



2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2011

CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

COUNTY OF CUMBERLAND
NORTH CAROLINA

Board of County Commissioners

Kenneth S. Edge, Chairman

Marshall Faircloth, Vice Chairman
Jeannette M. Council
Charles Evans

Jimmy Keefe
Billy R. King
Edward Melvin

Comprehensive Annual
Financial Report

For the Year Ended June 30, 2011

Prepared by:
Cumberland County Finance Department

County Officials

County Manager
County Attorney
Deputy County Manager
Assistant County Manager

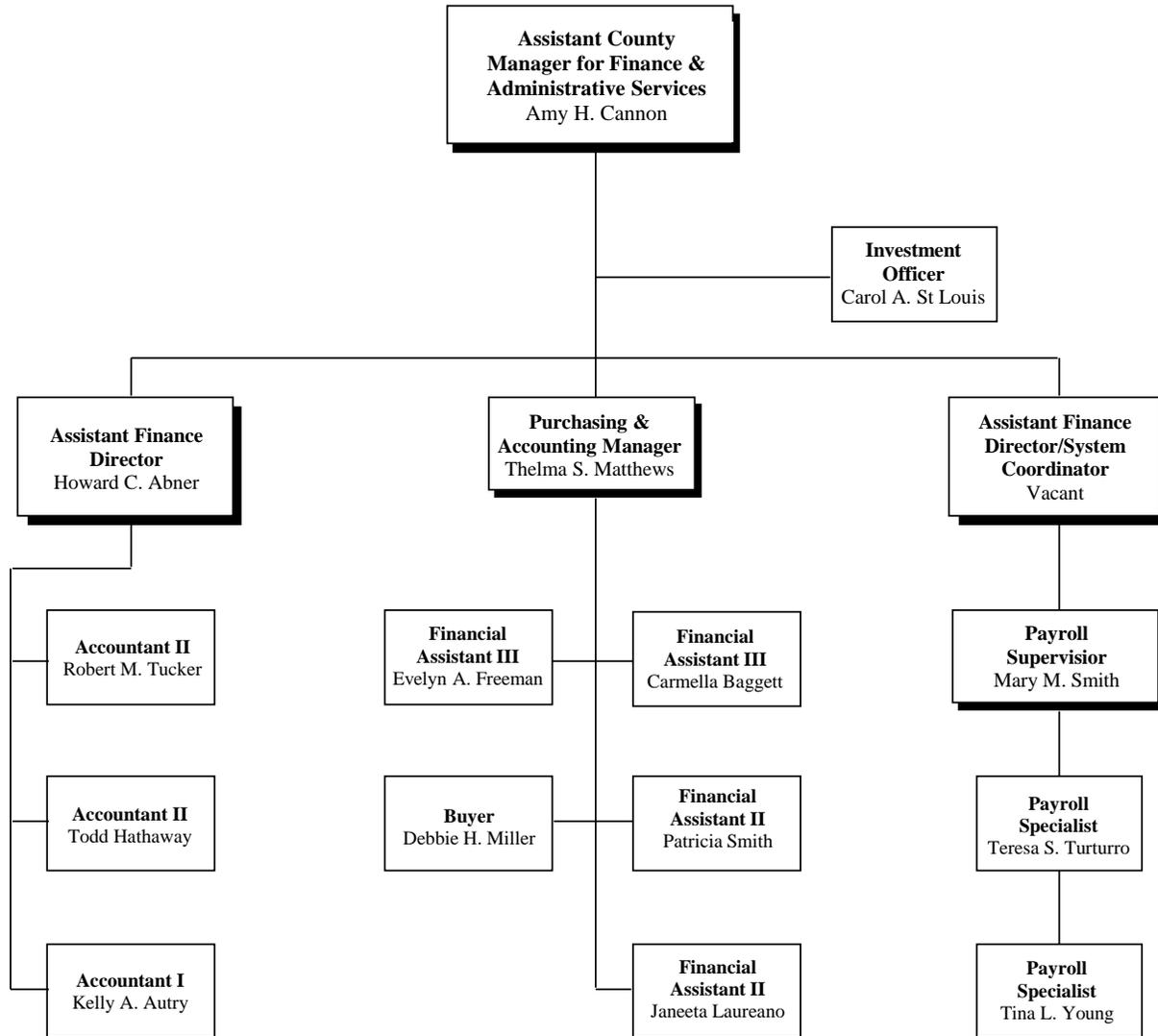
James E. Martin
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COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF CUMBERLAND, NORTH CAROLINA

Year Ended June 30, 2011

Prepared by the Finance Department



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Year Ended June 30, 2011**

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COUNTY of CUMBERLAND

Finance Department

November 18, 2011

The Honorable Kenneth S. Edge, Chairman
The Honorable Marshall Faircloth, Vice Chairman
The Honorable Jeannette M. Council
The Honorable Charles Evans
The Honorable Jimmy Keefe
The Honorable Billy R. King
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, 2011. 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.

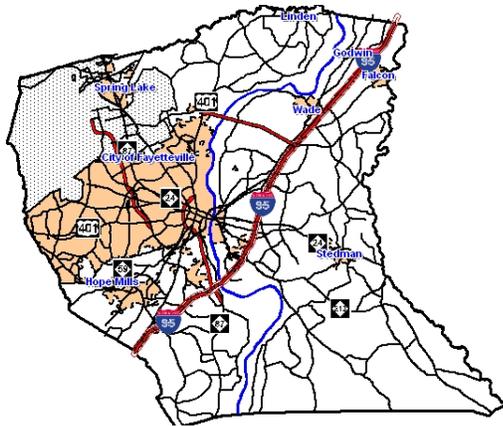
Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent 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 326,673 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 208,291 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 Army Air Field. The two military installations encompass approximately 160,832 and 264 acres respectively. The military installations 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 5th 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 1st 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 Army Airfield

Pope Army Airfield was established by the War Department in 1919. 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 transitioned from an Air Force Base to an Army Air Field effective March 2011.

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.

MILITARY PAYROLL AND ECONOMIC IMPACT

Table 1

Year	Payroll	Economic Impact
2010	\$3,002,143,089*	\$12,942,818,883*
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

MILITARY PERSONNEL AT FORT BRAGG AND POPE ARMY AIRFIELD

Table 2

Year	Fort Bragg	Pope Army Airfield	Total
2010	57,122	3,272	60,394*
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

CIVILIAN EMPLOYMENT AT FORT BRAGG AND POPE ARMY AIRFIELD

Table 3

Year	Number of Employees	Payroll
2010	11,891*	\$561,127,602*
2009	12,696*	\$500,992,485*
2008	11,506	\$504,296,348
2007	10,598	\$412,310,056
2006	10,778	\$374,054,382

(*Pope AFB did not prepare an Economic Impact Analysis (EIA) 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 prepared an EIA for the Federal Fiscal Year 2010. The FY 2010 EIA included a breakdown of the active duty airman and civilian employees which are included in Tables 1-3 above. However, the annual payroll amount of \$275.6 million was not broken down between military and civilian pay and is not included in the above tables. 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 2010, Fort Bragg received almost \$470 million. Major projects included: \$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 FORSCOM warehouse. For the federal fiscal year 2010, Pope received \$26 million for a Consolidated Troop Medical Clinic, \$9 million for a Control Tower and \$4.1 million for a full taxiway replacement. For federal fiscal year 2011, Fort Bragg is scheduled to receive almost \$542 million. Major projects include: \$83 million for the 2nd Brigade Combat Team's barracks renewal; \$53 million for the 82nd Airborne's Division Headquarters; \$45 million for the construction of two on-post schools; \$41 million for the 3rd Brigade Combat Team's complex; and \$41 million for a SOF Operational Command & Control Communication computer facility.

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) moved 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 included; sending the 7th Special Forces Group (SFG) to Eglin Air Force Base (AFB) in Florida, the addition of the 4th Brigade Combat Team (BCT) to the 82nd 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 – On August 1, 2011, the Army dedicated the 631,000 square foot combined FORSCOM/USARC headquarters on Fort Bragg. The dedication ceremony officially marked the completion of the FORSCOM/USARC commands relocation from Fort McPherson to Fort Bragg six weeks ahead of the scheduled September 15, 2011 deadline. With this transition, Fort Bragg is now the headquarters for the Army's combat-ready conventional forces, the Army Reserves, as well as Army special operations forces and the U.S. military's counterterrorist forces. About 2,400 soldiers and civilians will work at the headquarters.



