<b>Total revenues</b>	<u>-</u>	<u>7,403</u>	<u>-</u>	<u>10,102</u>	<u>17,505</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Cultural and recreation	5,237,521	688,145	-	2,833,839	3,521,984
<b>Total expenditures</b>	<u>5,237,521</u>	<u>688,145</u>	<u>-</u>	<u>2,833,839</u>	<u>3,521,984</u>
<b>Revenues over (under) expenditures</b>	<u>(5,237,521)</u>	<u>(680,742)</u>	<u>-</u>	<u>(2,823,737)</u>	<u>(3,504,479)</u>
<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	<u>(402,962)</u>	<u>(402,962)</u>	<u>-</u>	<u>-</u>	<u>(402,962)</u>
<b>Total other financing sources</b>	<u>5,237,521</u>	<u>5,240,493</u>	<u>-</u>	<u>-</u>	<u>5,240,493</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 4,559,751</u>	<u>\$ -</u>	<u>(2,823,737)</u>	<u>\$ 1,736,014</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>4,559,751</u>	
End of year - June 30				<u>\$ 1,736,014</u>	

**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, 2010**

	<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	\$ -	\$ 31,052	\$ 56,583
<b>Total revenues</b>	<u>-</u>	<u>25,531</u>	<u>-</u>	<u>31,052</u>	<u>56,583</u>
<b>Expenditures</b>					
Education	16,976,388	2,053,699	-	13,466,817	15,520,516
<b>Total expenditures</b>	<u>16,976,388</u>	<u>2,053,699</u>	<u>-</u>	<u>13,466,817</u>	<u>15,520,516</u>
<b>Revenues over (under) expenditures</b>	<u>(16,976,388)</u>	<u>(2,028,168)</u>	<u>-</u>	<u>(13,435,765)</u>	<u>(15,463,933)</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
Transfers in	-	-	-	-	-
<b>Total other financing sources</b>	<u>16,976,388</u>	<u>16,986,584</u>	<u>-</u>	<u>-</u>	<u>16,986,584</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 14,958,416</u>	<u>\$ -</u>	<u>(13,435,765)</u>	<u>\$ 1,522,651</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>14,958,416</u>	
End of year - June 30				<u>\$ 1,522,651</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2010**

	<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	\$ -	\$ -	\$ -	\$ 7,297	\$ 7,297
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,297</u>	<u>7,297</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Education	15,631,584	-	-	3,832,236	3,832,236
<b>Total expenditures</b>	<u>15,631,584</u>	<u>-</u>	<u>-</u>	<u>3,832,236</u>	<u>3,832,236</u>
<b>Revenues over (under) expenditures</b>	<u>(15,631,584)</u>	<u>-</u>	<u>-</u>	<u>(3,824,939)</u>	<u>(3,824,939)</u>
<b>Other financing sources (uses)</b>					
Debt issuance costs	(268,416)	-	-	(141,965)	(141,965)
Bond issuance proceeds	15,900,000	-	-	15,900,000	15,900,000
<b>Total other financing sources</b>	<u>15,631,584</u>	<u>-</u>	<u>-</u>	<u>15,758,035</u>	<u>15,758,035</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,933,096</u>	<u>\$ 11,933,096</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ 11,933,096</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, 2010  
(With Comparative Totals for June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ 1,500	\$ 358	\$ (1,142)	\$ 814
Burial Fees	1,500	2,399	899	3,000
<b>Total revenues</b>	<u>3,000</u>	<u>2,757</u>	<u>(243)</u>	<u>3,814</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Maintenance	3,000	1,600	1,400	1,800
<b>Total expenditures</b>	<u>3,000</u>	<u>1,600</u>	<u>1,400</u>	<u>1,800</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>1,157</u>	<u>1,157</u>	<u>2,014</u>
<b>Other financing sources (uses)</b>				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>1,157</u>	<u>\$ 1,157</u>	<u>2,014</u>
<b>Fund balance</b>				
Beginning of year - July 1		<u>41,139</u>		<u>39,125</u>
End of year - June 30		<u>\$ 42,296</u>		<u>\$ 41,139</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, 2010**  
**(With Comparative Totals for June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 3,452,867	\$ 3,290,266	\$ (162,601)	\$ 3,327,515
Other operating revenue	376,098	532,958	156,860	507,849
Total operating revenues	<u>3,828,965</u>	<u>3,823,224</u>	<u>(5,741)</u>	<u>3,835,364</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	1,126,266	186,661	(939,605)	1,308,306
Gain (loss) on disposal of capital assets	-	1,221	1,221	1,055
Miscellaneous	2,900	6,309	3,409	15,412
Household user fee	4,465,673	4,779,170	313,497	4,793,608
<b>Total Nonoperating revenues and other financing sources</b>	<u>5,594,839</u>	<u>4,973,361</u>	<u>(621,478)</u>	<u>6,118,381</u>
Appropriated fund balance	787,403	-	(787,403)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 10,211,207</u>	<u>\$ 8,796,585</u>	<u>\$ (1,414,622)</u>	<u>\$ 9,953,745</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 3,191,293	\$ 3,011,644	\$ 179,649	\$ 2,677,491
Other supplies	1,176,061	907,507	268,554	1,034,539
Repairs and maintenance	886,645	1,047,374	(160,729)	1,322,190
Utilities	100,554	95,286	5,268	90,200
Administrative costs	3,245,744	2,638,330	607,414	2,082,928
Landfill closure and postclosure care costs	1,006,500	778,045	228,455	69,087
Total operating expenditures	<u>9,606,797</u>	<u>8,478,186</u>	<u>1,128,611</u>	<u>7,276,435</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	604,410	275,933	328,477	1,428,049
Total other expenditures and financing uses	<u>604,410</u>	<u>275,933</u>	<u>328,477</u>	<u>1,428,049</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 10,211,207</u>	<u>\$ 8,754,119</u>	<u>\$ 1,457,088</u>	<u>\$ 8,704,484</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 8,796,585		
Total expenditures and other financing uses		<u>8,754,119</u>		
		42,466		
Capital outlay		275,933		
Depreciation		<u>(791,413)</u>		
<b>Change in Fund Net Assets</b>		<u>\$ (473,014)</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, 2010**  
**(With Comparative Totals for June 30, 2009)**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 2,310,000	\$ 2,467,261	\$ 157,261	\$ 2,482,167
Total operating revenues	<u>2,310,000</u>	<u>2,467,261</u>	<u>157,261</u>	<u>2,482,167</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	33,050	11,422	(21,628)	28,375
Motel occupancy tax	1,013,098	1,032,337	19,239	1,034,203
Gain (loss) on disposal of capital assets	-	-	-	(8,205)
Miscellaneous	-	5,768	5,768	274,750
Transfers in	7,409,782	7,403,699	(6,083)	7,332,138
<b>Total Nonoperating revenues and other financing sources</b>	<u>8,455,930</u>	<u>8,453,226</u>	<u>(2,704)</u>	<u>8,661,261</u>
Appropriated fund balance	485,755	-	(485,755)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 11,251,685</u>	<u>\$ 10,920,487</u>	<u>\$ (331,198)</u>	<u>\$ 11,143,428</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 2,368,576	\$ 2,296,281	\$ 72,295	\$ 2,415,409
Other supplies	305,500	246,257	59,243	243,719
Repairs and maintenance	666,916	550,055	116,861	305,418
Utilities	750,000	812,427	(62,427)	780,479
Administrative costs	1,746,000	1,463,938	282,062	1,777,955
Total operating expenditures	<u>5,836,992</u>	<u>5,368,958</u>	<u>468,034</u>	<u>5,522,980</u>
<b>Nonoperating expenditures</b>				
Interest expense	1,588,745	1,865,887	(277,142)	2,526,625
Total nonoperating expenditures	<u>1,588,745</u>	<u>1,865,887</u>	<u>(277,142)</u>	<u>2,526,625</u>
<b>Other expenditures and financing (sources) uses</b>				
Principal payments	3,445,000	3,445,000	-	-
Capital outlay	3,443,755	529,063	2,914,692	35,410
Transfers out	55,193	55,193	-	55,193
Debt issuance	(3,118,000)	(3,118,000)	-	-
Total other expenditures and financing uses	<u>3,825,948</u>	<u>911,256</u>	<u>2,914,692</u>	<u>90,603</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 11,251,685</u>	<u>\$ 8,146,101</u>	<u>\$ 3,105,584</u>	<u>\$ 8,140,208</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 10,920,487		
Total expenditures and other financing uses		<u>8,146,101</u>		
		2,774,386		
Capital outlay		529,063		
Depreciation		(1,932,106)		
Proceeds on debt issuance		(3,118,000)		
Principal payments		<u>3,445,000</u>		
<b>Change in Fund Net assets</b>		<u>\$ 1,698,343</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, 2010

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

**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, 2010**  
**(With Comparative Totals for June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 1,400	\$ 1,661	\$ 261	\$ 1,494
Other operating revenue	-	-	-	-
Total operating revenues	<u>1,400</u>	<u>1,661</u>	<u>261</u>	<u>1,494</u>
<b>Nonoperating revenues and other financing sources</b>				
Capital contributions	-	-	-	-
Total Nonoperating revenues and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	10,000	-	(10,000)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 11,400</u>	<u>\$ 1,661</u>	<u>\$ (9,739)</u>	<u>\$ 1,494</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 11,400	-	\$ 11,400	-
Total operating expenditures	<u>11,400</u>	<u>-</u>	<u>11,400</u>	<u>-</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 11,400</u>	<u>\$ -</u>	<u>\$ 11,400</u>	<u>\$ -</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 1,661		
Total expenditures and other financing uses		<u>-</u>		
		1,661		
Depreciation		<u>(66,845)</u>		
<b>Change in Fund Net assets</b>		<u>\$ (65,184)</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, 2010**  
**(With Comparative Totals for June 30, 2009)**

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 246,367	\$ 292,366	\$ 45,999	\$ 249,261
Total operating revenues	<u>246,367</u>	<u>292,366</u>	<u>45,999</u>	<u>249,261</u>
<b>Appropriated fund balance</b>	100,000	-	(100,000)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 346,367</u>	<u>\$ 292,366</u>	<u>\$ (54,001)</u>	<u>\$ 249,261</u>
<b>Operating expenditures</b>				
Repairs and maintenance	120,000	95,411	24,589	63,361
Utilities	155,000	147,834	7,166	130,100
Administrative costs	5,000	-	5,000	-
Total operating expenditures	<u>280,000</u>	<u>243,245</u>	<u>36,755</u>	<u>193,461</u>
Interest expense	50,367	50,311	56	50,933
Proprietary nonoperating expense	16,000	-	16,000	-
Total nonoperating expenditures	<u>66,367</u>	<u>50,311</u>	<u>16,056</u>	<u>50,933</u>
<b>Other expenditures and financing uses</b>				
<b>Total expenditures and other financing uses</b>	<u>\$ 346,367</u>	<u>\$ 293,556</u>	<u>\$ 52,811</u>	<u>\$ 244,394</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 292,366		
Total expenditures and other financing uses		<u>293,556</u>		
		(1,190)		
Depreciation		<u>(237,869)</u>		
<b>Change in Fund Net assets</b>		<u>\$ (239,059)</u>		

**INTERNAL SERVICE FUNDS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2010**

	<b>Group Insurance Fund</b>	<b>Employee Flexible Benefit Fund</b>	<b>Workers' Compensation Fund</b>	<b>General Litigation Fund</b>	<b>Vehicle Insurance Fund</b>	<b>Retiree Insurance Fund</b>	<b>Total</b>
<b>Assets</b>							
Current assets							
Sales tax receivable	\$ -	\$ -	\$ 42	\$ 158	\$ -	\$ -	\$ 200
Due from other governments	2,012	-	-	-	-	-	2,012
Other receivables, net	5,803	-	25,185	-	-	-	30,988
Total current assets	<u>7,815</u>	<u>-</u>	<u>25,227</u>	<u>158</u>	<u>-</u>	<u>-</u>	<u>33,200</u>
Restricted assets							
Capital assets, net of accumulated depreciator	-	-	-	3,021	-	-	3,021
Cash and cash equivalents	3,856,004	159,576	2,680,803	623,609	371,882	722,485	8,414,359
Investments	142	-	36	-	-	-	178
Total noncurrent assets	<u>3,856,146</u>	<u>159,576</u>	<u>2,680,839</u>	<u>626,630</u>	<u>371,882</u>	<u>722,485</u>	<u>8,417,558</u>
<b>Total assets</b>	<u>3,863,961</u>	<u>159,576</u>	<u>2,706,066</u>	<u>626,788</u>	<u>371,882</u>	<u>722,485</u>	<u>8,450,758</u>
<b>Liabilities and net assets</b>							
Current liabilities							
Accounts and vouchers payable	42,300	-	-	-	98	-	42,398
Accrued payroll	-	-	9,874	-	-	-	9,874
Incurred but not reported	966,000	-	411,748	840	-	358,000	1,736,588
Current portion of long-term debt and accrued va	-	-	21,997	-	-	-	21,997
Total current liabilities	<u>1,008,300</u>	<u>-</u>	<u>443,619</u>	<u>840</u>	<u>98</u>	<u>358,000</u>	<u>1,810,857</u>
Noncurrent liabilities							
Accrued vacation	-	-	1,157	-	-	-	1,157
Other postemployment benefits liability	-	-	73,690	-	-	-	73,690
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>74,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,847</u>
<b>Total liabilities</b>	<u>1,008,300</u>	<u>-</u>	<u>518,466</u>	<u>840</u>	<u>98</u>	<u>358,000</u>	<u>1,885,704</u>
Net assets							
Invested in capital assets, net of related deb	-	-	-	3,021	-	-	3,021
Restricted net assets - claims	3,856,146	159,576	2,680,839	623,609	371,882	722,485	8,414,537
Unrestricted	(1,000,485)	-	(493,239)	(682)	(98)	(358,000)	(1,852,504)
<b>Total net assets</b>	<u>\$ 2,855,661</u>	<u>\$ 159,576</u>	<u>\$ 2,187,600</u>	<u>\$ 625,948</u>	<u>\$ 371,784</u>	<u>\$ 364,485</u>	<u>\$ 6,565,054</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended June 30, 2010**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
<b>Operating revenues</b>							
Contributions	\$ 11,285,870	\$ 404,892	\$ 1,302,456	\$ -	\$ 278,057	\$ 4,015,582	\$ 17,286,857
Total operating revenues	<u>11,285,870</u>	<u>404,892</u>	<u>1,302,456</u>	<u>-</u>	<u>278,057</u>	<u>4,015,582</u>	<u>17,286,857</u>
<b>Operating expenses</b>							
Salaries and employee benefits	12,196,685	409,795	1,381,883	-	-	4,464,928	18,453,291
Administrative costs	64,189	(951)	5,638	97,853	329,221	-	495,950
Depreciation	-	-	-	954	-	-	954
Total operating expenses	<u>12,260,874</u>	<u>408,844</u>	<u>1,387,521</u>	<u>98,807</u>	<u>329,221</u>	<u>4,464,928</u>	<u>18,950,195</u>
<b>Operating income (loss)</b>	<u>(975,004)</u>	<u>(3,952)</u>	<u>(85,065)</u>	<u>(98,807)</u>	<u>(51,164)</u>	<u>(449,346)</u>	<u>(1,663,338)</u>
<b>Nonoperating revenue (expense)</b>							
Interest earned on investments	5,830	18	5,421	916	-	2,020	14,205
Total nonoperating revenue (expense)	<u>5,830</u>	<u>18</u>	<u>5,421</u>	<u>916</u>	<u>-</u>	<u>2,020</u>	<u>14,205</u>
<b>Income (loss) before transfers</b>	<u>(969,174)</u>	<u>(3,934)</u>	<u>(79,644)</u>	<u>(97,891)</u>	<u>(51,164)</u>	<u>(447,326)</u>	<u>(1,649,133)</u>
Transfers in	-	-	-	210,000	-	-	210,000
<b>Change in net assets</b>	<u>(969,174)</u>	<u>(3,934)</u>	<u>(79,644)</u>	<u>112,109</u>	<u>(51,164)</u>	<u>(447,326)</u>	<u>(1,439,133)</u>
<b>Total net assets - beginning</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>
<b>Total net assets - ending</b>	<u>\$ 2,855,661</u>	<u>\$ 159,576</u>	<u>\$ 2,187,600</u>	<u>\$ 625,948</u>	<u>\$ 371,784</u>	<u>\$ 364,485</u>	<u>\$ 6,565,054</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2010