Photo: FORSCOM/USARC Headquarters

7th SFG move from Fort Bragg to Eglin AFB - The move of the 7th SFG from Fort Bragg to Eglin AFB was completed by the September 15th BRAC deadline. The 7th SFG had a ribbon cutting ceremony and open house at its new headquarters on October 14th. The loss of 7th SFG will create space at Fort Bragg for the growth the Army's Special Operations Command units.

Transition of Pope Air Force Base to an Army Airfield – The transition of Pope Air Force Base to an Army Airfield was completed on the scheduled date of March 1, 2011. Fort Bragg will be in charge of the real estate, but the Air Force will continue doing most of what it has been doing for decades which is transporting Army

soldiers and cargo for airdrop training and overseas deployments. Pope now has about 3,200 airmen which is about half its population of six years ago. Pope is now home to the Air Force Reserve's 440th Airlift Wing, which has sixteen C-130H Hercules cargo airplanes. The remaining active duty Air Force units include; 18th Air Support Operations Support Group which provides "battlefield airmen" to work with the Army, the Combat Control School, and special tactics squadrons.

Cumberland County and the rest of the region have not seen the projected population increases from the BRAC transition which were as high as 25,000 for military personnel, civilian, contract workers and family members. However, the County has seen growth in other ways. Hotel bookings have been up 23% since 2005 far outpacing North Carolina's other metropolitan areas. (Raleigh's bookings were up 8% over the same period.) As shown in Table 4 below, retail sales growth has rebounded to pre-recession levels. Locally based defense contractors have expanded, but the national defense businesses have been slow in coming.

Cumberland County joined with other local governments in the Fort Bragg/ Pope Army Airfield area in forming the Base Closure and Realignment Commission Regional Task Force (BRTF) in the spring of 2006. BRTF helped coordinate the planning and preparation of the impact on the local communities as a result of the changes at Fort Bragg / Pope Army Airfield from BRAC. 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 March 2011, BRTF formally changed its name to the Fort Bragg Regional Alliance. The name change reflects the ongoing mission of the organization to continue to coordinate regional planning for Fort Bragg's growth now that the BRAC deadline has passed.

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 eleven 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 fiscal year ending June 30, 2011 totaled \$3,375,817,327. This represents a 9.71% increase from fiscal year 2010. For 2010, gross sales of \$314,274,283 realized by the commissaries and post exchanges located on Fort Bragg increased by 7.28% from fiscal year 2009.

TAXABLE SALES
Table 4

Year	Cumberland County	% Change	Fort Bragg Commissaries & Exchanges	% Change	Total	% Change
2011	\$3,375,817,327	9.71	Not Available	---	---	---
2010	\$3,077,026,323	8.18	\$314,274,283	7.28	\$3,391,300,606	8.1
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

As shown in Table 5, Cumberland County's population has grown at a rate below the state average. Since 2000, the County's population has grown only 7.8% versus the state average of 19.1%. The major reason for this slow growth is the lengthy deployments of military personnel on Fort Bragg and Pope AAF 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
Table 5

	1990		2000		2011 Certified		2015 Projected		2020 Projected	
	Population	% Change	Population	% Change	Population	% Change	Population	% Change	Population	% Change
Cumberland County	291,897	--	302,970	3.8%	326,673	7.8%	356,543	9.1%	376,645	5.6%
North Carolina	7,657,934	--	8,047,764	5.1%	9,586,227	19.1%	10,331,630	7.7%	11,062,090	7.1%

As shown in Table 6, the county's unemployment rate increased from 9.4% in December to 10.3% in June. The state's unemployment rate decreased from 10.6% in December to 10.4% in June. The actual number of jobs has increased, but it has not kept pace with the growth of the workforce.

EMPLOYMENT
Table 6

Year	Total Civilian Labor Force	Number Employed	Number Unemployed	Cumberland County Unemployment Rate	State Unemployment Rate
2011 (6 mo)	138,920	124,656	14,264	10.3%	10.4%
2010	136,315	123,504	12,811	9.4%	10.6%
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%

Personal income in the Fayetteville metro area (area covers most of the County) grew 5.5% between 2009 and 2010. The metro area's personal income growth ranked first among North Carolina's metro areas and nineteenth nationally. Most of the Fayetteville metro area's personal income growth was in the military sector. This reflects a national trend in which metro areas that are home to military installations rank among the leaders in personal income growth.

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 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 a 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. Additionally, 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 Economic Development

Incentive Reserve. 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 polyethylene terephthalate (PET) plastic bottle recycling facility in the county. As of December 2010 CPR had hired 80 employees and the plant was already the biggest recycler of PET bottles in the country.

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 one of the area's largest and highest paying private employers. The plant currently has about 2,900 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 of the old machines. The new machines will help maintain the competitiveness of the plant. As of March 2011, all of the twelve new machines were in use.

The Cape Fear region's housing market has continued to slow down in 2011. Residential sales through the first eight months of 2011 totaled 3,685 units versus 4,003 units in 2010. For sales through July 2011, Zillow.com reported that average price of a home had declined 2.5% versus the same period in 2010. 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.

As shown in Table 7, the number of new residential building permits for the first six months of 2011 is up 2.3% compared with the same period in 2010. The value of new residential permits is up 28.4% over the same period. The number of new non-residential permits in the first six months of 2011 is up 50% compared with the same period in 2010. The value of the new non-residential permits is up 54% over the same period.

BUILDING PERMITS

Table 7

Calendar Year	New Residential		New Non-Residential	
	Number	Value	Number	Value
2011 (6 mo)	959	\$ 138,706,546	69	\$ 46,102,630
2010	2058	\$ 218,503,430	122	\$ 75,329,951
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

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 provided approximately 61% and 14% respectively, of the operating budget for the Cumberland County School Administrative Unit's 2010-2011 School Year. For the fiscal year ended June 30, 2011, the County appropriated \$77,655,562 from General Fund revenues for school current operations. For the fiscal year ending June 30, 2012, the County's budgeted appropriation is \$76,220,676 from General Fund revenues.

The County School 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, 2011, the actual sales taxes totaled \$7,972,695. For the fiscal year ending June 30, 2012, budgeted sales tax is \$7,414,813. The County received \$48,427,706 from the Public School Building Capital Fund from 1987 through 2009. 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. The State suspended the distribution of these funds in fiscal years 2010 and 2011. The County received \$7,556,686 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2011. As of June 30, 2011, the County has received \$26,749,625 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.

Table 8 presents the number of schools and the Average Daily Membership (ADM) for the Cumberland County School Administrative Unit.

COUNTY SCHOOLS ADM
Table 8

Year	K-5		6-8		9-12		Total ADM
	# Schools	ADM	# Schools	ADM	# Schools	ADM	
2010-2011*	53	24,290	15	12,111	14	15,999	52,400
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

* Number of schools excludes special schools and academies.

Private and Parochial Schools

There are five independent schools and 23 religious schools in the County. The enrollment for the 2010-2011 school year was 4,096.

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 approximately 39,000 students annually by providing affordable vocational, technical, general education, college transfer, and continuing education programs to meet the needs of the community and students. FTCC commitment to the community was recognized in September 2011 by its selection to be listed in the *2012 Guide to Military Friendly Schools*. This list honors the top 20 percent of colleges, universities, and trade schools that are doing the most to assist America’s military service members and 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, 2011 totaled \$8,841,568. The County also appropriated capital outlay funds in the amount of \$33,342. For the fiscal year ending June 30, 2012, the appropriations from the County to FTCC are \$9,163,305 for operating expenses and \$4,055,795 for capital outlay.

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 92-acre campus and currently offers 40 baccalaureate degrees, 23 master’s degrees and one doctoral program. FSU offers programs in teacher education, the arts and sciences, health professions, business and economics, and emerging fields. FSU Online offers degree completion programs in six undergraduate majors, a MBA, and a graduate degree in criminal justice. FSU has off-site campuses at Fort Bragg and Seymour Johnson Air Force Base.

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. Undergraduate majors include communications, justice studies, business administration, education, and social work. The three master’s degree programs are; Master of Business Administration, Master of Justice Administration and Master of Medical Science in physician assistant studies. The university offers day, evening, and online courses year-round. 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.

Table 9 presents the enrollment figures for the institutions of higher education located in the County:

ENROLLMENT
Table 9

Institution	Total Enrollment	Full-Time/FTEs
Fayetteville State University		
Undergraduate	5,103	4,512
Graduate	678	524
Methodist University		
Undergraduate	2,217	2,067
Graduate	199	179
Fayetteville Technical Community College		
Curriculum Students	15,509	8,626
Continuing Education Students	25,300	3,474

MAJOR INITIATIVES

In the spring of 2008, the Fayetteville Metropolitan Housing Authority was awarded a \$20 million federal Hope VI grant to demolish and replace two public housing project 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. As of August 2011, construction has been completed on three of the Hope VI projects. A 36 unit, elderly-only apartment complex was completed in January 2011. A family complex consisting of 184 units in thirteen separate buildings was completed in June 2011. The first phase of a family style apartment complex consisting of 112 units in fifteen separate buildings was completed in August 2011.

In June 2010, the Board of Commissioners approved a joint agreement with the City of 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 have 298 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 parking deck is scheduled to be opened in January 2012.

The Board of Commissioners (BOC) approved the solicitation of architectural services for an expansion to the Detention Center in August 2010. In September 2011, the BOC hired a construction manager-at-risk to oversee the \$15 million project, which will add 322 beds to the current 568 beds in the Detention Center. The projected construction timetable has construction beginning in the spring of 2012 to be completed in the summer of 2013.

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 have 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 unassigned 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 unassigned fund balance that exceeds the 10% target goal may 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 the General, Special Revenue, Permanent, Proprietary, Capital Projects, Internal Service 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 & Holland, L.L.P., was selected by the Board of Commissioners. In addition to meeting the requirements set forth 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, 2010. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

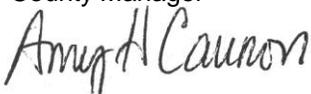
ACKNOWLEDGEMENTS

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

Respectfully submitted,



James E. Martin
County Manager



Amy H. Cannon, CPA
Deputy 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, 2010

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

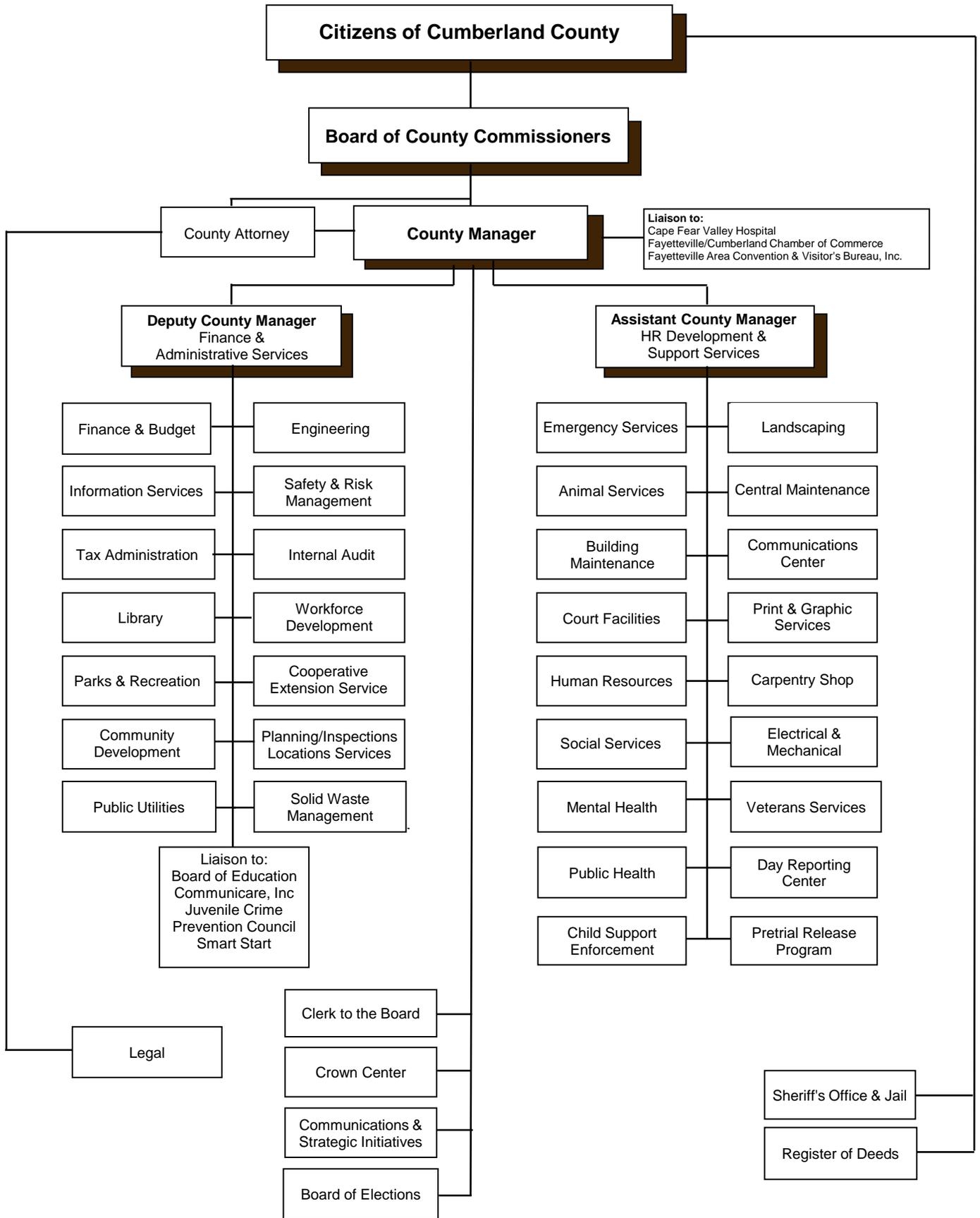


Linda C. Sandson

President

Jeffrey R. Enow

Executive Director





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"), the Cumberland County ABC Board (the "Board"), 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, 2011, 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 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 provides a reasonable basis for our opinions.

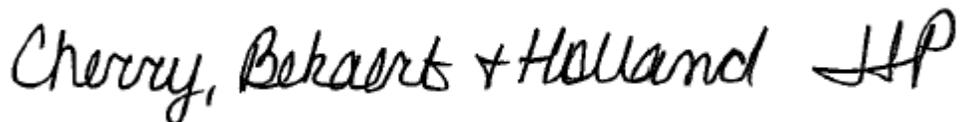
In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2011, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011 on our consideration of the County's internal control over financial reporting and 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, statistical section, and the continuing disclosure information section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory, required supplementary information, statistical, and continuing disclosure information sections have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

A handwritten signature in black ink that reads "Cherry, Bekaert + Holland LLP". The signature is written in a cursive, flowing style.

Fayetteville, North Carolina
November 18, 2011

Management's Discussion and Analysis

As management of the County of Cumberland, 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, 2011. 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

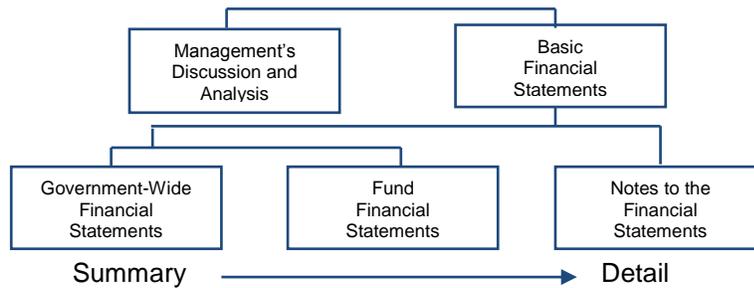
- The assets of Cumberland County exceeded its liabilities at the close of the fiscal year by \$171,171,922 (*net assets*). In accordance with North Carolina law, liabilities of the county include approximately \$62,345,000 in long-term debt associated with assets belonging to the Cumberland County Board 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 \$704,754, a decrease of 0.41%, due to decreases in the business activities net assets.
- As of the close of the current fiscal year, Cumberland County's governmental funds reported combined ending fund balances of \$146,072,696 an increase of \$1,742,720 from the prior year. Approximately 41.1 percent of this total amount, or \$59,987,410, is available for spending at the government's discretion (*assigned and unassigned fund balance*).
- In order to implement provisions of Governmental Accounting Standards Board (GASB) 54, three former special revenue funds which did not have a dedicated revenue source were formally merged into the General Fund by budget amendments during the year. Another legally adopted special revenue fund, the County School Fund, was reclassified for financial reporting purposes to the General Fund.
- At the end of the current fiscal year, total fund balance for the General Fund was \$111,501,350 or 35.4% percent of total general fund expenditures including transfers for the fiscal year. Of this amount, \$52,123,900 or 46.7% is non-spendable, restricted or committed. Another \$30,382,722 or 9.65% is assigned leaving \$28,994,728 or 9.21% of total general fund expenditures as unassigned.
- Cumberland County's total outstanding debt decreased by \$4,375,406 (1.8%) during the current fiscal year. The County issued Qualified School construction Bonds (QSCBs) in the amount of \$14,805,000 to fund construction of New Century Middle School.
- 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.