	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	\$ 11,285,870	\$ 404,892	\$ 1,302,546	\$ -	\$ 278,057	\$ 4,015,582	\$ 17,286,947
Cash paid to employees	-	-	36	-	-	-	36
Cash paid for goods and services	-	-	-	(129,478)	(331,737)	-	(461,215)
Cash received for goods and services	(64,025)	951	102,514	-	-	-	39,440
Cash paid for claims	(12,079,500)	(409,795)	(1,249,353)	-	-	(4,412,928)	(18,151,576)
<b>Net cash provided by (used in) operating activities</b>	<u>(857,655)</u>	<u>(3,952)</u>	<u>155,743</u>	<u>(129,478)</u>	<u>(53,680)</u>	<u>(397,346)</u>	<u>(1,286,368)</u>
<b>Noncapital financing activities</b>							
Transfers in	-	-	-	210,000	-	-	210,000
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>210,000</u>
Principal paid on long-term debt	-	-	-	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Investing activities</b>							
Proceeds from sale of investments	500,518	-	167	-	-	-	500,685
Investment earnings	5,830	18	5,421	916	-	2,020	14,205
<b>Net cash provided (used) in investing activities</b>	<u>506,348</u>	<u>18</u>	<u>5,588</u>	<u>916</u>	<u>-</u>	<u>2,020</u>	<u>514,890</u>
<b>Net increase (decrease) in cash and cash equivalents/investments</b>	<u>(351,307)</u>	<u>(3,934)</u>	<u>161,331</u>	<u>81,438</u>	<u>(53,680)</u>	<u>(395,326)</u>	<u>(561,478)</u>
<b>Cash and cash equivalents/investments</b>							
<b>Beginning of year</b>	<u>4,207,311</u>	<u>163,510</u>	<u>2,519,472</u>	<u>542,171</u>	<u>425,562</u>	<u>1,117,811</u>	<u>8,975,837</u>
<b>End of year</b>	<u>\$ 3,856,004</u>	<u>\$ 159,576</u>	<u>\$ 2,680,803</u>	<u>\$ 623,609</u>	<u>\$ 371,882</u>	<u>\$ 722,485</u>	<u>\$ 8,414,359</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>							
Operating income (loss)	\$ (975,004)	\$ (3,952)	\$ (85,065)	\$ (98,807)	\$ (51,164)	(449,346)	\$ (1,663,338)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	-	954	-	-	954
(Increase) decrease in other receivables	465	-	90	618	-	-	1,173
(Increase) decrease in inventories	(301)	-	85,089	-	-	-	84,788
Increase (decrease) in accounts payable	117,185	-	154,359	(32,243)	(2,516)	52,000	288,785
Increase (decrease) in compensated	-	-	36	-	-	-	36
Increase (decrease) in contract retainage	-	-	1,234	-	-	-	1,234
Total adjustments	<u>117,349</u>	<u>-</u>	<u>240,808</u>	<u>(30,671)</u>	<u>(2,516)</u>	<u>52,000</u>	<u>376,970</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (857,655)</u>	<u>\$ (3,952)</u>	<u>\$ 155,743</u>	<u>\$ (129,478)</u>	<u>\$ (53,680)</u>	<u>\$ (397,346)</u>	<u>\$ (1,286,368)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2010  
(With Comparative Totals for June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 11,179,018	\$ 11,285,870	\$ 106,852	\$ 10,718,554
Non-operating revenues				
Interest earned on investments	75,000	5,830	(69,170)	47,727
<b>Appropriated fund balance</b>	1,500,000	-	(1,500,000)	-
<b>Total revenues and other financing sources</b>	<u>\$ 12,754,018</u>	<u>\$ 11,291,700</u>	<u>\$ (1,462,318)</u>	<u>\$ 10,766,281</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 83,000	\$ 64,189	\$ 18,811	\$ 94,367
Salaries and employee benefits	12,671,018	12,196,685	474,333	10,700,769
	12,754,018	12,260,874	493,144	10,795,136
<b>Other financing uses</b>				
Transfers out	-	-	-	1,100,000
<b>Total expenditures and other financing uses</b>	<u>\$ 12,754,018</u>	<u>\$ 12,260,874</u>	<u>\$ 493,144</u>	<u>\$ 11,895,136</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 11,291,700		
Total expenditures		12,260,874		
<b>Subtotal</b>		<u>(969,174)</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (969,174)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2010  
(With Comparative Totals for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 480,000	\$ 404,892	\$ (75,108)	\$ 388,172
Non-operating revenues				
Interest earned on investments	-	18	18	-
<b>Appropriated fund balance</b>	-	-	-	-
<b>Total revenues</b>	<u>\$ 480,000</u>	<u>\$ 404,910</u>	<u>\$ (75,090)</u>	<u>\$ 388,172</u>
<b>Operating expenditures</b>				
Administrative costs	\$ -	\$ (951)	\$ 951	\$ (510)
Salaries and employee benefits	480,000	409,795	70,205	371,522
<b>Total expenditures</b>	<u>\$ 480,000</u>	<u>\$ 408,844</u>	<u>\$ 71,156</u>	<u>\$ 371,012</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 404,910		
Total expenditures		408,844		
<b>Subtotal</b>		<u>(3,934)</u>		
<b>Income (loss)per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (3,934)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2010  
(With Comparative Totals for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 1,260,774	\$ 1,302,456	\$ 41,682	\$ 1,413,280
Non-operating revenues				
Interest earned on investments	40,000	5,421	(34,579)	35,503
<b>Appropriated fund balance</b>	200,000	-	(200,000)	-
<b>Total revenues</b>	<u>\$ 1,500,774</u>	<u>\$ 1,307,877</u>	<u>\$ (192,897)</u>	<u>\$ 1,448,783</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 10,085	\$ 5,638	\$ 4,447	\$ 6,052
Salaries and employee benefits	1,490,689	1,381,883	108,806	1,458,887
<b>Total expenditures</b>	<u>1,500,774</u>	<u>1,387,521</u>	<u>113,253</u>	<u>1,464,939</u>
<b>Other financing sources</b>				
Transfers in	-	-	-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 1,500,774</u>	<u>\$ 1,387,521</u>	<u>\$ 113,253</u>	<u>\$ 1,464,939</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 1,307,877		
Total expenditures		<u>1,387,521</u>		
<b>Subtotal</b>		<u>(79,644)</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (79,644)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2010  
(With Comparative Totals for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	8,905	916	(7,989)	7,883
<b>Other financing sources</b>				
Transfers in	210,000	210,000	-	218,905
<b>Appropriated fund balance</b>	-	-	-	-
<b>Total revenues and other financing sources</b>	<u>\$ 218,905</u>	<u>\$ 210,916</u>	<u>\$ (7,989)</u>	<u>\$ 226,788</u>
<b>Operating expenditures</b>				
Administrative costs	<u>\$ 218,905</u>	<u>\$ 97,853</u>	<u>\$ 121,052</u>	<u>\$ 192,356</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 210,916		
Total expenditures		<u>97,853</u>		
<b>Subtotal</b>		113,063		
Depreciation		<u>(954)</u>		
<b>Income (loss)per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ 112,109</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2010  
 (With Comparative Totals for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 500,000	\$ 278,057	\$ (221,943)	\$ 491,400
<b>Operating expenditures</b>				
Administrative costs	\$ 500,000	\$ 329,221	\$ 170,779	\$ 355,427
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 278,057		
Total expenditures		329,221		
<b>Subtotal</b>		(51,164)		
<b>Income (loss)per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		\$ (51,164)		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2010  
(With Comparative Totals for June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 3,987,425	\$ 4,015,582	\$ 28,157	\$ 3,520,041
Non-operating revenues				
Interest earned on investments	-	2,020	2,020	1,570
<b>Other financing sources</b>				
Transfers in	-	-	-	1,100,000
<b>Appropriated fund balance</b>	750,000	-	(750,000)	-
<b>Total revenues and other financing sources</b>	<u>\$ 4,737,425</u>	<u>\$ 4,017,602</u>	<u>\$ (719,823)</u>	<u>\$ 4,621,611</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	<u>\$ 4,737,425</u>	<u>\$ 4,464,928</u>	<u>\$ 272,497</u>	<u>\$ 3,809,800</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 4,017,602		
Total expenditures		<u>4,464,928</u>		
<b>Subtotal</b>		<u>(447,326)</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (447,326)</u>		

## **AGENCY FUNDS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2010**

	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	\$ 4,548,615	\$ -	\$ -	\$ -	\$ 36,981	\$ -	\$ 4,585,596
Due from other governments	19,966	-	-	-	-	-	19,966
Restricted cash and cash equivalents	112,371	372,481	45,662	129,371	74,849	21,143	755,877
Total assets	<u>\$ 4,680,952</u>	<u>\$ 372,481</u>	<u>\$ 45,662</u>	<u>\$ 129,371</u>	<u>\$ 111,830</u>	<u>\$ 21,143</u>	<u>\$ 5,361,439</u>
<b>Liabilities</b>							
Accounts and vouchers payable	\$ 4,678,456	\$ 372,481	\$ 45,662	\$ 129,371	\$ 111,830	\$ -	\$ 5,337,800
Due to other governments	2,496	-	-	-	-	21,143	23,639
Total liabilities	<u>\$ 4,680,952</u>	<u>\$ 372,481</u>	<u>\$ 45,662</u>	<u>\$ 129,371</u>	<u>\$ 111,830</u>	<u>\$ 21,143</u>	<u>\$ 5,361,439</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Schedule of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2010**

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2010</u>
<b>City Tax Fund</b>				
<b>Assets</b>				
Taxes receivable	\$ 4,655,878	\$ 75,477,706	\$ 75,584,969	\$ 4,548,615
Due from other governments	-	19,966	-	19,966
Restricted cash and cash equivalents	106,260	75,180,000	75,173,889	112,371
<b>Total assets</b>	<u>\$ 4,762,138</u>	<u>\$ 150,677,672</u>	<u>\$ 150,758,858</u>	<u>\$ 4,680,952</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 4,759,611	\$ 150,675,176	\$ 150,756,331	\$ 4,678,456
Due to other governments	2,527	2,496	2,527	2,496
<b>Total liabilities</b>	<u>\$ 4,762,138</u>	<u>\$ 150,677,672</u>	<u>\$ 150,758,858</u>	<u>\$ 4,680,952</u>
<b>Payee Account Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 304,417	\$ 1,142,889	\$ 1,074,825	\$ 372,481
<b>Total assets</b>	<u>\$ 304,417</u>	<u>\$ 1,142,889</u>	<u>\$ 1,074,825</u>	<u>\$ 372,481</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 304,417	\$ 1,142,889	\$ 1,074,825	\$ 372,481
<b>Total liabilities</b>	<u>\$ 304,417</u>	<u>\$ 1,142,889</u>	<u>\$ 1,074,825</u>	<u>\$ 372,481</u>
<b>Inmate Payee Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 32,163	\$ 944,109	\$ 930,610	\$ 45,662
<b>Total assets</b>	<u>\$ 32,163</u>	<u>\$ 944,109</u>	<u>\$ 930,610</u>	<u>\$ 45,662</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 32,163	\$ 944,109	\$ 930,610	\$ 45,662
<b>Total liabilities</b>	<u>\$ 32,163</u>	<u>\$ 944,109</u>	<u>\$ 930,610</u>	<u>\$ 45,662</u>
<b>Intergovernmental Custodial Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 110,711	\$ 1,226,339	\$ 1,207,679	\$ 129,371
<b>Total assets</b>	<u>\$ 110,711</u>	<u>\$ 1,226,339</u>	<u>\$ 1,207,679</u>	<u>\$ 129,371</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 110,711	\$ 1,226,339	\$ 1,207,679	\$ 129,371
<b>Total liabilities</b>	<u>\$ 110,711</u>	<u>\$ 1,226,339</u>	<u>\$ 1,207,679</u>	<u>\$ 129,371</u>
<b>Stormwater Utility Fund</b>				
<b>Assets</b>				
Taxes receivable	\$ 42,546	\$ 1,702,366	\$ 1,707,931	\$ 36,981
Restricted cash and cash equivalents	74,529	1,710,872	1,710,552	74,849
<b>Total assets</b>	<u>\$ 117,075</u>	<u>\$ 3,413,238</u>	<u>\$ 3,418,483</u>	<u>\$ 111,830</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 117,075	\$ 3,413,238	\$ 3,418,483	\$ 111,830
<b>Total liabilities</b>	<u>\$ 117,075</u>	<u>\$ 3,413,238</u>	<u>\$ 3,418,483</u>	<u>\$ 111,830</u>
<b>Vehicle Interest Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 19,973	\$ 277,886	\$ 276,716	\$ 21,143
<b>Total assets</b>	<u>\$ 19,973</u>	<u>\$ 277,886</u>	<u>\$ 276,716</u>	<u>\$ 21,143</u>
<b>Liabilities</b>				
Due to other governments	\$ 19,973	\$ 277,886	\$ 276,716	\$ 21,143
<b>Total liabilities</b>	<u>\$ 19,973</u>	<u>\$ 277,886</u>	<u>\$ 276,716</u>	<u>\$ 21,143</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Taxes receivable	\$ 4,698,424	\$ 77,180,072	\$ 77,292,900	\$ 4,585,596
Due from other governments	-	19,966	-	19,966
Restricted cash and cash equivalents	648,053	80,482,095	80,374,271	755,877
<b>Total assets</b>	<u>\$ 5,346,477</u>	<u>\$ 157,682,133</u>	<u>\$ 157,667,171</u>	<u>\$ 5,361,439</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 5,323,977	\$ 157,401,751	\$ 157,387,928	\$ 5,337,800
Due to other governments	22,500	280,382	279,243	23,639
<b>Total liabilities</b>	<u>\$ 5,346,477</u>	<u>\$ 157,682,133</u>	<u>\$ 157,667,171</u>	<u>\$ 5,361,439</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Fund - City Tax Fund**  
**June 30, 2010**

	<b>Fayetteville Tax Fund</b>	<b>Downtown Revitalization Tax Fund</b>	<b>Falcon Tax Fund</b>	<b>Godwin Tax Fund</b>	<b>Hope Mills Tax Fund</b>	<b>Linden Tax Fund</b>	<b>Spring Lake Tax Fund</b>	<b>Stedman Tax Fund</b>	<b>Wade Tax Fund</b>	<b>Eastover Tax Fund</b>	<b>Totals</b>
<b>Assets</b>											
Taxes receivable	\$ 4,036,377	\$ 2,659	\$ 1,313	\$ 1,358	\$ 210,602	\$ 1,726	\$ 262,411	\$ 12,091	\$ 4,422	\$ 15,656	\$ 4,548,615
Due from other governments	19,966	-	-	-	-	-	-	-	-	-	19,966
Restricted cash and cash equivalents	81,101	-	553	490	10,713	554	6,560	2,530	773	9,097	112,371
Total assets	<u>\$ 4,137,444</u>	<u>\$ 2,659</u>	<u>\$ 1,866</u>	<u>\$ 1,848</u>	<u>\$ 221,315</u>	<u>\$ 2,280</u>	<u>\$ 268,971</u>	<u>\$ 14,621</u>	<u>\$ 5,195</u>	<u>\$ 24,753</u>	<u>\$ 4,680,952</u>
<b>Liabilities</b>											
Accounts and vouchers payable	\$ 4,137,444	\$ 631	\$ 1,858	\$ 1,841	\$ 221,154	\$ 2,272	\$ 268,877	\$ 14,582	\$ 5,181	\$ 24,616	\$ 4,678,456
Due to other governments	-	2,028	8	7	161	8	94	39	14	137	2,496
Total liabilities	<u>\$ 4,137,444</u>	<u>\$ 2,659</u>	<u>\$ 1,866</u>	<u>\$ 1,848</u>	<u>\$ 221,315</u>	<u>\$ 2,280</u>	<u>\$ 268,971</u>	<u>\$ 14,621</u>	<u>\$ 5,195</u>	<u>\$ 24,753</u>	<u>\$ 4,680,952</u>

**DISCRETELY PRESENTED COMPONENT UNITS**

**EASTOVER SANITARY DISTRICT**

**TOURISM DEVELOPMENT AUTHORITY**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Discretely Presented Component Unit  
Eastover Sanitary District  
Statement of Net Assets  
June 30, 2010**

---

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 438,463
Sales tax receivable	142,356
Due from other governments	86,537
Cash and cash equivalents - restricted	4,076,200
Total current assets	<u>4,743,556</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>12,616,624</u>
Total noncurrent assets	<u>12,616,624</u>
<b>Total assets</b>	<u><u>17,360,180</u></u>
<b>Liabilities and net assets</b>	
Current liabilities	
Accounts and vouchers payable	266,005
Accrued interest payable	54,833
Other payables	4,450
Current portion of long-term debt and accrued vacation	79,292
Total current liabilities	<u>404,580</u>
Noncurrent liabilities	
Long-term debt	<u>9,976,960</u>
Total noncurrent liabilities	<u>9,976,960</u>
<b>Total liabilities</b>	<u><u>10,381,540</u></u>
Net assets	
Invested in capital assets, net of related debt	7,089,605
Restricted net assets - debt service	-
Unrestricted	(110,965)
<b>Total net assets</b>	<u><u>\$ 6,978,640</u></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, 2010

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<b>Operating revenues</b>	
Charges for services	\$ 121,317
Other operating revenue	340,564
Total operating revenues	<u>461,881</u>
<b>Operating expenses</b>	
Salaries and employee benefits	5,167
Utilities	601
Depreciation	166,848
Miscellaneous	55,883
Total operating expenses	<u>228,499</u>
<b>Operating income (loss)</b>	<u>233,382</u>
<b>Nonoperating revenue (expense)</b>	
Interest earned on investments	465
Miscellaneous	10,472
Interest expense	(188,746)
Total nonoperating revenue (expense)	<u>(177,809)</u>
<b>Income (loss) before contributions</b>	55,573
Capital contributions	34,968
<b>Change in net assets</b>	<u>90,541</u>
<b>Total net assets - beginning, as previously reported</b>	6,654,498
<b>Prior period adjustment - construction</b>	233,601
<b>Total net assets - beginning, as restated</b>	<u>6,888,099</u>
<b>Total net assets - ending</b>	<u>\$ 6,978,640</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Discretely Presented Component Unit  
Eastover Sanitary District  
Statement of Cash Flows  
Year Ended June 30, 2010**

<b>Operating activities</b>	
Cash received from customers	\$ 198,211
Other operating revenue	340,564
Cash paid to employees	(5,167)
Cash paid for goods and services	<u>(119,197)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>414,411</u>
<b>Capital and related financing activities</b>	
Acquisition and construction of capital assets	(2,477,058)
Principal paid on long-term debt	(18,748)
Interest paid on bonds	(172,065)
Capital contributions	34,968
Other miscellaneous transactions	<u>10,472</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>3,554,569</u>
<b>Investing activities</b>	
Investment earnings	<u>465</u>
<b>Net cash provided (used) in investing activities</b>	<u>465</u>
<b>Net increase in cash and cash equivalents</b>	<u>4,203,046</u>
<b>Cash and cash equivalents</b>	
<b>Beginning of year</b>	<u>311,617</u>
<b>End of year</b>	<u>\$ 4,514,663</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 233,382
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	166,848
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(62,037)
(Increase) decrease in inventories	(20,560)
Increase (decrease) in accounts payable and accrued liabilities	121,778
Increase (decrease) in due to primary government	<u>(25,000)</u>
Total adjustments	<u>181,029</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 414,411</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**Eastover Sanitary District**  
**Year Ended June 30, 2010**  
**(With Comparative Totals for June 30, 2009)**

	<b>2010</b>			<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	
<b>Operating revenues</b>				
Charges for services	\$ 2,124,962	\$ 121,317	\$ (2,003,645)	\$ 34,023
Other operating revenue	341,441	340,564	(877)	312,959
Total operating revenues	<u>2,466,403</u>	<u>461,881</u>	<u>(2,004,522)</u>	<u>346,982</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	6,600	465	(6,135)	4,838
Miscellaneous	-	10,472	10,472	(10,472)
Debt proceeds	6,177,000	-	(6,177,000)	-
Transfers in	599,754	349,754	(250,000)	-
Capital contributions	4,618,155	34,968	(4,583,187)	913,204
Total Nonoperating revenues and other financing sources	<u>11,401,509</u>	<u>395,659</u>	<u>(11,005,850)</u>	<u>907,570</u>
Appropriated fund balance	12,800	-	(12,800)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 13,880,712</u>	<u>\$ 857,540</u>	<u>\$ (13,023,172)</u>	<u>\$ 1,254,552</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 5,167	\$ 5,167	\$ -	\$ 3,553
Utilities	5,001	601	4,400	3,888
Miscellaneous	216,496	55,883	160,613	270,010
Total operating expenditures	<u>226,664</u>	<u>61,651</u>	<u>165,013</u>	<u>277,451</u>
<b>Nonoperating expenditures</b>				
Debt Service	189,590	188,746	844	180,627
Proprietary nonoperating expense	52,500	-	52,500	-
Total nonoperating expenditures	<u>242,090</u>	<u>188,746</u>	<u>53,344</u>	<u>180,627</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	13,012,354	2,477,058	10,535,296	796,474
Appropriated Fund Balance	399,604	349,754	49,850	-
Total other expenditures and financing uses	<u>13,411,958</u>	<u>2,826,812</u>	<u>10,585,146</u>	<u>796,474</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 13,880,712</u>	<u>\$ 3,077,209</u>	<u>\$ 10,803,503</u>	<u>\$ 1,254,552</u>
Total revenues and other financing sources		\$ 857,540		
Total expenditures and other financing uses		<u>3,077,209</u>		
		(2,219,669)		
Capital outlay		2,477,058		
Depreciation		<u>(166,848)</u>		
<b>Income (loss) per Statement of Revenue, Expenses and Changes in Fund Net Assets</b>		<u>\$ 90,541</u>		

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2010**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Restricted intergovernmental revenue	\$ 650,000	\$ 650,000	\$ -	\$ -	\$ 650,000
Sales and services	223,862	196,654	-	27,208	223,862
Miscellaneous	73,954	49,637	-	24,316	73,953
<b>Total revenues</b>	<u>947,816</u>	<u>896,291</u>	<u>-</u>	<u>51,524</u>	<u>947,815</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Water and sewer	4,866,367	4,792,698	-	33,535	4,826,233
<b>Total expenditures</b>	<u>4,866,367</u>	<u>4,792,698</u>	<u>-</u>	<u>33,535</u>	<u>4,826,233</u>
<b>Revenues over (under) expenditures</b>	<u>(3,918,551)</u>	<u>(3,896,407)</u>	<u>-</u>	<u>17,989</u>	<u>(3,878,418)</u>
<b>Other financing sources (uses)</b>					
Capital contributions (USDA & NCCWMTF)	3,968,155	3,893,054	-	34,968	3,928,022
Transfers in	250,000	-	-	-	-
Payment to administrative fund	(299,604)	(49,850)	-	(249,754)	(299,604)
<b>Total other financing sources</b>	<u>3,918,551</u>	<u>3,843,204</u>	<u>-</u>	<u>(214,786)</u>	<u>3,628,418</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (53,203)</u>	<u>\$ -</u>	<u>(196,797)</u>	<u>\$ (250,000)</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>(53,203)</u>	
End of year - June 30				<u>\$ (250,000)</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2010

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Sales and services	\$ 1,875,500	\$ -	\$ -	\$ 77,800	\$ 77,800
<b>Total revenues</b>	<u>1,875,500</u>	<u>-</u>	<u>-</u>	<u>77,800</u>	<u>77,800</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Water	8,152,500	-	-	2,443,136	2,443,136
<b>Total expenditures</b>	<u>8,152,500</u>	<u>-</u>	<u>-</u>	<u>2,443,136</u>	<u>2,443,136</u>
<b>Revenues over (under) expenditures</b>	<u>(6,277,000)</u>	<u>-</u>	<u>-</u>	<u>(2,365,336)</u>	<u>(2,365,336)</u>
<b>Other financing sources (uses)</b>					
Bond anticipation note	6,177,000	-	-	6,177,000	6,177,000
Transfers in	100,000	-	-	100,000	100,000
<b>Total other financing sources</b>	<u>6,277,000</u>	<u>-</u>	<u>-</u>	<u>6,277,000</u>	<u>6,277,000</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,911,664</u>	<u>\$ 3,911,664</u>
<b>Fund balance</b>					
Beginning of year - July 1				-	
End of year - June 30				<u>\$ 3,911,664</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Discretely Presented Component Unit  
Tourism Development Authority**

**Statement of Net Assets**

**June 30, 2010**

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<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,182,300
Total current assets	<u>1,182,300</u>
<b>Total assets</b>	<u><u>1,182,300</u></u>
<b>Liabilities and net assets</b>	
Current liabilities	
Accounts and vouchers payable	<u>457,640</u>
Total current liabilities	<u>457,640</u>
Noncurrent liabilities	
<b>Total liabilities</b>	<u><u>457,640</u></u>
Net assets	
Unrestricted	<u>724,660</u>
<b>Total net assets</b>	<u><u>\$ 724,660</u></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, 2010

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<b>Operating revenues</b>	
Occupancy taxes	\$ 4,257,058
Total operating revenues	<u>4,257,058</u>
<b>Operating expenses</b>	
Cultural and recreational	4,125,202
Total operating expenses	<u>4,125,202</u>
<b>Operating income (loss)</b>	<u>131,856</u>
Miscellaneous	-
Total nonoperating revenue (expense)	<u>-</u>
<b>Income (loss) before transfers and contributions</b>	<u>131,856</u>
<b>Change in net assets</b>	131,856
<b>Total net assets - beginning</b>	592,804
<b>Total net assets - ending</b>	<u>\$ 724,660</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Tourism Development Authority  
Statement of Cash Flows  
Year Ended June 30, 2010

---

<b>Operating activities</b>	
Cash received from operations	\$ 4,257,058
Cash paid for goods and services	<u>(4,051,821)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>205,237</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>
<b>Net cash provided (used) in investing activities</b>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>205,237</u>
<b>Cash and cash equivalents</b>	
Beginning of year	<u>977,063</u>
End of year	<u>\$ 1,182,300</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 131,856
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	<u>73,381</u>
Total adjustments	<u>73,381</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 205,237</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
Tourism Development Authority  
Year Ended June 30, 2010  
(With Comparative Totals for June 30, 2009)**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 4,600,000	\$ 4,257,058	\$ (342,942)	\$ 4,264,755
Total operating revenues	4,600,000	4,257,058	(342,942)	4,264,755
<b>Nonoperating revenues and other financing sources</b>				
Miscellaneous	-	-	-	259
Total Nonoperating revenues and other financing sources	-	-	-	259
Appropriated fund balance	112,700	-	(112,700)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<b>\$ 4,712,700</b>	<b>\$ 4,257,058</b>	<b>\$ (455,642)</b>	<b>\$ 4,265,014</b>
<b>Operating expenditures</b>				
Cultural and recreational	\$ 4,712,700	\$ 4,125,202	\$ 587,498	\$ 4,488,589
Total operating expenditures	4,712,700	4,125,202	587,498	4,488,589
<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>\$ 4,712,700</b>	<b>\$ 4,125,202</b>	<b>\$ 587,498</b>	<b>\$ 4,488,589</b>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 4,257,058		
Total expenditures and other financing uses		4,125,202		
		<u>131,856</u>		
<b>Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets</b>		<u>\$ 131,856</u>		

**OTHER SUPPLEMENTAL FINANCIAL DATA**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Current Tax Levy**  
**Year Ended June 30, 2010**

	<u>County-wide</u>			<u>Total Levy</u>		
	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>		<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original levy</b>						
County wide	\$ 20,884,819,914	0.00766	\$ 159,977,721			
Late listing penalties		0.10000	<u>127,481</u>	\$ 160,105,202	\$ 144,333,595	\$ 15,771,607
<b>Discoveries</b>						
County wide	91,184,751	0.00766	698,475			
Late listing penalties		0.10000	<u>142,768</u>	841,243	806,070	35,174
<b>Abatements</b>						
County wide	322,699,185	0.00766	2,471,876			
Late listing penalties		0.10000	<u>50,568</u>	<u>2,522,444</u>	<u>1,191,366</u>	<u>1,331,078</u>
Adjusted tax levy				158,424,001	143,948,299	14,475,703
Uncollected taxes at June 30, 2010				<u>(3,789,601)</u>	<u>(1,241,939)</u>	<u>(2,547,662)</u>
Current year's taxes collected				<u>\$ 154,634,400</u>	<u>\$ 142,706,360</u>	<u>\$ 11,928,041</u>
Percent of current year's taxes collected				<u>97.61%</u>	<u>99.14%</u>	<u>82.40%</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Ad Valorem Taxes Receivable**

**June 30, 2010**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2009</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2010</u>
2009-2010	\$ -	\$ 158,424,001	\$ 154,634,400	\$ 3,789,601
Prior years	10,688,447	-	3,828,991	6,859,456
	<u>\$ 10,688,447</u>	<u>\$ 158,424,001</u>	<u>\$ 158,463,391</u>	10,649,057
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,524,924)</u>
				<u>\$ 3,124,133</u>

**RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES**

Collections and credits per above	\$ 158,463,391
Interest	896,869
Processing fees	232,266
Other	591,936
Releases from prior years	<u>(429,123)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 159,755,339</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**

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

Schedule 1

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
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	\$ 130,423,459
Restricted	700,730	10,650,586	26,985,138	35,261,376	45,222,958	45,620,960	59,131,948	32,513,194	31,401,643
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)	(62,322,028)
Total governmental activities net assets	<u>\$ 41,793,092</u>	<u>\$ 56,113,647</u>	<u>\$ 61,559,921</u>	<u>\$ 68,310,809</u>	<u>\$ 91,335,750</u>	<u>\$ 108,134,701</u>	<u>\$ 111,764,891</u>	<u>\$ 101,814,788</u>	<u>\$ 99,503,074</u>
Business-type activities									
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	\$ 37,024,911
Restricted		1,073,253	1,489,089	1,432,349	1,625,492	2,038,462	5,328,277	8,544,807	8,646,797
Unrestricted	14,603,390	16,352,815	19,301,119	23,840,995	28,226,868	31,209,571	28,607,695	26,985,168	26,701,894
Total business-type activities net assets	<u>\$ 35,140,877</u>	<u>\$ 38,497,141</u>	<u>\$ 41,499,003</u>	<u>\$ 54,666,726</u>	<u>\$ 61,546,260</u>	<u>\$ 66,269,756</u>	<u>\$ 68,839,975</u>	<u>\$ 71,452,516</u>	<u>\$ 72,373,602</u>
Primary government									
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	\$ 167,448,370
Restricted	700,730	11,723,839	28,474,227	36,693,725	46,848,450	47,659,422	64,460,225	41,058,001	40,048,440
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)	(35,620,134)
Total primary government net assets	<u>\$ 76,933,969</u>	<u>\$ 94,610,788</u>	<u>\$ 103,058,924</u>	<u>\$ 122,977,535</u>	<u>\$ 152,882,010</u>	<u>\$ 174,404,457</u>	<u>\$ 180,604,866</u>	<u>\$ 173,267,304</u>	<u>\$ 171,876,676</u>