REQUIRED COMPONENTS OF ANNUAL FINANCIAL REPORT

Figure 1



Basic Financial Statements

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

The next statements (pages E-1 through E-10) 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 24 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, the Health Department and Grays Creek Middle School Capital Project Funds—all of which are considered to be major funds. Data from the other 21 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. A Special Allowance pension trust 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, Table 1, exceeded liabilities by \$171,171,922 as of June 30, 2011. The County’s net assets decreased by \$704,754 for the fiscal year ended June 30, 2011. Net assets are negatively affected by the fact that the County issues debt to fund the construction of capital assets that become the

CUMBERLAND COUNTY’S NET ASSETS
Table 1

	Government Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Assets						
Current and other	\$ 182,135,204	\$ 180,200,713	\$ 55,809,760	\$ 52,283,194	\$ 237,944,964	\$ 232,483,907
Capital	195,295,568	203,212,636	70,214,709	70,331,134	265,510,277	273,543,770
Total assets	<u>377,430,772</u>	<u>383,413,349</u>	<u>126,024,469</u>	<u>122,614,328</u>	<u>\$ 503,455,241</u>	<u>\$ 506,027,677</u>
Liabilities						
Long-term outstanding	252,436,106	262,904,303	49,895,519	49,977,842	302,331,625	312,882,145
Other	25,491,592	20,702,911	3,755,348	1,270,699	29,246,940	21,973,610
Total liabilities	<u>277,927,698</u>	<u>283,607,214</u>	<u>53,650,867</u>	<u>51,248,541</u>	<u>331,578,565</u>	<u>334,855,755</u>
Net assets:						
Invested in capital, net of related debt	130,423,459	145,718,565	37,024,911	36,170,451	167,448,370	181,889,016
Restricted	31,401,643	91,003,476	8,646,797	8,927,040	40,048,440	99,930,516
Unrestricted	(62,322,028)	(136,915,906)	26,701,894	26,268,296	(35,620,134)	(110,647,610)
Total net assets	<u>\$ 99,503,074</u>	<u>\$ 99,806,135</u>	<u>\$ 72,373,602</u>	<u>\$ 71,365,787</u>	<u>\$ 171,876,676</u>	<u>\$ 171,171,922</u>

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 FY2011, the net OPEB obligation (expense) of \$14,586,569 was allocated between the governmental activities functional areas and business-type activities. The net OPEB obligation at year end is \$53,626,691. Of total net assets, one of the largest portions, \$181,889,016, 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, \$99,930,516, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a negative \$110,647,610.

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 \$62,345,000 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, Table 2, positively influenced the total unrestricted governmental activities net assets:

- Continued diligence in the collection of current year property taxes by achieving a collection percentage of 98.92% for real and personal property and 82.29% for motor vehicles.
- Achieving an average 5-year overall tax collection rate including collection of all prior year taxes of 99.34%.
- Program revenues covered 32.1% of program expenses, increasing from 30.9% last year.
- Program revenues totaled \$106,594,184 increasing by \$3,090,781 million from the previous year.
- Operating grants from the State and Federal government and charges for services increased a total of \$2,619,856 to \$97,645,176. Funding for the new Child Support Enforcement organization spurred the increase.
- Capital Grants and contributions increased \$470,925 to \$8,949,008 due to a \$1,519,748 increase in NC Education Lottery funds for school capital projects.
- General revenues, excluding transfers, totaled \$234,304,441 decreasing by \$2,222,655 from the previous year.
- Property tax revenue declined \$907,423 due to a reduction in the countywide tax rate from \$.766 to \$.74.
- Sales tax revenue decreased to \$43,299,254, down \$1,055,857 or 2.4% from the previous year due to 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.
- Governmental activities expenses decreased \$2,459,978 to \$332,533,729 or 0.7%.

CUMBERLAND COUNTY'S CHANGES IN NET ASSETS
Table 2

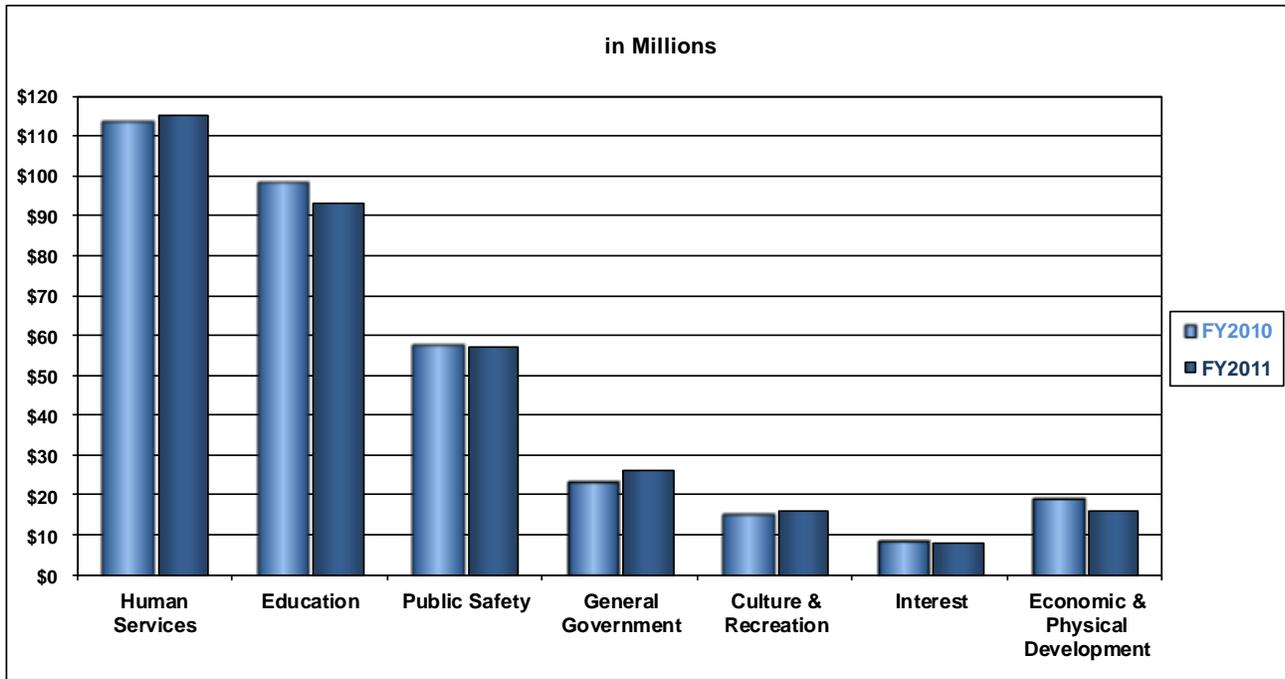
	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010 Restated	2011	2010 Restated	2011
Revenues:						
Program revenues:						
Charges for services	\$ 20,001,678	\$ 18,617,168	\$ 6,065,789	\$ 6,613,925	\$ 26,067,467	\$ 25,231,093
Operating grants and contributions	75,023,642	79,028,008	518,723	591,983	75,542,365	79,619,991
Capital grants and contributions	8,478,083	8,949,008	-	-	8,478,083	8,949,008
General revenues:						
Property taxes	168,579,799	167,672,376	-	-	168,579,799	167,672,376
Other taxes	50,815,261	50,238,808	5,811,507	6,051,624	56,626,768	56,290,432
Grants and contributions not restricted to specific programs	10,663,034	10,313,488	-	-	10,663,034	10,313,488
Unrestricted investment earnings	423,070	307,459	190,657	193,799	613,727	501,258
Gain on sale of assets	76,496	13,644	-	1,499	76,496	15,143
Miscellaneous	5,969,436	5,758,666	19,503	151,531	5,988,939	5,910,197
Total revenues	<u>340,030,499</u>	<u>340,898,625</u>	<u>12,606,179</u>	<u>13,604,361</u>	<u>352,636,678</u>	<u>354,502,986</u>
Expenses:						
General government	23,337,278	26,113,873	-	-	23,337,278	26,113,873
Public safety	57,441,883	57,268,195	-	-	57,441,883	57,268,195
Economic and physical development	18,944,001	16,199,629	-	-	18,944,001	16,199,629
Human services	113,529,432	115,603,566	-	-	113,529,432	115,603,566
Culture and recreation	15,095,287	16,019,975	-	-	15,095,287	16,019,975
Education	98,360,208	93,248,232	-	-	98,360,208	93,248,232
Interest on long-term debt	8,285,618	8,080,259	-	-	8,285,618	8,080,259
Crown Center	-	-	9,166,951	9,348,450	9,166,951	9,348,450
Solid Waste	-	-	9,268,378	10,631,856	9,268,378	10,631,856
Kelly Hills Water and Sewer District	-	-	66,845	66,855	66,845	66,855
Norcross Water and Sewer District	-	-	531,425	560,100	531,425	560,100
Total expenses	<u>334,993,707</u>	<u>332,533,729</u>	<u>19,033,599</u>	<u>20,607,261</u>	<u>354,027,306</u>	<u>353,140,990</u>
Increase in net assets before transfers	5,036,792	8,364,896	(6,427,420)	(7,002,900)	(1,390,628)	1,361,996
Transfers	(7,348,506)	(8,061,835)	7,348,506	8,061,835	-	-
Change in net assets	<u>(2,311,714)</u>	<u>303,061</u>	<u>921,086</u>	<u>1,058,935</u>	<u>(1,390,628)</u>	<u>1,361,996</u>
Net assets - beginning	101,814,788	99,503,074	71,452,516	72,373,602	173,267,304	171,876,676
Prior period adjustment - CIP	-	-	-	(2,066,750)	-	-
Net assets - beginning as restated	<u>101,814,788</u>	<u>99,503,074</u>	<u>71,452,516</u>	<u>70,306,852</u>	<u>173,267,304</u>	<u>171,876,676</u>
Net assets - ending	<u>\$ 99,503,074</u>	<u>\$ 99,806,135</u>	<u>\$ 72,373,602</u>	<u>\$ 71,365,787</u>	<u>\$ 171,876,676</u>	<u>\$ 171,171,922</u>

Governmental activities. Governmental activities increased the County's net assets by \$303,061. Key elements of this decrease are as follows:

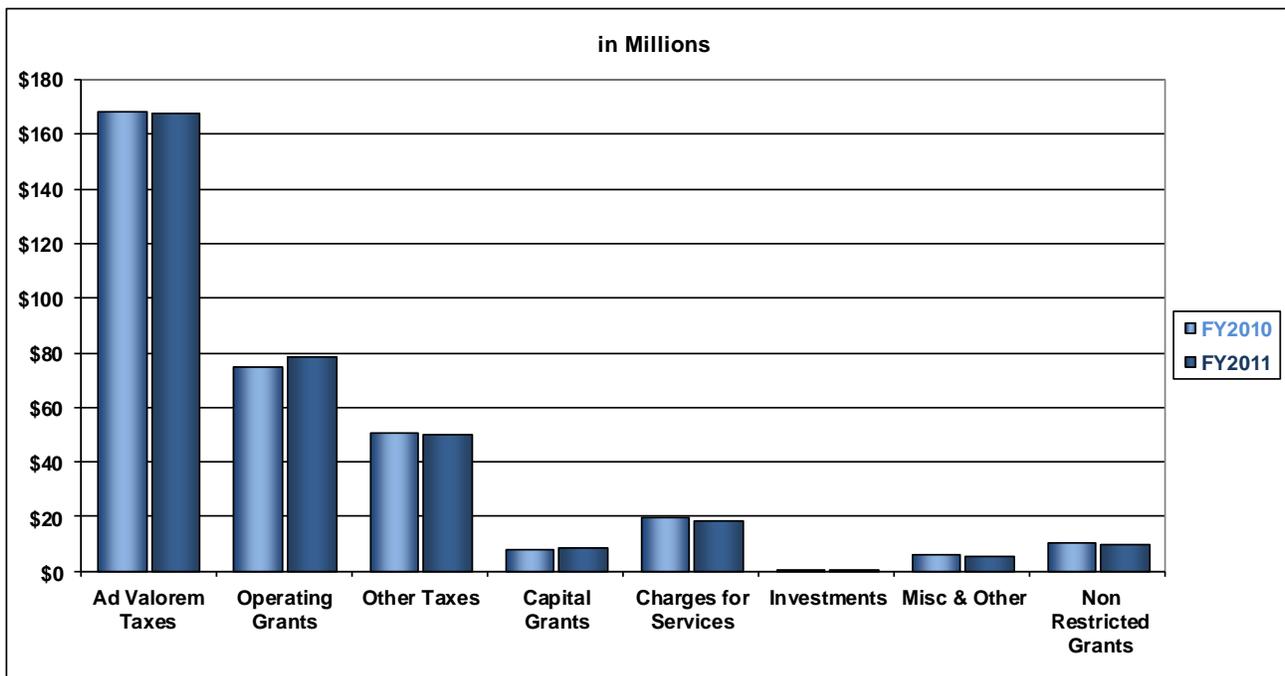
- Personnel expenditures increased \$6,359,548. This was due to the addition of 84 new positions, 65 of which were for a new Child Support Enforcement Program (\$3,051,859), \$1,384,462 for other position increases, \$1,533,438 for retirement increases and \$389,789 in medical insurance increases.
- Operating expenses decreased by \$41,379,425 (48.2%). Escrow fees related to refinancing debt decreased from \$36,414,948 to \$0. Other large decreases were \$2,371,032 for contracted services and \$1,494,134 for Emergency Operations Center (EOC) Viper equipment.
- Other charges and services decreased only \$984,919 (.7%). Current expense for county schools decreased \$2,136,192 as a result of recalculating the FY2010 revenue neutral tax rate per the county school funding formula. The other significant changes for FY2011 included; \$1,915,461 for the HOPE VI program; \$925,000 reduction in CDBG Affordable Housing program; \$696,559 increase in TDA funding; and a \$1,028,622 reduction in Social Services Child Care funding.
- Capital outlay, excluding capital project funds, decreased a total of \$5,019,039 from FY2010. Courthouse Plaza renovations and improvements that began in FY2008 were essentially completed in FY2010 resulting in a \$431,167 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 \$4,148,016. Capital project funds decreased \$12,649,748 as the West Regional Library, New Century Elementary School and the New Health Building were completed in FY2011.