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 Nine Fiscal Years**  
**(accrual basis of accounting)**  
**Unaudited**

Schedule 2

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
<b>Governmental activities</b>									
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	\$ 23,337,278
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	57,441,883
Economic & physical development	9,121,126	8,903,243	10,852,650	12,357,831	13,586,698	15,170,460	13,898,530	15,361,627	18,944,001
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	113,529,432
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	15,095,287
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	98,360,208
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	8,285,618
Total governmental activities expenses	<u>\$ 267,523,346</u>	<u>\$ 261,920,278</u>	<u>\$ 266,236,178</u>	<u>\$ 288,653,124</u>	<u>\$ 288,653,299</u>	<u>\$ 297,581,520</u>	<u>\$ 326,052,605</u>	<u>\$ 334,495,658</u>	<u>\$ 334,993,707</u>
<b>Business type activities</b>									
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	\$ 9,166,951
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	9,268,378
Arena ventures		166,670							
NORCRESS water and sewer district					206,966	437,476	475,019	469,528	531,425
Kelly Hills water and sewer district							602	66,862	66,845
Total business-type activities	<u>\$ 13,716,156</u>	<u>\$ 13,584,639</u>	<u>\$ 13,735,982</u>	<u>\$ 16,296,537</u>	<u>\$ 15,477,576</u>	<u>\$ 17,178,790</u>	<u>\$ 19,627,552</u>	<u>\$ 18,687,344</u>	<u>\$ 19,033,599</u>
Total primary government expenses	<u>\$ 281,239,502</u>	<u>\$ 275,504,917</u>	<u>\$ 279,972,160</u>	<u>\$ 304,949,661</u>	<u>\$ 304,130,875</u>	<u>\$ 314,760,310</u>	<u>\$ 345,680,157</u>	<u>\$ 353,183,002</u>	<u>\$ 354,027,306</u>
<b>Program Revenues</b>									
<b>Governmental activities</b>									
<b>Charges for services</b>									
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	\$ 2,858,960
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	3,419,961
Economic & physical development	325,529	958,151	933,363	1,205,185	923,979	1,000,137	918,059	907,184	969,652
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	12,388,227
Cultural & Recreational	616,202	609,054	597,101	316,072	323,425	314,225	262,982	316,123	364,878
<b>Operating grants and contributions</b>									
General government	791,001	1,218,686	577,627	534,074	1,248,637	672,243	722,308	766,005	752,384
Public safety	748,080	496,287	893,109	1,711,447	1,148,872	938,285	1,258,882	3,000,993	1,274,393
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	10,942,151
Human services	50,143,089	50,307,721	50,144,930	53,756,844	56,882,715	55,618,886	58,407,822	58,022,758	61,167,757
Cultural & recreational	834,503	964,885	802,585	1,117,610	964,879	980,287	1,038,876	1,148,277	886,957
<b>Capital grants and contributions</b>									
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	6,046,938
Public safety	386,534	811,942	1,209,212	543,995	739,188	606,687	1,545,270	752,035	746,372
Economic & physical development	1,354,400	260,569	327,215	266,840	267,545	598,137	973,716	1,349,603	1,336,432
Human services					311,967	386,076	630,824	497,549	348,341
Cultural & recreational	4,500	2,131							
Education	13,783,008	485,385	1,466,722						
Total governmental activities programs revenues	<u>\$ 98,180,085</u>	<u>\$ 83,468,514</u>	<u>\$ 89,163,662</u>	<u>\$ 95,094,016</u>	<u>\$ 97,074,641</u>	<u>\$ 92,931,741</u>	<u>\$ 99,713,827</u>	<u>\$ 93,278,759</u>	<u>\$ 103,503,403</u>

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

Schedule 2

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	\$ 2,467,261
Solid waste	2,539,516	2,513,065	2,444,999	3,752,650	3,597,816	4,268,885	4,042,647	3,824,892	3,304,501
Arena ventures		100,002							
NORCRESS water and sewer district			14,208	10,224	77,730	327,926	231,570	250,755	294,027
Kelly Hills water and sewer district		39,200			238	1,054			
Operating grants and contributions									
Solid waste	67,001				21,180			10,472	518,723
Capital grants and contributions									
NORCRESS 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	<u>\$ 4,305,874</u>	<u>\$ 5,335,699</u>	<u>\$ 4,886,161</u>	<u>\$ 12,817,953</u>	<u>\$ 7,740,223</u>	<u>\$ 7,009,993</u>	<u>\$ 6,956,477</u>	<u>\$ 6,568,286</u>	<u>\$ 6,584,512</u>
Total primary government program revenues	<u>\$ 102,485,959</u>	<u>\$ 88,804,213</u>	<u>\$ 94,049,823</u>	<u>\$ 107,911,969</u>	<u>\$ 104,814,864</u>	<u>\$ 99,941,734</u>	<u>\$ 106,670,304</u>	<u>\$ 99,847,045</u>	<u>\$ 110,087,915</u>
<b>Net (expense)/revenue</b>									
Governmental activities	\$ (169,343,261)	\$ (178,451,764)	\$ (177,072,516)	\$ (193,559,108)	\$ (191,578,658)	\$ (204,649,779)	\$ (226,338,778)	\$ (241,216,899)	\$ (231,490,304)
Business-type 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)	(12,449,087)
Total primary government net expense	<u>\$ (178,753,543)</u>	<u>\$ (186,700,704)</u>	<u>\$ (185,922,337)</u>	<u>\$ (197,037,692)</u>	<u>\$ (199,316,011)</u>	<u>\$ (214,818,576)</u>	<u>\$ (239,009,853)</u>	<u>\$ (253,335,957)</u>	<u>\$ (243,939,391)</u>
<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	\$ 168,579,799
Other taxes	42,896,340	46,697,032	41,353,221	58,376,570	63,143,666	60,450,548	63,209,326	60,658,983	50,815,261
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	10,663,034
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	423,070
Miscellaneous	5,774,764	7,872,953	6,082,715	5,796,274	5,813,227	5,376,376	6,647,488	10,958,032	6,045,932
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)	(7,348,506)
Total governmental activities	<u>\$ 174,351,462</u>	<u>\$ 179,510,077</u>	<u>\$ 182,115,248</u>	<u>\$ 200,309,996</u>	<u>\$ 215,028,493</u>	<u>\$ 221,448,730</u>	<u>\$ 229,968,968</u>	<u>\$ 231,266,796</u>	<u>\$ 229,178,590</u>
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	\$ 5,811,507
Investment earnings	553,833	326,113	285,346	566,852	1,239,835	1,953,383	2,045,131	1,336,681	190,657
Miscellaneous	90,113	17,089	(16,777)	835,559	170,844	6,344	28,779	290,162	19,503
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	7,348,506
Total business-type activities	<u>\$ 13,250,413</u>	<u>\$ 11,605,204</u>	<u>\$ 11,851,683</u>	<u>\$ 16,646,307</u>	<u>\$ 14,616,891</u>	<u>\$ 14,892,293</u>	<u>\$ 15,241,294</u>	<u>\$ 14,731,599</u>	<u>\$ 13,370,173</u>
Total primary government	<u>\$ 187,601,875</u>	<u>\$ 191,115,281</u>	<u>\$ 193,966,931</u>	<u>\$ 216,956,303</u>	<u>\$ 229,645,384</u>	<u>\$ 236,341,023</u>	<u>\$ 245,210,262</u>	<u>\$ 245,998,395</u>	<u>\$ 242,548,763</u>
<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)	\$ (2,311,714)
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	921,086
Total primary government	<u>\$ 8,848,332</u>	<u>\$ 4,414,577</u>	<u>\$ 8,044,594</u>	<u>\$ 19,918,611</u>	<u>\$ 30,329,373</u>	<u>\$ 21,522,447</u>	<u>\$ 6,200,409</u>	<u>\$ (7,337,562)</u>	<u>\$ (1,390,628)</u>

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**  
**(accrual basis of accounting)**  
**Unaudited**

Schedule 3

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	\$ 156,802
Register of deeds		130,055	111,146	140,680	137,081	233,127	254,065	463,139	461,343	498,743
Mental health programs	460,148	458,591	60,230	60,230						
Encumbrances	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	3,635,186
State statute	8,903,550	9,387,422	8,740,114	19,947,496	22,374,474	21,868,108	23,704,328	23,207,371	25,437,903	23,603,383
Inmates										
State cemetery										
Unreserved										
Designated for subsequent year's expenditures	8,362,179	8,761,401	11,337,226	11,380,770	17,502,451	15,407,911	14,711,456	15,778,274	12,606,247	18,261,131
Designated for revaluation						150,000		150,000		175,000
Designated for tax office software						1,161,950		655,072	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	2,265,121
Designated for health department renovations					2,500,000	3,166,150	1,606,150		5,682,892	3,882,892
Designated for courthouse/plaza renovations						2,704,163	2,622,136	262,793		
Designated for hope VI project							3,120,000	3,375,000	3,375,000	3,375,000
Designated for other purposes	1,449,658	1,898,633	2,979,503	2,018,754		3,065,833	1,351,235	876,004		
Designated for current year's expenditures						1,227,898				
Designated for technology				2,861,997	2,861,997					
Designated for school buses					453,000					
Undesignated	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	39,409,785
Total general fund	\$ 46,677,334	\$ 50,074,424	\$ 56,666,502	\$ 81,315,228	\$ 90,598,845	\$ 98,634,757	\$ 98,111,884	\$ 97,716,760	\$ 96,085,532	\$ 96,263,043
<b>All other governmental funds</b>										
Reserved for:										
Encumbrances	\$ 1,884,414	\$ 1,032,705	\$ 1,602,208	\$ 1,957,387	\$ 427,951	\$ 3,152,903	\$ 559,695	\$ 319,819	\$ 530,442	\$ 807,235
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	4,952,311
Inmates		207,604	180,831	284,724	310,054	231,064	180,841	54,648	23,566	23,566
Cemetery		34,535	34,082	34,251	36,913	36,477	36,553	39,125	41,139	42,296
Unreserved reported in other major										
Designated for subsequent year's expenditures							2,800,000	3,021,881		
Special revenue										
Capital projects										
Undesignated										
Special revenue					2,098,313		9,501,512	12,610,892	6,802,625	6,391,536
Capital projects								39,775,254	10,008,587	2,702,773
Unreserved, reported in nonmajor:										
Designated for subsequent year's expenditures										
Special revenue	2,801,865	3,083,036	3,941,127	3,958,056	4,190,146	4,538,462	370,325		3,155,966	5,182,510
Capital projects	322,512	990,552	5,370,826							
Designated for other purposes										
Special revenue					200,000					
Undesignated										
Special revenue	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	13,022,215
Capital projects	30,878,557	18,727,617	8,420,384	10,657,459	8,418,369	6,984,593	2,608,563	987,936	20,229,259	14,942,491
Total all other governmental funds	\$ 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	\$ 48,066,933
Total all governmental funds	\$ 101,693,856	\$ 92,047,641	\$ 93,888,004	\$ 118,733,266	\$ 126,888,959	\$ 136,373,290	\$ 134,548,857	\$ 177,743,669	\$ 156,782,756	\$ 144,329,976

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

Schedule 4

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Ad valorem taxes	\$120,090,162	\$124,363,995	\$126,501,055	\$135,256,367	\$139,296,709	\$144,301,591	\$147,462,917	\$153,840,044	\$154,079,637	\$169,741,239
Other taxes	44,480,156	42,896,340	44,187,050	54,188,271	61,258,764	66,196,673	60,403,171	63,333,195	60,658,983	50,836,545
Unrestricted Intergovernmental	4,076,568	3,046,773	1,265,058	4,857,430	4,592,341	5,272,501	8,322,319	8,720,504	9,396,585	11,655,040
Restricted Intergovernmental	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	83,468,125
Licenses and permits	2,560,655	2,847,757	4,062,976	4,432,579	5,231,307	3,616,805	3,707,358	2,841,307	2,630,642	2,471,947
Sales and services	15,418,729	18,885,329	19,248,263	20,066,040	20,938,883	20,175,715	13,803,729	14,924,481	16,181,728	16,570,637
Investment earnings	10,757,185	3,417,439	1,568,762	1,225,854	2,994,836	5,528,756	7,528,255	5,694,409	2,253,863	411,269
Other general revenues	6,938,772	5,748,604	7,585,811	6,221,854	6,801,754	5,898,692	6,038,736	6,640,826	10,244,184	5,976,393
Total revenues	<u>\$272,682,915</u>	<u>\$277,651,426</u>	<u>\$264,576,250</u>	<u>\$290,795,451</u>	<u>\$310,043,338</u>	<u>\$324,136,135</u>	<u>\$322,676,101</u>	<u>\$337,476,807</u>	<u>\$330,004,974</u>	<u>\$341,131,195</u>
<b>Expenditures</b>										
General government	\$ 16,715,906	\$ 14,434,601	\$ 16,190,889	\$ 15,865,618	\$ 20,448,388	\$ 19,573,002	\$ 18,574,204	\$ 20,760,735	\$ 24,297,883	\$ 20,405,042
Public safety	35,347,039	33,042,128	34,149,908	36,729,376	38,385,258	40,308,572	42,626,745	44,953,991	46,240,025	50,997,670
Economic and physical development	9,299,668	9,092,224	9,330,336	10,387,592	11,442,987	13,190,720	14,783,011	12,750,827	14,440,533	17,912,506
Human services	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	106,044,694
Cultural and recreational	10,894,944	9,653,361	9,166,754	10,602,235	13,396,711	14,343,093	12,491,367	12,233,311	12,678,564	13,112,830
Education	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	98,360,208
Capital outlay	53,043,613	16,248,607	4,673,700	488,141	4,236,462	8,576,837	10,517,733	6,499,102	24,897,478	30,506,601
Debt service										
Principal	13,205,035	11,873,262	10,958,755	11,758,005	12,100,187	13,888,769	13,585,630	14,100,329	15,538,661	15,848,042
Interest and fees	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	8,779,875
Total expenditures	<u>\$316,097,798</u>	<u>\$281,667,866</u>	<u>\$272,407,891</u>	<u>\$272,039,141</u>	<u>\$298,366,285</u>	<u>\$309,551,797</u>	<u>\$316,441,597</u>	<u>\$332,511,089</u>	<u>\$367,199,965</u>	<u>\$361,967,468</u>
Revenues over (under) expenditures	\$ (43,414,883)	\$ (4,016,440)	\$ (7,831,641)	\$ 18,756,310	\$ 11,677,053	\$ 14,584,338	\$ 6,234,504	\$ 4,965,718	\$ (37,194,991)	\$ (20,836,273)
<b>Other financing sources (uses)</b>										
Debt issuance		\$ 238,125	\$ 15,818,195		\$ 9,862,080	\$ 4,300,000		\$ 46,500,000	\$ 74,656,315	\$ 51,862,540
Debt issuance costs					268,699			846,413	320,367	
Refunding debt issuance	50,780,000				35,505,000					
Premium on debt issuance	122,536				2,713,376				3,331,681	
Discount on issuance of bonds									(29,238)	
Payment to refund bond escrow agent	(49,980,680)				(37,659,214)				(55,622,909)	(36,414,948)
Lease purchase proceeds										
Sale of capital assets	41,882	65,728				55,177	189,243	172,355	547,666	174,040
Transfers in	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	9,379,386
Transfers out	(13,776,418)	(13,828,913)	(25,547,383)	(16,307,387)	(24,435,460)	(21,480,572)	(16,325,367)	(16,663,339)	(18,722,297)	(16,937,892)
Payment from component unit		(73,847)	287,142							
Total other financing sources (uses)	<u>\$ (6,443,324)</u>	<u>\$ (6,603,903)</u>	<u>\$ 9,672,004</u>	<u>\$ (8,311,601)</u>	<u>\$ (3,387,504)</u>	<u>\$ (5,100,007)</u>	<u>\$ (7,421,820)</u>	<u>\$ 38,229,094</u>	<u>\$ 16,234,078</u>	<u>\$ 8,383,493</u>
Net change in fund balances	<u>\$ (49,858,207)</u>	<u>\$ (10,620,343)</u>	<u>\$ 1,840,363</u>	<u>\$ 10,444,709</u>	<u>\$ 8,289,549</u>	<u>\$ 9,484,331</u>	<u>\$ (1,187,316)</u>	<u>\$ 43,194,812</u>	<u>\$ (20,960,913)</u>	<u>\$ (12,452,780)</u>
Debt service as a percentage of noncapital expenditures	9.22%	8.43%	7.93%	8.05%	7.34%	7.59%	7.24%	6.77%	7.67%	7.43%

**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**

<b>Fiscal Year</b>	<b>Ad Valorem Tax</b>	<b>Sales Tax</b>	<b>Video Sales Tax<sup>1</sup></b>	<b>Beer and Wine Tax<sup>2</sup></b>	<b>Other Tax<sup>3</sup></b>	<b>Room Occupancy Tourism Tax<sup>4</sup></b>	<b>Real Estate Transfer Tax</b>	<b>Dog and Cat Registration Tax</b>	<b>Prepared Food and Beverage Tax</b>	<b>Total Tax</b>
2001	\$ 120,090,159	\$ 37,831,655		\$ 623,332	\$ 2,113,397	\$ 618,062	\$ 585,671	\$ 149,207	\$ 3,178,154	\$ 165,189,637
2002	124,363,964	36,844,336			2,001,983	774,919	661,865	189,881	3,198,637	168,035,585
2003	126,501,048	39,241,600		657,645	2,431	1,173,035	734,497	172,981	3,380,003	171,863,240
2004	135,256,382	48,414,740		658,219	2,557	1,538,270	1,069,746	441,763	3,601,634	190,983,311
2005	139,296,712	53,103,181		686,819	3,026	2,092,077	1,131,223	405,668	3,836,771	200,555,477
2006	144,301,591	55,674,521		695,840	2,443	3,259,120	1,477,071	381,637	4,110,467	209,902,690
2007	147,462,917	53,343,686	126,540	489,287			1,515,827	367,630	4,560,201	207,866,088
2008	153,840,044	55,804,658	710,663	507,004			1,184,893	348,201	4,777,776	217,173,239
2009	154,079,637	53,117,161	755,814	473,232			875,787	333,916	5,103,073	214,738,620
2010	169,741,239	43,711,312	643,799	110,064			820,502	323,484	5,227,384	220,577,784

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

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

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

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

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

Fiscal Year Ended June 30	Real Property	Public Service <sup>1</sup>	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>
			Motor Vehicle	Other <sup>2</sup>					
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%
<sup>6</sup> 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>6</sup> 2010	19,873,921	353,743	2,058,957	1,196,304	2,829,620	20,653,305	0.766	20,676,049	99.89%

<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 levv. 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 Assesment 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, 2009 and is reflected beginning in Fiscal Year 2010.

**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 Basic Rate	County Recreation Rate	Fire Protection Districts (1)	Special Fire District (2)	Total Direct Rate	City of Fayetteville (3)	Fayetteville Revitalization District	Town of 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
2001	\$ 0.900	\$ 0.050	\$ 0.100	\$ 0.005	\$ 1.055	\$ 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	1.080	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	1.080	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	1.035	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	1.035	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	1.035	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	1.035	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	1.035	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	1.015	0.530	0.100	0.460	0.760	0.205	0.150	0.195	0.150	0.370	0.240
2010	0.766	0.050	0.100	0.005	0.921	0.456	0.100	0.390	0.660	0.205	0.150	0.195	0.150	0.300	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 2010			Fiscal Year 2001		
	2009 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2000 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 272,071	1	1.32%	\$ 131,884	1	1.05%
Cross Creek Mall, LLC	129,089	2	0.63%			
Wal-Mart Stores, Inc.	125,766	3	0.61%	70,520	6	0.56%
Carolina Telephone Co.	89,037	4	0.43%	117,315	3	0.94%
Progress Energy Carolinas	69,299	5	0.34%	58,159	8	0.46%
Piedmont Natural Gas Co., Inc.	57,330	6	0.28%			
Purolator Filters, NA LLC	52,872	7	0.26%	65,554	7	0.52%
Centurion Aviation Services	48,372	8	0.23%			
South River EMC	39,069	9	0.19%			
DAK Americas LLC	35,382	10	0.17%			
E.I. Dupont De Nemours & Co.				125,611	2	1.00%
Cumberland Associates				79,673	4	0.64%
Black & Decker				78,803	5	0.63%
NC Natural Gas				46,567	9	0.37%
Monsanto				45,943	10	0.37%
	<u>\$ 918,287</u>		<u>4.46%</u>	<u>\$ 820,029</u>		<u>6.54%</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			Total Collections to Date		
	Total Tax Levy	Current Tax Collections	Percent of Net Levy Collected	<sup>2</sup> Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Net Levy
2001	\$ 113,019,985	\$ 108,502,502	96.00%	\$ 3,189,921	\$ 111,692,423	98.83%
2002	118,105,428	112,530,100	95.28%	3,996,621	116,526,721	98.66%
2003	118,669,185	112,620,429	94.90%	4,011,034	116,631,463	98.28%
2004	<sup>1</sup> 124,909,702	119,126,328	95.37%	4,310,219	123,436,547	98.82%
2005	127,699,476	122,645,671	96.04%	3,890,124	126,535,795	99.09%
2006	133,891,832	129,101,364	96.42%	3,642,337	132,743,701	99.14%
2007	138,486,845	133,857,005	96.66%	3,515,706	137,372,711	99.20%
2008	144,435,397	140,172,406	97.05%	3,162,849	143,335,255	99.24%
2009	144,914,639	140,776,733	97.14%	2,911,809	143,688,542	99.15%
2010	<sup>1</sup> 158,424,003	154,634,402	97.61%	-	154,634,402	97.61%

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

<sup>2</sup> Collections in FY2001-FY2008 include 1st and 2nd prior year collections. FY2009 includes 1st prior year collections.

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			
2001	\$ 122,915,000	\$ 83,120,000	\$ 1,362,753	\$ 4,847,602		\$ 57,938,781		\$ 586,150	\$ 270,770,286	3.51%	\$ 893
2002	115,775,000	80,785,000	533,786	3,516,433		56,658,781		240,000	257,509,000	3.12%	839
2003	123,510,000	77,955,000	182,226	3,810,237		55,083,781		87,305	260,628,549	2.98%	840
2004	115,895,000	74,570,000		3,234,457		53,183,781			246,883,238	2.64%	790
2005	114,140,000	70,635,000	4,537,080	2,999,271	1,250,000	51,058,781			244,620,132	NA	796
2006	106,165,000	66,475,000	4,562,232	5,631,302	1,250,000	48,693,781			232,777,315	NA	743
2007	98,230,000	62,250,000	4,241,761	4,526,143	1,250,000	46,078,781			216,576,685	NA	692
2008	90,235,000	57,950,000	3,908,523	49,554,052	1,236,000	43,198,781			246,082,356	NA	777
2009	82,295,000	74,825,000	3,562,009	46,666,905	1,221,000	38,518,781			247,088,695	NA	770
2010	73,815,000	86,580,000	3,201,690	43,274,182	1,205,000	35,073,781		3,118,000	246,267,653	NA	760

(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**

<b>Fiscal Year</b>	<b>Total General Obligation Bonds</b>	<b>Percentage of Personal Income (1)</b>	<b>Percentage of Actual Taxable Value of Property (2)</b>	<b>Per Capita (1)</b>
2001	\$ 122,915,000	1.59%	0.94%	\$ 405
2002	115,775,000	1.40%	0.84%	377
2003	123,510,000	1.41%	0.91%	398
2004	115,895,000	1.24%	0.82%	371
2005	115,390,000	1.12%	0.78%	375
2006	107,415,000	0.97%	0.65%	343
2007	99,480,000	0.84%	0.57%	318
2008	91,471,000	0.71%	0.48%	289
2009	83,516,000	NA	0.41%	260
2010	75,020,000	NA	0.36%	231

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 1,094,411	\$ 1,118,338	\$ 1,141,259	\$ 1,280,322	\$ 1,306,923	\$ 1,357,421	\$ 1,401,693	\$ 1,458,735	\$ 1,509,817	\$ 1,878,634
Total net debt applicable to limit	122,915	115,775	123,510	115,895	114,140	106,165	98,230	90,235	82,295	73,815
Legal debt margin	<u>\$ 971,496</u>	<u>\$ 1,002,563</u>	<u>\$ 1,017,749</u>	<u>\$ 1,164,427</u>	<u>\$ 1,192,783</u>	<u>\$ 1,251,256</u>	<u>\$ 1,303,463</u>	<u>\$ 1,368,500</u>	<u>\$ 1,427,522</u>	<u>\$ 1,804,819</u>
Total net debt applicable to the limit as a percentage of debt limit	11.23%	10.35%	10.82%	9.05%	8.73%	7.82%	7.01%	6.19%	5.45%	3.93%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed Property Value	\$ 20,653,305
Plus : Exempt Property	<u>2,829,620</u>
Total Assessed Value	<u>23,482,925</u>
Debt Limit (8% of total assessed value)	1,878,634
Debt applicable to limit:	
Total Bonded debt	75,020
Authorized and unissued debt	<u>16,931</u>
	91,951
Less: Statutory deductions	
Authorized and unissued debt	16,931
Revenue bonds	<u>1,205</u>
	18,136
Total amount of debt applicable to debt limit	73,815
Legal debt margin	<u>\$ 1,804,819</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>
2001	303,240	\$ 7,712,909,400	\$ 25,435	30.0	51,243	6.1%
2002	307,072	8,257,166,080	26,890	30.2	51,725	6.8%
2003	310,119	8,746,906,395	28,205	30.4	52,223	6.3%
2004	312,316	9,347,305,564	29,929	30.6	53,092	5.3%
2005	307,336	10,300,673,376	33,516	30.8	53,399	5.4%
2006	313,282	11,064,493,676	35,318	N/A	53,403	5.4%
2007	313,138	11,910,830,106	38,037	N/A	53,912	5.3%
2008	316,662	12,916,959,642	40,791	N/A	52,912	6.2%
2009	321,071	NA	NA	N/A	53,162	9.2%
2010	324,225	NA	NA	NA	52,187	9.1%

## 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**

<u>Employer</u>	<u>Fiscal Year 2010</u>			<u>Fiscal Year 2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Cumberland County Schools	6,782	1	5.41%	7,342	2	5.80%
U.S. Department of Defense-DA Civilians	6,525	2	5.21%	8,226	1	6.50%
U.S. Department of Defense-Other Civilians	6,171	3	4.93%			
Cape Fear Valley Health System	4,850	4	3.87%	3,650	3	2.88%
Wal-Mart	3,570	5	2.85%			
Goodyear Tires & Rubber Co.	3,000	6	2.40%	3,150	4	2.49%
Cumberland County Government	2,486	7	1.98%	2,388	5	1.89%
City of Fayetteville	1,994	8	1.59%	1,489	6	1.18%
State of North Carolina	1,530	9	1.22%			
U.S. Postal Service	1,312	10	1.05%			
Purolator				1,310	7	1.03%
Black & Decker				1,310	8	1.03%
M.J. Softe				1,200	9	0.95%
Fayetteville Technical Community College				1,150	10	0.91%
	<u>38,220</u>		<u>30.51%</u>	<u>31,215</u>		<u>24.66%</u>
Total Employment	<u>125,258</u>			<u>126,602</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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	252	206	224	234	236	234	239	245	245	238
Public Safety										
Sheriff	405	402	364	367	369	379	381	381	385	378
Detention Facility	92	129	173	182	181	187	187	188	187	190
Other	59	50	51	26	34	35	66	57	73	91
Human Services										
Public Health	303	262	212	224	226	233	240	233	239	247
Mental Health	435	426	448	455	469	407	373	215	218	208
Social Services	651	620	606	609	602	608	616	635	635	652
Other	28	25	21	22	22	23	22	7	7	73
Cultural & Recreation										
Library	178	148	145	154	162	169	176	176	175	195
Other	48	49	50	50						
Economic and Physical Development	116	101	97	104	110	108	108	116	105	106
Crown Center	32	32	36	40	41	39	41	41	41	40
Solid Waste	68	72	55	54	52	64	64	60	60	68
<b>Total</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>	<b>2,486</b>

Source: County Budget System (BRASS)

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government</b>										
Number of persons voting in elections	22,619	58,723	18,963	97,792	32,258	47,466	35,785	18,385	128,873	53,454
Number of registered voters	* 77,112	156,807	159,479	179,370	171,030	176,853	139,350	177,718	208,513	194,383
Number of birth certificates processed	7,390	7,206	7,202	7,535	8,051	7,943	8,242	8,046	8,800	8,547
Number of death certificates processed	2,399	2,441	2,428	2,506	2,355	2,533	2,511	2,790	2,715	2,657
Number of land record instruments	53,254	58,208	64,737	70,475	61,356	63,852	61,396	49,243	47,970	45,072
Number of marriage licenses issued	3,524	3,866	3,677	3,667	4,044	3,828	3,898	4,003	4,676	3,967
Number of pieces of mail handled	668,322	681,169	659,014	712,856	737,929	793,048	639,434	725,028	709,172	676,736
* List Maintenance every 4 years (non-voters removed)										
<b>Public Safety</b>										
Number of fire calls answered	10,495	13,516	9,432	9,515	9,904	7,562	9,459	11,056	11,585	18,135
Number fire permits issued	500	550	708	452	820	266	232	274	381	324
Number of emergency calls dispatched	56,568	60,046	60,761	60,832	58,446	NA	57,320	60,116	190,041*	221,147
Number of sheriff calls answered	91,326	91,840	87,623	87,454	94,698	144,381	137,576	144,689	152,069	145,879
Number of civil court papers handled	41,729	39,665	40,281	40,132	40,542	38,237	40,767	57,872	62,574	47,723
Average daily inmate population	371	392	485	464	504	518	532	536	541	563
Number of inmates admitted	9,135	9,762	9,996	9,202	9,983	10,640	9,833	11,257	12,044	12,128
Number of animals impounded (dogs and cats)	12,561	11,516	12,357	11,779	10,907	11,953	17,895	18,590	12,162	17,786
Number of animal investigations	13,897	13,862	14,895	15,018	14,482	15,767	16,014	14,240	17,223	19,555
*2009 consolidated emergency service and sheriff dispatchers										
<b>Human Services</b>										
Number of health dept. clinical services	29,203	25,707	27,550	30,523	32,143	31,010	29,399	31,282	33,515	47,721
Number of health dept. lab tests processed	41,808	38,955	38,081	40,181	43,057	39,165	28,286	59,007	67,919	28,279
Number of health dept. prescriptions filled	NA	NA	6,781	17,995	29,302	38,119	35,252	36,619	35,635	39,856
Amount of health care provided with no compensation	NA	NA	NA	NA	\$1,361,831	\$1,568,571	\$1,616,979	\$1,788,131	\$2,029,511	\$ 1,895,768
Number of WIC Clients	44,628	45,420	42,552	40,212	38,496	36,456	142,916	150,370	168,342	168,114
Number of food stamp ave monthly households	9,368	10,179	11,713	13,016	13,928	15,623	16,167	18,972	20,926	24,071
Average active Medicaid family & children's cases	14,971	14,668	15,656	15,620	17,802	19,402	21,705	24,565	29,073	28,964
Average active Medicaid adult cases	3,746	3,983	4,089	4,448	4,654	4,941	5,205	5,445	5,482	5,820
Average TANF active cases	2,683	2,530	2,435	2,448	2,301	2,140	2,967	1,647	1,423	1,343
Number of protective services referrals	3,983	4,373	4,736	4,864	4,957	4,853	4,977	5,735	5,784	5,319
Number of veterans claims processed*	NA	NA	1,214	2,364	2,845	2,692	5,233	2,377	5,882	3,978
Number of veterans served in office	NA	NA	6,966	9,209	9,618	8,384	7,568	7,379	9,241	8,753
*all claims processed not just claims generating dollars										