GOVERNMENTAL ACTIVITIES EXPENSES
Figure 2



GOVERNMENTAL ACTIVITIES REVENUE
Figure 3

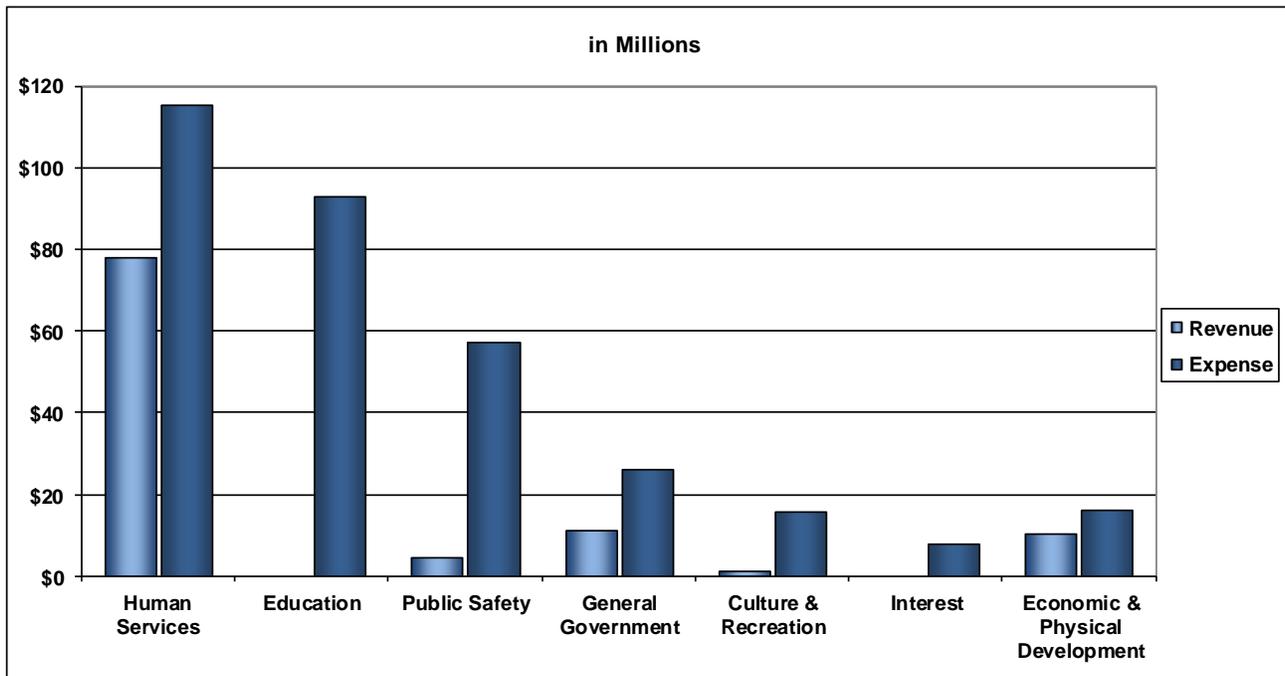


Ad valorem taxes, Figure 3, decreased \$907,423 as a result of a recalculation of the prior year's revenue neutral tax rate. The tax rate was lowered from 76.6 cents to 74.0 cents for FY2011.

- Sales taxes decreased net assets by \$1,055,857. This was due to decreases in local sales tax collections 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.
- Restricted Intergovernmental revenues increased \$4,675,484 as a result of a \$1,519,748 increase in lottery funds for school construction and capital expenses; release of a \$3,359,699 Mental Health reserve for future payments to North Carolina; \$2,886,408 in revenue from the new Child Support Enforcement Program; and \$1,131,315 for a USDA Rural Development Grant.
- Sales and services reduced net assets by \$1,408,655 due to reduced funding in the Human Services areas.

The graph below, Figure 4, 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 30.9% of expenses at June 30, 2010 and 31.90% at June 30, 2011. The largest general revenue source for governmental activities was ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$167,672,376 amounted to 71.5% of the total general revenues excluding transfers. The second largest general revenue source was Other Taxes at \$50,238,808 or 21.4% of the governmental activities revenues excluding transfers. All other general revenue amounted to 16,393,257 or 7.1%.

GOVERNMENTAL ACTIVITIES - PROGRAM REVENUE & EXPENSES
Figure 4

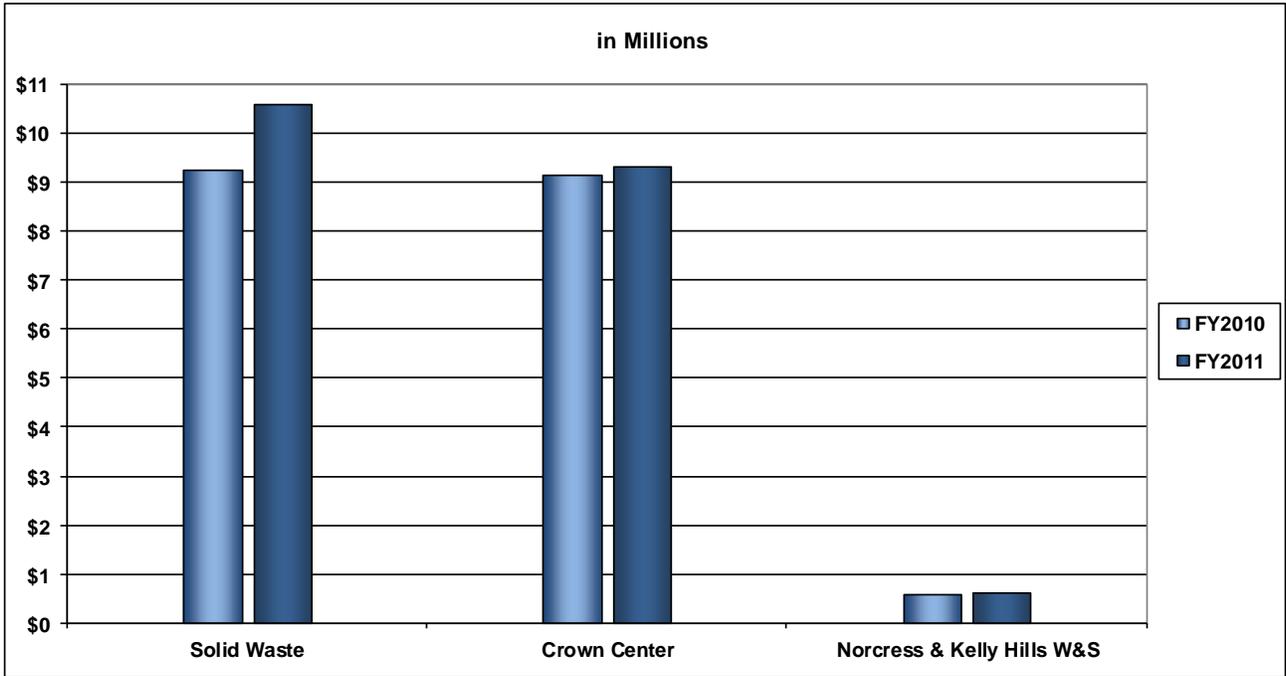


Business-type activities: Business-type activities, Figures 5 and 6, increased Cumberland County's net assets by \$1,058,935, before prior period adjustment, accounting for 77.7% of the total growth in the government's net assets. Key elements of this increase are as follows:

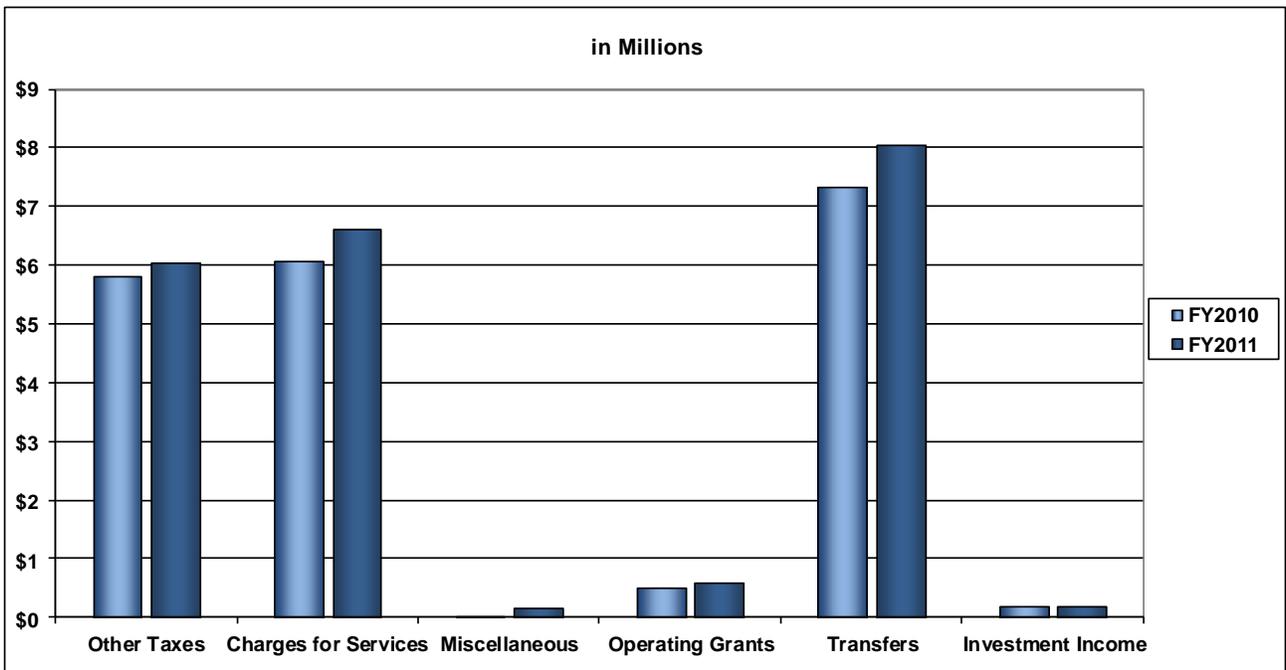
- The Crown Center increased net assets by \$2,599,686. Contributing to the net asset increase were a \$713,329 increase in net transfers and a slight increase in operating income of \$14,906 over FY2010.