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Human Services (continued)</b>										
Number of veterans served by telephone	NA	NA	10,529	19,429	16,496	16,198	16,848	18,070	26,410	35,151
Number of mental health days of service (24 hrs)	67,470	69,121	67,758	66,784	70,219	81,879	48,481	45,092	31,795	46,620
Number of mental health outpatients served	6,871	7,253	7,239	7,361	8,055	8,607	6,337	6,410	6,785	5,785
Number of mental health inpatients served**	648	936	750	500	417	429	NA	NA	NA	NA
Number of workforce development applicants	1,039	988	971	1,803	2,061	993	683	1,331	2,095	2,189
**clients no longer contracted with hospital										
<b>Economic and Physical Development</b>										
Number of inspections performed	28,080	31,211	37,659	NA	54,606	70,487	27,891	20,164	19,353	22,159
Number of building permits issued	1,412	1,574	1,407	2,024	2,169	NA	1,760	1,273	1,300	1,105
<b>Culture and Recreation</b>										
Number of library books	503,831	503,799	509,173	512,031	513,922	595,462	592,536	558,713	587,093	591,357
Number of materials circulated	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*	2,005,059*
Number of public visits	1,327,742	1,254,195	1,221,211	1,246,265	1,278,154	1,284,143	1,444,916	1,255,529	1,093,931	1,238,738
* includes books and audio visual materials										
<b>Business Activities</b>										
Number of civic center event days	792	378	335	335	326	328	309	348	326	316
Number in attendance	617,802	487,813	506,003	549,456	513,658	545,409	521,088	554,792	576,673	533,092
Number of solid waste tonnages processed	252,265	230,731	205,062	209,810	265,464	282,679	305,915	261,389	262,427	263,996

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Fire</b>										
Number of volunteer stations	21	21	21	21	21	19	20	20	20	20
<b>Sheriff</b>										
Number of stations	4	5	5	5	6	6	4	6	5	5
Number of patrol vehicles	NA	NA	325	325	325	325	326	323	324	324
Detention facility beds	365	568	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	503,831	503,799	509,173	512,031	513,922	595,462	592,536	605,911	637,731	639,119
Number of parks	2	2	2	3	3	3	3	3	3	3
Park acreage	162	174	174	189	189	189	185	185	185	170
Number of ball fields	14	14	33	103	107	67	64	63	63	65
Number of tennis courts	10	10	10	41	40	40	28	28	32	32
<b>Facilities and services not included in primary government</b>										
<b>Education:</b>										
Number of schools	76	79	79	80	80	80	87	87	87	87
Number of students	50,979	51,725	52,223	53,089	53,326	52,565	53,912	52,912	53,162	52,187
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	2	2	2	2
Number of patient beds	933	909	909	426	447	447	546	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)**

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**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2010**

**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, 2010 were approximately \$295 million. General Fund revenues are derived from various sources, including property taxes (approximately 54.1%), sales taxes, and intergovernmental revenues. The County's property tax rate is \$0.766 per \$100 of assessed value. A rate of \$.01 per \$100 of assessed value presently generates approximately \$2,000,000 annually. The State Constitution permits counties to impose property taxes of up to \$1.50 per \$100 of assessed value without the requirement of a voter referendum.

Based upon the N.C. General Statutes, the net debt for any county may not exceed 8 percent of the total assessed value of real and personal property. General obligation debt at June 30, 2010 is \$73,815,000 which is significantly less than the legal limit of approximately \$1.8 billion. Debt service payments represent 4.87% of total actual expenditures for FY 2010 and 6.23% of total budgeted expenditures for FY 2011. In fiscal year 2010, the County transferred \$683,000 from the General Fund to pay operating expenses of the Crown Center and \$1,862,330 to pay debt service on the Crown Coliseum. For FY2011, the County budgeted transfers from the General Fund of \$683,000 for Crown Center operating and \$0 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, 2010 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2015:

Fiscal Year Ended June 30 (1)	Historical Receipts (2)
2006	\$ 4,064,076
2007	4,516,271
2008	4,731,978
2009	5,055,501
2010	5,157,562
Fiscal Year Ended June 30	Forecasted Receipts (3)
2011	\$ 5,312,851
2012	5,472,237
2013	5,636,404
2014	5,805,496
2015	5,979,661

- (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 \$42,070 to \$48,528 per year.
- (3) Forecasted receipts assume 3% annual growth in tax revenue and 2.0% growth in the cost of collection for FY 2011 and 3% thereafter.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2010**

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, 2010 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2015:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Historical</u> <u>Receipts (1)</u>
2006	\$ 767,699
2007	847,749
2008	982,706
2009	1,003,177
2010	1,001,367
<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Forecasted</u> <u>Receipts (2)</u>
2011	\$ 1,031,408
2012	1,062,350
2013	1,094,221
2014	1,127,047
2015	1,160,859

- (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, 2010**

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**

In September 2008, 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. In March 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. In May 2010, Moody's recalibrated municipal ratings to improve comparability with ratings issued in the private sector. As a result of this recalibration, Moody's assigned the County a rating of Aa1 for general obligation debt.

**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, 2010, the amount of prior year defeased general obligation debt outstanding and removed from the County's liabilities amounted to \$0.

**Current Year Refunding of General Obligation Debt**

In FY 2010, the County issued \$34,670,000 of general obligation refunding bonds to facilitate current refunding of the 1998 School G.O. Bonds and the 1998 School G.O. Refunding Bonds. There is no defeasance related to this refunding at June 30, 2010.

**Outstanding General Obligation Debt**

	Principal Outstanding as of			
	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
<b>General Obligation Bonds</b>				
School	\$ 90,185,000	\$ 83,150,000	\$ 76,155,000	\$ 68,605,000
Community College Facilities	2,125,000	1,780,000	1,445,000	1,115,000
Library Facilities	<u>5,920,000</u>	<u>5,305,000</u>	<u>4,695,000</u>	<u>4,095,000</u>
<b>Total G.O. Debt</b>	<u>\$ 98,230,000</u>	<u>\$ 90,235,000</u>	<u>\$ 82,295,000</u>	<u>\$ 73,815,000</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 (\$3,620,500) and the North Cumberland Regional Sewer System District (\$1,205,000).

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2010**

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 \$1,804,819,000 as of June 30, 2010.

**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>
2006	\$ 106,165,000	\$15,187,241,000	0.70%	313,282	\$ 338.88
2007	98,230,000	15,707,814,000	0.63%	313,138	313.70
2008	90,235,000	16,381,485,000	0.55%	316,662	284.96
2009	82,295,000	16,821,544,000	0.49%	321,071	256.31
2010	73,815,000	20,653,306,000	0.36%	324,225	227.67

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

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

<b>Cumberland County</b>						
FY Ending June 30	<u>Schools</u>		<u>Community College</u>		<u>Libraries</u>	
	<u>(Including Related 2004 Refunding)</u>		<u>(Including Related 2004 Refunding)</u>		<u>(Including Related 2004 Refunding)</u>	
	<u>Principal</u>	<u>Principal &amp; Interest</u>	<u>Principal</u>	<u>Principal &amp; Interest</u>	<u>Principal</u>	<u>Principal &amp; Interest</u>
2011	\$ 7,050,000	\$ 9,835,551	\$ 325,000	\$ 380,750	\$ 595,000	\$ 799,750
2012	7,045,000	9,576,449	330,000	369,500	595,000	770,000
2013	6,765,000	9,062,951	460,000	483,000	585,000	730,250
2014	6,970,000	9,019,450			885,000	1,001,000
2015	6,885,000	8,659,251			880,000	951,750
2016	7,105,000	8,637,650			555,000	582,750
2017	7,515,000	8,748,601				
2018	6,890,000	7,753,599				
2019	6,830,000	7,391,537				
2020	2,500,000	2,756,687				
2021	2,375,000	2,517,688				
2022	500,000	528,437				
2023	175,000	182,437				
	<u>\$ 68,605,000</u>	<u>\$ 84,670,288</u>	<u>\$ 1,115,000</u>	<u>\$ 1,233,250</u>	<u>\$ 4,095,000</u>	<u>\$ 4,835,500</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2010**

**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	August 16, 2004	1,000
Refunding	August 16, 2004	3,595,000
Refunding	October 18, 2004	3,900,000
Refunding	June 1, 2009	<u>2,830,000</u>
		<u>\$ 16,931,000</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>FY2011 Principal And Interest Requirements</u>	<u>Balance June 30, 2010</u>
Certificates of Participation – Coliseum 1995 Series A	\$ 53,003,781	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	\$ -	\$ 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.	2,104,000	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	11,354,413	81,900,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2010**

<b>Purpose</b>	<b>Original Amount/Costs</b>	<b>Principal &amp; Interest Repayment/Requirements</b>	<b>FY2011 Principal and Interest Requirements</b>	<b>Balance June 30, 2010</b>
Certificates of Participation – Qualified School Construction Bonds	15,900,000	Annual principal payments of \$993,750 beginning December 15, 2010 and ending December 15, 2025 plus semi-annual interest payments of \$99,375 beginning June 15, 2010 and ending December 15, 2025. The interest rate is 1.25%; payable from the General Fund	1,192,500	15,900,000
Build America Bonds – Crown Arena & Theater Renovations	1,980,000	Annual principal payments of \$198,000 beginning May 14, 2011 and ending May 14, 2020 plus semi-annual interest payments at a rate of 4.93% beginning May 14, 2010 and ending May 14, 2020. Effective interest rate is 3.2045% after 35% rebate; payable from the General Fund	295,614	1,980,000
Recovery Zone Economic Development Bonds – Crown Arena & Theater Renovations	1,138,000	Annual principal payments of \$113,800 beginning May 14, 2011 and ending May 14, 2020 plus semi-annual interest payments at a rate of 4.93% beginning May 14, 2010 and ending May 14, 2020. Effective interest rate is 2.7115% after 45% rebate; payable from the General Fund	169,904	1,138,000
Capital Lease – Sun Trust Leasing – Energy Savings Equipment	4,537,080	Semi-annual payments of \$248,661 including interest of 3.945% beginning June 9, 2006 and ending December 9, 2017; payable from the General Fund	497,322	3,201,690
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.	944,633	924,182
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.	1,768,325	18,500,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2010**

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY2011 Principal and Interest Requirements	Balance June 30, 2010
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>2,379,170</u>	<u>23,850,000</u>
	<b><u>\$ 239,273,861</u></b>		<b><u>\$ 20,705,881</u></b>	<b><u>\$ 171,247,653</u></b>

The County's payment obligations (principal & interest) under the installment financing arrangements described above at June 30, 2010 are as follows:

Fiscal Year Ending June 30	Civic Center Certificates Debt Service	2009A Certificates Debt Service	2009B Refunding Certificates Debt Service	Other Agreements Debt Service	Total Non G.O. Debt
2011		\$ 2,104,000	\$ 11,354,413	\$ 7,247,468	\$ 20,705,881
2012	\$ 1,555,000	2,063,525	7,794,663	6,186,797	17,599,985
2013	1,555,000	2,022,225	7,692,513	6,070,761	17,340,499
2014	1,555,000	1,975,025	7,578,862	5,954,724	17,063,611
2015		1,933,725	9,014,338	5,838,686	16,786,749
2016		1,886,525	8,905,213	5,722,650	16,514,388
2017		1,836,375	8,789,988	5,606,613	16,232,976
2018		1,794,338	8,684,063	5,241,916	15,720,317
2019		1,750,088	5,797,262	4,877,219	12,424,569
2020		1,703,625	5,689,762	4,761,181	12,154,568
2021		1,654,950	5,563,138	4,333,345	11,551,433
2022		1,604,062	5,447,387	4,232,680	11,284,129
2023		1,551,700	5,330,356	4,132,015	11,014,071
2024		1,498,600	5,213,600	4,031,350	10,743,550
2025		1,444,025	3,269,750	3,930,685	8,644,460
2026		1,387,237		3,730,645	5,117,882
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>32,019,213</b>	<b>106,125,308</b>	<b>87,382,305</b>	<b>230,191,826</b>
Amortization: Premium		<b>120,568</b>	<b>4,976,141</b>		<b>5,096,709</b>
Deferred Amt			<b>(3,632,000)</b>		<b>(3,632,000)</b>
	<b><u>\$ 4,665,000</u></b>	<b><u>\$ 32,139,781</u></b>	<b><u>\$ 107,469,449</u></b>	<b><u>\$ 87,382,305</u></b>	<b><u>\$ 231,656,535</u></b>

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.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2010**

**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, 2010, the amount of prior year defeased non-general obligation debt outstanding and removed from the County's liabilities amounted to \$29,100,000.

**Current Year Refunding of Other (Non-General Obligation) Debt**

In FY 2010, the County did not refund any non-general obligation debt.

**Debt Outlook**

The County prepares an annual Capital Improvements Plan which projects capital needs for five years into the future with projections for annual debt service and operating requirements. Funding to support the annual debt service and operating expenses is converted to an equivalent tax rate for comparison purposes.

Currently, the County is in the process of selecting an architect to design an additional Detention Facility pod which will house 250 to 500 inmates. The Detention Facility now provides bed space for 568 inmates, with kitchen and laundry facilities equipped to serve up to 1,000 inmates. During the next several years, the County will review other potential projects for funding. These projects include renovation of the former Public Health building to be used as a County Administration building, Pamalee Branch Library and a potential G.O. bond issue for the school system. The estimated cost for the above referenced projects is approximately \$148,374,098.

**TAX INFORMATION**

**General Information**

	<u>Fiscal Year Ended or Ending June 30,</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u> <sup>(3)</sup>
	(Amounts in thousands)		
Assessment Ratio <sup>(1)</sup>	100%	100%	100%
Real Property	\$ 13,364,768	\$ 17,049,602	\$ 17,527,093
Personal Property	1,211,612	1,360,181	1,185,857
Vehicles	1,931,210	1,889,779	1,823,624
Public Service Companies <sup>(2)</sup>	<u>313,954</u>	<u>353,743</u>	<u>353,894</u>
Total Assessed Valuation	\$ 16,821,544	\$ 20,653,305	\$ 20,890,468
Assessed Valuation Per Capita	53.24	64.33	65.07
Rate per \$100	.860	.766	.740
County-wide Levy	\$ 144,665	\$ 158,204	\$ 154,589

(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, 2010 for the fiscal year ending June 30, 2011.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2010**

In addition to the County-wide levy, the following table lists the levies by the County on behalf of recreation district(s) and 18 special fire districts for the fiscal years ended or ending June 30.

	<u>2009</u>	<u>2010</u>	<u>2011</u> <sup>(1)</sup>
County-wide	\$ 144,665,281	\$ 158,204,320	\$ 154,589,463
Recreation District	2,897,373	3,566,923	3,518,830
Special Fire Districts	<u>5,214,727</u>	<u>6,407,456</u>	<u>6,714,564</u>
Total Levy	<u>\$ 152,777,381</u>	<u>\$ 168,178,699</u>	<u>\$ 164,822,857</u>

(1) Estimate as of October 31, 2010 for the fiscal year ending June 30, 2011.

**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>
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
2010	3,828,991	154,634,400	97.61

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

**Ten Largest Taxpayers for Fiscal Year 2009-10 (Tax Year 2008-09)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2009 Assessed Valuation*</u>	<u>% of Total Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 272,071	1.32%
Cross Creek Mall, LLC	Retail Mall	129,089	0.63
Wal-Mart Stores, Inc.	Retail/Distribution	125,766	0.61
Carolina Telephone	Telephone Utility	89,037	0.43
Progress Energy Carolinas	Electric Utility	69,299	0.34
Piedmont Natural Gas	Gas Utility	57,330	0.28
Purolator Filters, NA LLC	Auto Filter Manufacturer	52,872	0.26
Centurion Aviation Services	Aviation Maintenance	48,372	0.23
South River EMC	Electric Utility	39,069	0.19
DAK Americas, LLC	Textiles	<u>35,382</u>	<u>0.17</u>
TOTAL		<u>\$ 918,287</u>	<u>4.46%</u>

\* Amounts expressed in thousands.

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

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Enterprise Funds</b>
Estimated revenues:			
Ad valorem taxes	\$ 155,176,186	\$ 10,001,863	\$ 17,386
Other taxes	38,372,627	14,231,566	5,461,385
Unrestricted intergovernmental	10,465,841	500,000	
Restricted intergovernmental	69,141,064	26,113,815	364,710
Licenses and permits	2,064,896		11,388
Sales and services	16,966,883	320,102	5,762,867
Interest earned on investments	1,300,000	255,387	1,159,316
Miscellaneous	4,526,703	478,000	2,900
Contribution			
Total estimated revenues	298,014,200	51,900,733	12,779,952
Appropriations:			
General government	24,077,458	552,274	
Public safety	47,736,263	7,425,535	
Economic and physical development	5,055,296	21,602,200	
Human services	116,653,502	1,716,858	
Cultural and recreation	9,941,274	3,611,224	
Education	88,837,236	18,445,000	
Salaries and employee benefits			5,559,869
Other supplies			1,412,471
Repairs and maintenance			1,553,561
Contracted services			2,328,661
Utilities			850,554
Administrative costs			2,396,644
Landfill closure and postclosure			1,073,500
Other Operating			76,000
Contingency			192,529
Capital outlay	3,938,993	978,665	4,048,165
Debt service:			
Principal retirement	15,698,042	150,000	3,445,000
Interest and fees	8,774,482	5,399	1,588,745
Total appropriations	320,712,546	54,487,155	24,525,699
Estimated revenues over (under) appropriations	(22,698,346)	(2,586,422)	(11,745,747)
Other financing sources (uses):			
Transfers from other funds:			
General fund		2,313,568	2,545,330
Special revenue funds	6,759,184		4,864,452
Enterprise funds	55,193		
Capital projects	446,800	284,327	
Transfers to other funds:			
General fund		(6,759,184)	(55,193)
Capital projects			
Special revenue funds	(2,313,568)		
Enterprise funds	(2,545,330)	(4,864,452)	
Internal service funds	(210,000)		
Proceeds of general long term debt	34,670,000		3,118,000
County Contribution	643,098		
Premium on debt issuance	1,434,505		
Refunding escrow payment	(36,414,948)		
Debt issuance cost	(332,655)		
Appropriated fund balances	20,506,067	11,612,163	1,273,158
Total other financing sources	22,698,346	2,586,422	11,745,747
Estimated revenues and other sources over appropriations and other uses	\$ -	\$ -	\$ -

Compiled for Primary Government by staff of the Cumberland County finance department from the FY2010 budget at June 30, 2010.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Compiled Budget - Annually Budgeted Funds**  
**For the Fiscal Year Ending June 30, 2011**  
**(Unaudited)**

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Enterprise Funds</b>
<b>Estimated revenues:</b>			
Ad valorem taxes	\$ 155,389,819	\$ 9,757,804	\$ 18,839
Other taxes	36,745,341	12,290,292	5,449,609
Unrestricted intergovernmental	10,073,499	500,000	
Restricted intergovernmental	62,055,472	16,314,865	429,550
Licenses and permits	2,071,949		11,388
Sales and services	15,689,334	281,838	6,091,318
Interest earned on investments	507,474	20,738	357,459
Miscellaneous	4,348,005	466,875	6,987
Total estimated revenues	286,880,893	39,632,412	12,365,150
<b>Appropriations:</b>			
General government	24,051,324	555,158	
Public safety	44,270,907	7,242,689	
Economic and physical development	5,033,523	11,934,713	
Human services	112,035,531	1,572,817	
Cultural and recreation	10,361,124	3,103,538	
Education	85,960,589	5,095,000	
Salaries and employee benefits			5,327,138
Other supplies			1,361,315
Repairs and maintenance			1,409,269
Contracted services			1,901,925
Utilities			836,406
Administrative costs			2,048,635
Landfill closure and postclosure			1,063,105
Other Operating			
Contingency			
Capital outlay	2,437,687	1,873,129	905,266
Debt service:			
Principal retirement	18,067,606		4,096,800
Interest and fees	8,021,433		1,536,093
Total appropriations	310,239,724	31,377,044	20,485,952
Estimated revenues over (under) appropriations	(23,358,831)	8,255,368	(8,120,802)
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
General Fund		2,026,551	683,000
Special Revenue Funds	7,962,058		7,492,995
Enterprise Funds	55,193		
Transfers to other funds:			
General Fund		(7,962,058)	(55,193)
Special Revenue Funds	(2,026,551)		
Enterprise Funds	(683,000)	(7,492,995)	
Internal Service Funds	(210,000)		
Proceeds of general long term debt			
Funds to be provided in future years			
Appropriated fund balances	18,261,131	5,173,134	
Total other financing sources	23,358,831	(8,255,368)	8,120,802
Estimated revenues and other sources over appropriations and other uses	\$ -	\$ -	\$ -

Compiled for Primary Government by staff of the Cumberland County finance department from the FY2011 adopted budget ordinance at July 1, 2010.

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, 2010, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 15, 2010. Our report includes a reference to 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. Other auditors audited the financial statements of the Cumberland County ABC Board (the "Board"), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported separately by those auditors. 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 opinions 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

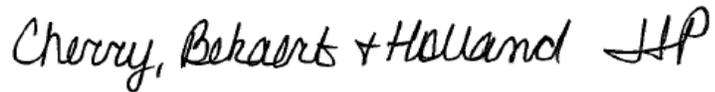
Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 entity, 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.**

Handwritten signature in cursive script that reads "Cherry, Bekaert + Holland LLP".

Fayetteville, North Carolina  
November 15, 2010



**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 County of Cumberland, North Carolina (the "County"), compliance 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 could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditors' 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 compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as items 2010-03, 2010-04, and 2010-05.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-02. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged in governance.

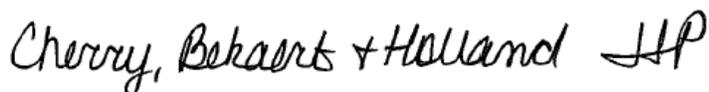
The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on the responses.

#### 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, 2010, and have issued our report thereon dated November 15, 2010. 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 specified parties.

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

Handwritten signature in cursive script that reads "Cherry, Bekaert + Holland LLP".

Fayetteville, North Carolina  
November 15, 2010



**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"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. The County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-02. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

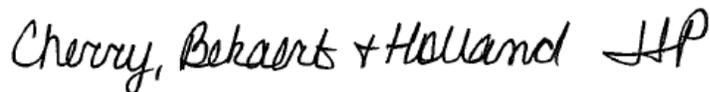
The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on the responses.

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, 2010, and have issued our report thereon dated November 15, 2010. 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 basic 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 specified parties.

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



Fayetteville, North Carolina  
November 15, 2010

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified                           Yes      X   No
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses                      X   Yes           No
- Noncompliance material to federal  
awards                           Yes      X   No

Type of auditors' 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                      X   Yes           No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.645	Permanency Planning - Families for Kids
	Subsidized Child Care Cluster
93.596	Child Care and Development Fund - Administration
93.575	Child Care and Development Fund - Discretionary
93.596	Child Care and Development Fund - Mandatory
93.596	Child Care and Development Fund - Match
93.713	Child Care and Development Block Grant - <b>ARRA</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**Year Ended June 30, 2010**

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Food Stamp Cluster
10.551	Food Stamp Program - Noncash
10.551	Food Stamp Incentive Retention
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - ARRA
10.561	State Administrative Matching Grants for the Food Stamp Program
	WorkForce Investment Act Cluster
17.260	National Emergency Grant
17.258	WIA Adult Program
17.258	WIA Adult Program - <b>ARRA</b>
17.259	WIA Youth Activities - <b>ARRA</b>
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers - <b>ARRA</b>
17.260	WIA Dislocated Workers
17.266	Disability Program Navigator
	Foster Care and Adoption Cluster
93.556	Foster Care Caseworker Visits
93.658	Title IV-E Foster Care
93.658	Title IV-E Foster Care HIV
93.658	Title IV-E Foster Care – <b>ARRA</b>
93.659	Adoption Assistance – <b>ARRA</b>
93.659	Adoption Assistance – Direct Benefit Payments
93.778	Medical Assistance Program
93.778	Medical Assistance Program – ARRA
10.557	Special Supplemental Nutrition Program for Women, Infants & Children
	Community Development Block Grants/Entitlement Grants
14.218	Community Development Block Grants/Entitlement Grants
14.253	Community Development Block Grants - ARRA
17.235	Senior Community Service Employment Program
17.235	Senior Community Service Employment Program - ARRA
	Temporary Assistance for Needy Families
93.558	Workfirst/Temporary Assistance for Needy Families (TANF)
93.558	WorkFirst/TANF – Direct Benefit Payments
93.714	TANF Subsidized Employment - ARRA

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2010

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

Auditee qualified as low-risk auditee?      X Yes      \_\_\_ No

State Awards

Internal control over major State programs:

- Material weakness(es) identified      \_\_\_ Yes      X No

- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses      X Yes      \_\_\_ No

Noncompliance material to State awards      \_\_\_ Yes      X No

Type of auditors' 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      X No

Identification of major State programs:

Program Name

Juvenile Crime Prevention Program

State match on federal programs, included in the list of major federal programs above for  
Subsidized Child Care Cluster, Foster Care and Adoption Cluster, Medical Assistance,  
Temporary Assistance for Needy Families, and Permanency Planning- Families for Kids.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**Year Ended June 30, 2010**

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**Section II. Financial Statement Findings**

None

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

U. S. Department of Health and Human Services  
Passed through N.C. Department of Health and Human Services, Division of Social Services  
Subsidized Child Care Cluster  
CFDA # 93.575

Significant Deficiency - Eligibility  
Finding 2010-01

Criteria or specific requirement: Physical documentation is required to properly document eligibility with program requirements. The Child Care Services manual states the following:

Child Care Voucher (Chapter 9):

"The Child Care Voucher (DCD-0446) serves as an agreement between the parent and the provider and is a mechanism which places the liability for the selection of a provider with the parent."

Reviews for Child Protective Services cases (Chapter 11)

"When care is provided to support Child Protective Services, a review is required every six (6) months to determine that Child Protective Services are still being provided."

Condition: We noted 2 instances in which the case file did not contain the original child care voucher that was signed by both the parent and the provider. Additionally, we noted 4 instances in which case files involving Child Protective Services did not contain evidence of a 6 month review.

Context: The audit sampled 40 case files. Of the 40 files sampled, we noted 6 instances of missing documentation from the files.

Effect: By not having the required documentation in the files, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible.

Cause: Appropriate documents were not filed in the respective files.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that participant eligibility and documentation is maintained appropriately. The County should maintain filing policies in an attempt to prevent loose filing in the future.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**Year Ended June 30, 2010**

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U. S. Department of Health and Human Services  
Passed through N.C. Department of Health and Human Services  
Medical Assistance  
CFDA # 93.778

Significant Deficiency – Eligibility  
Finding 2010-02

Criteria or specific requirement: Physical documentation is required to properly document eligibility with program requirements.

Condition: We noted 3 instances in which the appropriate documentation was not included in the recipient's case files.

Context: The audit sampled 40 case files. Of the 40 files sampled, we noted 3 cases reviewed did not include verification that the caseworker went to the Register of Deeds website to search for property. The County was able to support through subsequent documentation that the recipients were truly eligible to receive Medical Assistance.

Effect: By not having the required documentation in the files, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible.

Cause: Appropriate documents were not filed in the respective files.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that participant eligibility and documentation is maintained appropriately. The County should maintain filing policies in an attempt to prevent loose filing in the future.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**Year Ended June 30, 2010**

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U.S. Department of Labor  
Passed-through the N.C. Department of Commerce  
WorkForce Investment Act Cluster  
CFDA #'s: 17.260, 17.258, 17.259, 17.266

Non-material noncompliance – Eligibility  
Finding 2010-03

Criteria or specific requirement: The Workforce Investment Act (WIA) compliance supplement states, “No participant may be in violation of section 3 of the Military Selective Service Act (50 USC App. 453) by not presenting and submitting to registration under that Act (29 USC 2939(h)).

Condition: During our audit procedures, we noted 4 instances in which youth participants who were admitted to the WIA program before their 18th birthday did not have verification in the file that the participants were registered with Selective Service on/ after their 18th birthday.

Questioned costs (include how it was determined): None. The missing documentation did not affect the eligibility determination.

Context: Of a sample of 40 case files, we noted 4 instances in which the participants who were admitted to the WIA program before their 18th birthday did not have verification in the file that the participants were registered with Selective Service on/ after their 18th birthday.

Effect: By not having the required documentation in the file, the County is not in compliance with the requirements specified by the Workforce Investment Act program.

Cause: Appropriate documentation was not in the file.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that participant eligibility and documentation is maintained appropriately. Additionally, the County should implement policies to monitor and review the case files for youth participants who are close to the age of 18 to ensure that the proper verification is performed and included in the file.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**Year Ended June 30, 2010**

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U.S. Department of Labor  
Passed-through the N.C. Department of Commerce  
WorkForce Investment Act Cluster  
CFDA #'s: 17.260, 17.258, 17.259, 17.266

Non-material noncompliance – Equipment and Real Property Management  
Finding 2010-04

Criteria or specific requirement: The Workforce Investment Act (WIA) compliance supplement states, "Title to equipment acquired by a subrecipient with Workforce Investment funds vests with the subrecipient. Equipment means tangible non-expendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$500 or more per unit. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

Condition: During our testing we noted that the County did not properly maintain and update the inventory list of their WIA assets.

Questioned costs (include how it was determined): Not applicable. The compliance requirement does not directly affect the reimbursement received from the County.

Context: The County maintains an inventory listing policy according to the County's policy and threshold of \$1,000 or more per unit, rather than the \$500 threshold established by the State. Subsequent to the fiscal year end, the County completed an inventory listing to include items with an acquisition cost of \$500 or more per unit.

Effect: By not having the required inventory listing, the County is not in compliance with the requirements specified by the Workforce Investment Act program.

Cause: The inventory listing was maintained in accordance with the County's policy, rather than the policy specified by the State for the Workforce Investment Act program.

Recommendation: We recommend that the County continue to maintain and update their inventory listing of assets purchased with Workforce Investment Act funds in accordance with the requirements specified by the State, which is more restrictive than OMB Circular A-102, Grants and Cooperative Agreements With State and Local Governments. At a minimum, the listing should include the date purchased, description of the asset, asset number and the cost per item.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**Year Ended June 30, 2010**

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U.S. Department of Housing and Urban Development  
Community Development Block Grants  
CFDA #'s: 14.218, 14.253

Non-material noncompliance – Cash Management  
Finding 2010-05

Criteria or specific requirement: The Community Development Block Grant (CDBG) compliance supplement states, "Grantee finance officer and each officer, employee, or agent who handles or has in his custody more than one hundred dollars of grant funds at any one time, or who handles or has access to the recipient's inventories, shall be bonded in accordance with G.S. 159-29.