- The Solid Waste Fund, on the other hand reported a decrease in net assets of \$1,286,359. Loss from operations was \$2,077,801 while non-operating revenue contributed \$791,442 to net assets. Operating revenues have declined while operating expenses have increased.

BUSINESS-TYPE EXPENSES
Figure 5



BUSINESS-TYPE REVENUE
Figure 6



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, assigned and unassigned 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 (page E-1) reported a combined fund balance of \$146,072,696 a 1.2 percent increase over last year. This increase is due to spending down \$14,010,067 of previously unexpended capital project funds from last year. The unassigned fund balance of \$28,016,541, which is not restricted, committed or assigned for specific purposes, makes up 19.2% of the total \$146 million. Another \$31,970,869 is assigned for specific purposes: (1) for subsequent years' expenditures-\$13,833,468; (2) for Tax Office software-\$1,175,000; (3) for water & sewer industrial expansion-\$5,897,670; (4) for economic development incentives-\$2,531,854; (5) for renovation and maintenance-\$2,258,117; and (6) expansion of the current jail-\$6,274,760. \$416,927 of fund balance has been committed for property revaluation per state statute and another \$2,764,806 is committed for public safety (Detention Facility Expansion project). Another \$179,164 of fund balance is in nonspendable form for inventories. The remainder of fund balance, \$82,724,389, is restricted to indicate that it is not available for general purposes because it is legally restricted or has been contractually committed: (1) restricted under state statutory requirements, \$34,196,526, which includes \$7,573,661 to liquidate contracts and purchase orders of the prior period (encumbrances), and other restricted purposes of \$48,527,863.

The General Fund, including the consolidated County School Fund, is the primary operating fund of Cumberland County (page E-3). At the end of the current fiscal year, unassigned fund balance of the General Fund was \$28,994,728; assigned and committed fund balance was \$30,799,649 while total fund balance reached \$111,501,350. 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. Unassigned fund balance represents 9.2 percent of total General Fund expenditures including transfers; unassigned, assigned and committed fund balance was 19.0 percent while total fund balance represents 35.4 percent of that same amount.

Total General Fund actual revenues excluding other financing sources were \$312,160,992, increasing \$17,331,504 or 5.9% from last year. Highlights of significant areas of change include:

- Current year property tax revenues decreased \$4,178,034 (2.71%) to \$150,264,331 due to a recalculation of the prior year's revenue neutral tax rate. The tax rate was lowered from 76.6 cents to 74.0 cents and then .6 cents of the 74.0 cents was allocated to the Detention Facility Expansion Capital Project.
- Sales tax revenue in the General Fund increased by \$7,079,175 or 19.8%. This was due to a \$939,895 decrease due to decreases in local sales tax collections 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. This loss was offset by the addition of \$7,972,696 of sales taxes from the county school fund which was incorporated into the General Fund for reporting purposes.
- Unrestricted Intergovernmental revenue increased \$411,255 (3.9%) due to a reduction in municipality election fees (no elections) which was offset by sales tax hold harmless revenue in the County School Fund.
- Restricted Intergovernmental revenue increased \$14,017,963 (22.1%) due to a release of a \$3,359,699 Mental Health reserve for future payment to North Carolina, \$2,886,408 in revenue from the new Child Support Enforcement Program and \$7,566,686 in lottery proceeds from the County School Fund.

- Licenses and permits increased \$152,167 due to increases in building inspection fees, Register of Deeds fees and Cablevision franchise fees.
- Charges for services declined \$1,477,616 or 9.0%. This decrease was caused by a recalculation of Mental Health's allowance for bad debts on their outstanding receivables.
- Investment income for the General Fund increased \$16,681 to \$274,509 or 6.5%.

General Fund actual expenditures excluding other financing uses and transfers were \$308,923,033 increasing \$11,585,196 or 3.9% from last year. Highlights of significant areas of change include:

- Personnel expenditures increased \$7,284,178. This was due to the addition of 83 new positions, 65 of which were for a new Child Support Enforcement Program (\$3,051,859), \$1,404,549 for other position increases, \$1,525,641 for retirement increases and \$457,339 in medical insurance increases.
- Education current expenditures decreased \$2,136,192 as a result of recalculating the FY2010 revenue neutral tax rate per the county school funding formula.
- Capital outlay expenditures, which are reported with the functional expenditure categories, increased a net \$5,628,912. Capital outlay decreases of \$1,092,440 for Fund 101 and Fund 112 were offset by \$6,721,352 of expenditures in the County School Fund.

The other major governmental funds are the Health Department Building Fund which accounts for the capital expenditures relating to construction of a new facility. The Gray's Creek Middle School Fund, which accounts for construction expenses of that facility.

The Health Department Building Capital Fund's net assets decreased \$126,498 as the County has finished construction on the project and is in the process of closing out the project.

The Gray's Creek Middle School Building Fund's net assets decreased \$76,812 as the County is finishing the construction on this project.

General Fund Budgetary Highlights: The General Fund, for budgetary comparisons, includes the three former special revenue funds that were merged by budget amendment during FY2011 and excludes the legally budgeted County School special revenue fund (page E-5). 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 \$12,578,513 or 4.0 percent of total budget.

- *Ad valorem taxes* decreased \$559,044 (0.36%) due to a reallocation of .6-cents of the county-wide 74-cent tax rate to begin funding for a Detention Facility Expansion Capital Project.
- *Other Taxes* increased \$148,435 (0.4%) to fund additional allocations to the county school system.
- *Restricted intergovernmental* revenue, which is additional and/or adjustments to federal and state funding estimates, increased \$5,486,215. Many of the increases were caused by the State not setting their funding levels until after the County had to adopt its budget. Social Services State Child Care revenue increased \$2,323,093 and Crisis Intervention funds increased \$1,130,012. An additional \$1,129,323 increase in Sheriff's grant accounted for most of the remainder of the increase.
- *Local sales & services and miscellaneous revenues* increased \$242,978. The increase was spread out over many areas.
- *Other financing sources* increased \$7,130,014 (27.1%). Fund balance appropriated increase of \$7,106,184 accounted for virtually all of the increase. \$5,321,571 of this amount was appropriated to fund prior year obligations (encumbrances and unexpended grants) and to fund new initiatives. \$7,004 was from designated maintenance and renovations one-time funds, \$298,687 was from the Water &

Sewer Industrial Expansion reserve, \$1,253,746 from the Economic Development Incentive reserve, \$174,100 from Health Department reserves, and \$51,074 was from dedicated communications reserves to fund upgrades to the E911 communication system.

Total actual revenues for the General Fund, excluding the County School Capital Fund and other financing sources, exceeded the budgeted amount by \$3,123,488 (page E-5).

- *Ad Valorem taxes* collected exceeded the budget by \$769,526 (100.5%). FY2010 revenue neutral tax rate (revaluation) turned out to be very conservative which resulted in over collections for FY2010. For FY2011, a revised and adopted revenue neutral tax rate lowered the countywide rate from 76.6 cents to 74.0 cents. This recalculation resulted in the FY2011 budget and actual numbers being very close.
- *Other taxes*: While total other taxes were \$58,791 below budget, sales tax collections were \$66,991 above budget. Dog registration fees accounted for a \$137,750 negative variance.
- *Unrestricted intergovernmental* revenue was \$48,286 below budget due to lower than anticipated ABC Store profits.
- *Restricted intergovernmental* revenues were \$2,551,780 above the budgeted amount. The Mental Health Department realized restricted revenue of \$4,202,933 over budget. \$3,348,208 of this amount was attributable to reclassifying a liability for repayment to the state as available revenue. The gain in Mental Health was offset by unrealized revenue of \$814,588 in the Social Services Department, and \$767,298 in Public Health.
- *Licenses and permit fees* were \$554,285 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 \$1,038,444 below budget due primarily to a \$2,566,879 under realization in Mental Health fees. This under realization was partially offset by gains in Public Health fees in the amount of \$973,263.
- *Miscellaneous revenue* was just \$633,751 above budget due in part to \$293,605 of unrealized revenue in the Water & Sewer Industrial Expansion Department.

Total actual expenditures (page E-5), excluding the County School Fund and other financing uses, were less than the budgeted amount by \$19,801,051 resulting in an expenditure rate of 93.9% an increase of 1.1% over the prior year. 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 outstanding encumbrances at year end.