Condition: During our testing we noted that the County employees in the CDBG program who handle cash payments greater than \$100 are not bonded.

Questioned costs (include how it was determined): Not applicable. The compliance requirement does not affect the funds reimbursed to the County.

Context: During our audit procedures, we noted that CDBG program personnel handle cash, mainly related to the repayment of CDBG loan repayments. However, these personnel are not bonded.

Effect: By not having the CDBG program employees bonded, the County is not in compliance with the requirements specified by the Community Development Block Grant program.

Cause: Personnel handling CDBG grant funds were not properly bonded.

Recommendation: We recommend that the County implement procedures to ensure that all personnel handling grant funds are bonded, as specified in the North Carolina General Statutes.

Management Response: Management agrees with this finding.

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

See findings 2010-01 and 2010-02 described in Section III.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Corrective Action Plan**

**Year Ended June 30, 2010**

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**Section II. Financial Statement Findings**

None

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

**Finding #:** 2010-01

**Name of Contact Person:**

Richard Everett

**Corrective Action Plan:**

The plan to correct these issues in the future is as follows:

1. Instruct workers to retain original vouchers in the record instead of removing them when records are purged. The vouchers will be stapled to the inside file folder of the Action Notice/Voucher jacket to lessen the possibility of being misplaced. November 17, 2010 at the Section Meeting. Responsible person, Lynn Pippin.
2. Provide refresher training to workers on the requirement to conduct 6-month reviews on CPS/Foster Care, Child Welfare Services and Developmental Services cases. December 2010 during new worker training. Responsible person, Lynn Pippin.
3. Request DSS Information Services Department to add an additional field to the daycare database that will create a monthly report to prompt completion of required 6-month reviews. December 15, 2010. Responsible person, Lynn Pippin with support from Information Services Programmer, Erwin Kelly.
4. Supervisors will conduct periodic record reviews to ensure program compliance. Quarterly record reviews conducted ongoing beginning January 2011. Responsible person, Lynn Pippin.

**Proposed Completion Date:**

January 2011

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Corrective Action Plan (continued)**

**Year Ended June 30, 2010**

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**Finding #:** 2010-02

**Name of Contact Person:** William Duke, Assistant Director, Adult Services

**Corrective Action Plan:** Training targeted specifically at the caseworker staff should help the agency achieve the desired improvements. Additionally, management will:

1. Conduct unit meeting trainings that will include the topic of reserve verification to include real property. Unit meetings will be held as soon as possible and no later than December 3, 2010.
2. Continue to provide policy and procedural training, initial and refresher training, for all adult Medicaid line staff, supervisors and lead workers. The training will address completion of real property checks to meet policy requirements. Special training will be requested and will be conducted by December 17, 2010.

**Proposed Completion Date:** December 2010

**Finding #:** 2010-03

**Name of Contact Person:** Lorria Troy, Program Manager

**Corrective Action Plan:** The County will implement a procedure to ensure that all male applicants/participants have complied with the Selective Service requirements. Applicants who have not reached their 18<sup>th</sup> birthday by the eligibility completion date will have a label placed on the front of their file indicating the date they will be required to register for Selective Service. These applicants will be required to sign a Notification of Selective Service Statement which explains the procedures for registering and the consequences for not registering. The applicant will be required to have their parent or legal guardian to sign this document and return to their Case Manager before receiving a WIA-funded service. Any male 26 years of age or older who did not register for Selective Service is presumed to be disqualified from participation in WIA-funded activities and services. The applicant/participant must provide evidence explaining why he failed to register with Selective Service.

**Proposed Completion Date:** Immediate

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Corrective Action Plan (continued)**

**Year Ended June 30, 2010**

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**Finding #: 2010-04**

**Name of Contact Person:** Nedra Rodriguez

**Corrective Action Plan:** A full inventory count for assets in the WIA program was conducted on August 5, 2010. Management will continue to conduct an inventory count on an annual basis.

**Proposed Completion Date:** Immediate

**Finding #: 2010-05**

**Name of Contact Person:** **Amy Cannon, Assistant County Manager**

**Corrective Action Plan:** The County will ensure that employees under the CDBG program who handle cash are bonded in accordance with the program requirements and general statutes.

**Proposed Completion Date:** Immediate

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

See Corrective Action for findings 2010-01, 2010-02 and 2010-03 as stated above.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Prior Year Audit Findings**

**Year Ended June 30, 2010**

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None

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2010**

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		\$ 5,098	\$ -	\$ -
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		84,658,895	-	-
Food Stamp Incentive Retention	10.551		70,203	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program -ARRA	10.561		196,093	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		2,169,959	-	2,169,958
Total Food Stamp Cluster			87,095,150	-	2,169,958
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		2,060,938	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		9,284,623	-	-
AGRI-SFP Food Program Meal	10.559		4,437	-	-
Total U.S. Dept. of Agriculture			98,450,246	-	2,169,958
<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		6,736	-	-
Direct Program:					
Community Development Block Grants/Entitlement Grants	14.218		1,323,642	-	-
Supportive Housing Program	14.235		87,108	-	-
HOME Investment Partnerships Program	14.239		1,230,635	-	-
Economic Development Initiative - Special Projects	14.251		16,964	-	-
Community Development Block Grants - ARRA	14.253		286,690	-	-
Total U.S. Dept. of Housing and Urban Development			2,951,775	-	-
<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	16.579		216,373	-	-
(Bulletproof Vest Partnership Program	16.607		1,640	-	-
Gang Resistance Education and Training	16.737		95,185	-	-
Edward Byrne Memorial Formula Grant Program - ARRA	16.804		475,283	-	-
Edward Byrne Memorial Competitive Grant Program - ARRA	16.808		34,919	-	-
<u>Office of Community Oriented Policing Services</u>					
Direct Program:					
Public Safety Partnerships and Community Policing Grants - ARRA	16.710		272,022	-	-
Total U.S. Dept. of Justice			1,095,422	-	-

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2010**

Grantor/Pass-through <u>Grantor/Program Title</u> 1(a)	Federal CFDA <u>Number</u>	State/ Pass-through Grantor's <u>Number</u>	Fed. (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Local <u>Expenditures</u>
<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		\$ 795,266	\$ -	\$ -
Senior Community Service Employment Program - <b>ARRA</b>	17.235		137,108	-	-
<u>WorkForce Investment Act Cluster</u>					
Direct Program:					
National Emergency Grant	17.260		2,111,483	-	-
Passed-through the N.C. Department of Commerce:					
Division of Employment and Training:					
WIA Adult Program	17.258		946,381	-	-
WIA Adult Program - <b>ARRA</b>	17.258		509,195	-	-
WIA Youth Activities - <b>ARRA</b>	17.259		538,494	-	-
WIA Youth Activities	17.259		546,589	-	-
WIA Dislocated Workers - <b>ARRA</b>	17.260		349,881	-	-
WIA Dislocated Workers	17.260		307,367	-	-
Disability Program Navigator	17.266		46,697	-	-
			<u>6,288,461</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Labor					
<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		435,155	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants	20.505		59,148	-	-
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		13,068	-	-
			<u>507,371</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Transportation					
U.S. Department of Energy					
Direct Program:					
ARRA - Energy Efficiency & Conservation Block Grant	81.128		188,548	-	-
<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		55,564	-	2,758,819
<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		6,318,111	-	6,049,845
WorkFirst/TANF - Direct					
Benefit Payments	93.558		4,299,418	(4,593)	3,741
N.C. Child Support Enforcement Section	93.563		11,317	-	5,830
Refugee Assistance	93.566		5,139	-	-
Energy Assistance Block Grant:					
Administration	93.568		293,911	-	-
Crisis Intervention Program	93.568		1,431,250	-	-
Energy Assistance Payments-Direct Benefit Payments	93.568		2,011,796	-	-
Child Welfare Services - State Grants					
Adoption Subsidy - Direct Benefit Payments	93.645		-	1,333,141	365,551
Child Welfare Services - State Grants					
Permanency Planning - Families for Kids	93.645		38,823	6,667	205,305
SSBG - Other Services and Training	93.667		1,352,024	87,406	2,062,722
LINKS (formerly Independent Living Grant)	93.674		124,367	24,069	-
TANF Subsidized Employment - <b>ARRA</b>	93.714		48,885	-	-

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2010**

Grantor/Pass-through <u>Grantor/Program Title</u> 1(a)	Federal CFDA <u>Number</u>	State/ Pass-through Grantor's <u>Number</u>	Fed. (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Local <u>Expenditures</u>
<b><u>Foster Care and Adoption Cluster:</u></b>					
Foster Care Caseworker Visits	93.556		\$ 18,073	\$ -	\$ 53,747
Title IV-E Foster Care	93.658		2,353,060	1,216,294	1,059,997
Title IV-E Foster Care HIV	93.658		5,123	2,077	-
Title IV-E Foster Care - <b>ARRA</b>	93.658		33,786	-	-
Adoption Assistance - <b>ARRA</b>	93.659		66,454	-	-
Adoption Assistance - Direct Benefit Payments	93.659		1,411,775	291,974	281,427
Total Foster Care and Adoption Cluster			3,888,271	1,510,345	1,395,171
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		102,924	57,362	22,898
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		728,807		
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		8,270,644	-	-
Child Care and Development Fund - Mandatory	93.596		742,529	-	-
Child Care and Development Fund - Match	93.596		944,409	506,500	-
Child Care and Development Block Grant - <b>ARRA</b>			2,423,119	-	-
Total Child Care Development Fund Cluster			13,109,508	506,500	-
Social Services Block Grant	93.667		165,771	-	-
Temporary Assistance for Needy Families	93.558		2,501,143	-	-
TANF - MOE			-	4,517,657	-
Smart Start			-	1,697	-
State Appropriations			-	823,116	-
Total Subsidized Child Care Cluster			15,776,422	5,848,970	-
<b><u>Substance Abuse and Mental Health Administration</u></b>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
Projects for Assistance in Transition from Homelessness (PATH)	93.150		125,346	-	-
Block Grant for Community Mental Health Services -Community Based Program - Mental Health	93.958		225,209	-	-
Social Services Block Grant -Community Based Programs Intellectual and Developmental Disabilities	93.667		170,763	-	-
Block Grant for Prevention and Treatment of Substance Abuse					
-MAJORS Substance Abuse/Juvenile Justice Initiative	93.959		107,531	42,081	-
-Treatment Alternatives for Women	93.959		89,947	-	-
-Substance Abuse Training	93.959		1,250	-	-
-Substance Abuse - Substance Abuse Prevention	93.959		236,849	-	-
-Treatment Accountability for Safer Communities	93.959		836,484	1,316,454	-
<b><u>Health Care Financing Administration</u></b>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778		237,008,662	83,092,256	275
Medical Assistance Program <b>ARRA</b>	93.778		4,962		

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2010**

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA <u>Number</u>	State/ Pass-through Grantor's <u>Number</u>	Fed. (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Local <u>Expenditures</u>
Division of Social Services:					
Medical Assistance Program Administration	93.778		3,754,538	412,135	3,020,147
Health Choice	93.767		156,354	10,736	39,960
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	93.218		178,866	-	-
Immunization Program/Aid to County Funding Centers for Disease Control and Prevention Investigations and Technical Assistance	93.268	5715	146,804	-	-
Preparedness and Response	93.283		593,230	-	-
Temporary Assistance for Needy Families	93.283		526,944	-	-
Statewide Health Promotion Program	93.558		34,357	-	-
Maternal and Child Health Services Block Grant	93.991	5503	-	-	-
	93.994		810,144	-	-
Total U.S. Dept. of Health and Human Services			<u>280,743,100</u>	<u>93,737,029</u>	<u>13,171,445</u>
Human Services:					
Division of Medical Assistance:					
Medicaid At-Risk			<u>71,952</u>	<u>-</u>	<u>-</u>
Total Federal awards			<u>390,352,439</u>	<u>93,737,029</u>	<u>18,100,222</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2010**

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			\$ -	\$ 2,065,375	\$ 2,065,375
State Foster Care Benefits Program			-	1,908,095	1,908,088
Energy Assistance - CP&L Energy Program			-	18,048	-
Temporary Assistance for Needy Families Incentives			-	14,192	-
Special Links			-	36,978	-
AFDC Incentives			-	1,527	-
Adult Protective Services			-	33,559	319,022
Smart Start Administration			-	304,701	67,468
Family Violence Prevention Grant			-	25,942	-
Division of Child Development:					
Smart Start Read to Me			-	222,407	-
Smart Start Motherread			-	64,510	-
Smart Start - Mental Health			-	243,350	-
Division of Public Health:					
General		4110	-	290,129	-
Public Health Nurse Training		5555	-	5,000	-
TB Medical Services		4510	-	4,969	-
Public Health Lab			-	827	-
Tuberculosis			-	85,122	-
Women's Preventative Health			-	3,941	-
LHD Smokefree Law			-	8,416	-
School Influenza Immunization Program			-	116,264	-
Breast and Cervical Cancer Control		4536	-	33,653	-
AIDS-State			-	25,000	-
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
General Program Services			-	4,834,460	-
Community Services Mental Health - Child			-	702,154	-
Community Services Mental Health - Adult			-	1,232,277	-
Community Services Developmental Disabilities - Child			-	206,193	-
Community Services Developmental Disabilities - Adult			-	1,194,490	-
Community Services Developmental Disabilities - Other			-	44,480	-
Community Services Substance Abuse - Child			-	70,936	-
Community Services Substance Abuse - Adult			-	740,427	-
Criminal Justice			-	3,759	-
Crisis Services			-	706,062	-
Long Term Vocation Support			-	8,374	-
Psych Supplemental Services			-	136,770	-
Total N. C. Department of Health and Human Services			-	15,392,387	4,359,953
<u>N.C. Dept. of Environment &amp; Natural Resources</u>					
Division of Environmental Health:					
Environmental Health			-	35,331	-
Division of Pollution Prevention and Environmental Assistance:					
Solid Waste Management Trust Fund:					
Community Waste Reduction & Recycling Grant			\$ -	\$ 64,757	\$ -
Division of Water and Soil Conservation:					
Agriculture Cost Share Program			-	25,571	344,523
Soil and Water District Projects			-	4,000	69,176
Total N.C. Department of Environment & Natural Resources			-	129,659	413,699

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2010**

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>N.C. Clean Water Management Trust Fund:</u>					
Eastover Sanitary District			-	34,968	-
<u>N.C. Department of Veteran's Affairs</u>					
Veteran's Services Grant			-	2,000	273,225
<u>Department of Juvenile Justice &amp; Delinquency Prevention</u>					
Juvenile Crime Prevention Program			-	903,008 95,000	562,002 -
<u>N.C. Dept. of Cultural Resources</u>					
State Aid to Public Libraries			-	406,265	8,142,984
<u>N.C. Dept. of Transportation</u>					
Rural Operating Assistance Program Cluster:					
Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	179,912	-
Rural General Program			-	154,965	-
Work First Transitional/Employment Trans. Assistance			-	87,037	-
Total Rural Operating Assistance Program Cluster			-	421,914	-
Human Services Transportation Program			-	41,491	-
Total N.C. Department of Transportation			-	463,405	-
<u>N.C. Dept. of Administration</u>					
Domestic Violence Program			-	67,943	-
<u>N.C. Dept. of Corrections</u>					
Criminal Justice Partnership Program			-	206,613	-
Total State awards			-	17,701,248	13,751,863
Total Federal and State awards			<u>\$ 390,352,439</u>	<u>\$ 111,438,277</u>	<u>\$ 31,852,085</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2010**

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Notes to the Schedule of Expenditures of Federal and State Financial Awards:

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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	\$ 435,155	\$ -
Supportive Housing Program	14.235	87,108	-
Juvenile Crime Prevention Program		-	903,008

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 \$4,260,695 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.