- *Personnel* expenditures, due to turnover and vacancies, were \$5,223,806 less than budgeted.
- *Basic operating* expenditures were \$8,641,208 under budget. Of this amount, \$3,750,878 was for contracted services; \$1,229,358 was for unexpended "Viper" equipment; \$591,048 was for unspent maintenance and repair. While not included as expenditure, another \$5,897,216 is being reserved for outstanding encumbrances. The remaining \$3,069,924, excluding encumbrances, was unspent in 100 of the total 110 line items.
- *Other charges & services* was \$3,668,170 under budget. Under spending of \$1,459,539 in the Hope VI grant was the largest single item. Under spending in Human Services of \$891,625 and \$512,808 in Sheriff grants accounted for the majority of the rest of the under spending.
- While *capital outlay* was under spent by \$2,204,088, almost all of those funds will be re-budgeted next year.
- Lastly, *Debt service* was under spent by \$30,000 due to not spending budgeted debt issuance costs associated with bond refundings.

Proprietary Funds. Cumberland County's proprietary funds (page E-6) 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 \$184,693 to \$78,753,963.

Unrestricted net assets increased \$525,909 to \$25,375,299. 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 \$9,712,848. This represents a decrease of \$254,392 from last year as expenses exceeded revenues. The six internal service funds had combined net assets of \$7,388,176, an increase of \$823,122 from the prior year. An increase in net assets in the Retiree Insurance Fund of \$910,865 accounted for the majority of the increase.

Capital Asset and Debt Administration

Capital assets. Cumberland County’s capital assets, Table 3, for its governmental and business-type activities as of June 30, 2011, totals \$273,543,770 (net of accumulated depreciation). Capital assets include land, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other equipment,

CUMBERLAND COUNTY’S CAPITAL ASSETS

Table 3

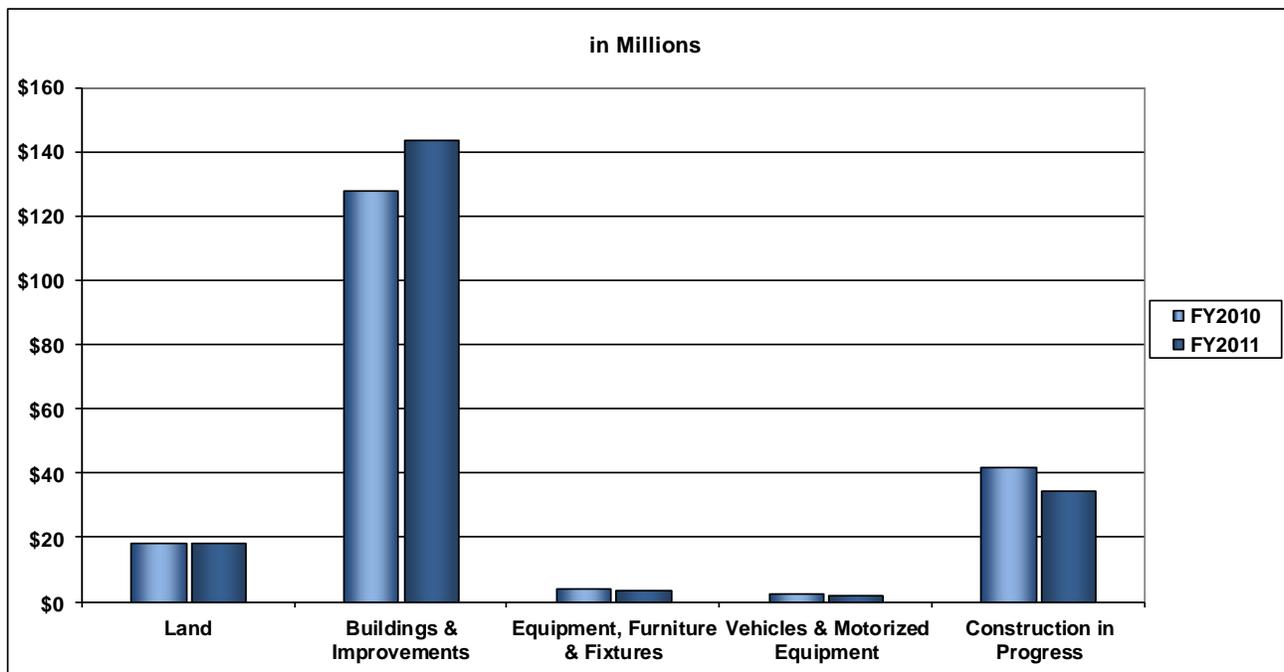
(net of depreciation)

	Government Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$ 18,594,218	\$ 18,587,070	\$ 6,449,358	\$ 6,449,358	\$ 25,043,576	\$ 25,036,428
Construction in progress	42,066,830	34,454,158			42,066,830	34,454,158
Landfill			2,066,749	1,550,062	2,066,749	1,550,062
Buildings and improvements	128,173,453	143,950,692	47,351,592	48,099,048	175,525,045	192,049,740
Equipment, furniture and fixtures	3,982,464	3,847,291	3,096,537	3,228,641	7,079,001	7,075,932
Vehicles and motorized equipment	2,478,603	2,373,425	380,308	438,583	2,858,911	2,812,008
Plant and distribution system			10,870,165	10,565,442	10,870,165	10,565,442
Total net assets	<u>\$ 195,295,568</u>	<u>\$ 203,212,636</u>	<u>\$ 70,214,709</u>	<u>\$ 70,331,134</u>	<u>\$ 265,510,277</u>	<u>\$ 273,543,770</u>

plant and distribution system, 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 in Governmental Activities included a \$15,777,240 increase in buildings and improvements related to completing construction

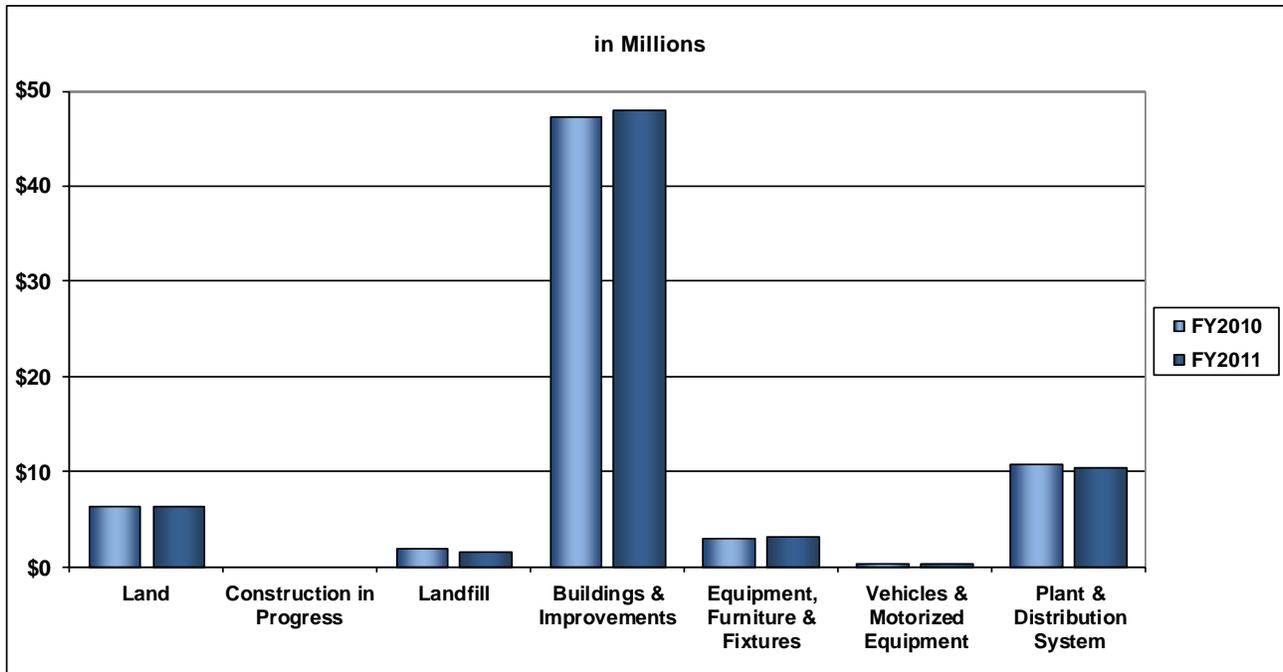
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS

Figure 7



on the new Health Department facility, New Century Elementary School, and the West Regional Library. Additional information on the County's capital assets can be found in Note 4 of the Basic Financial Statements.

BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS
Figure 8



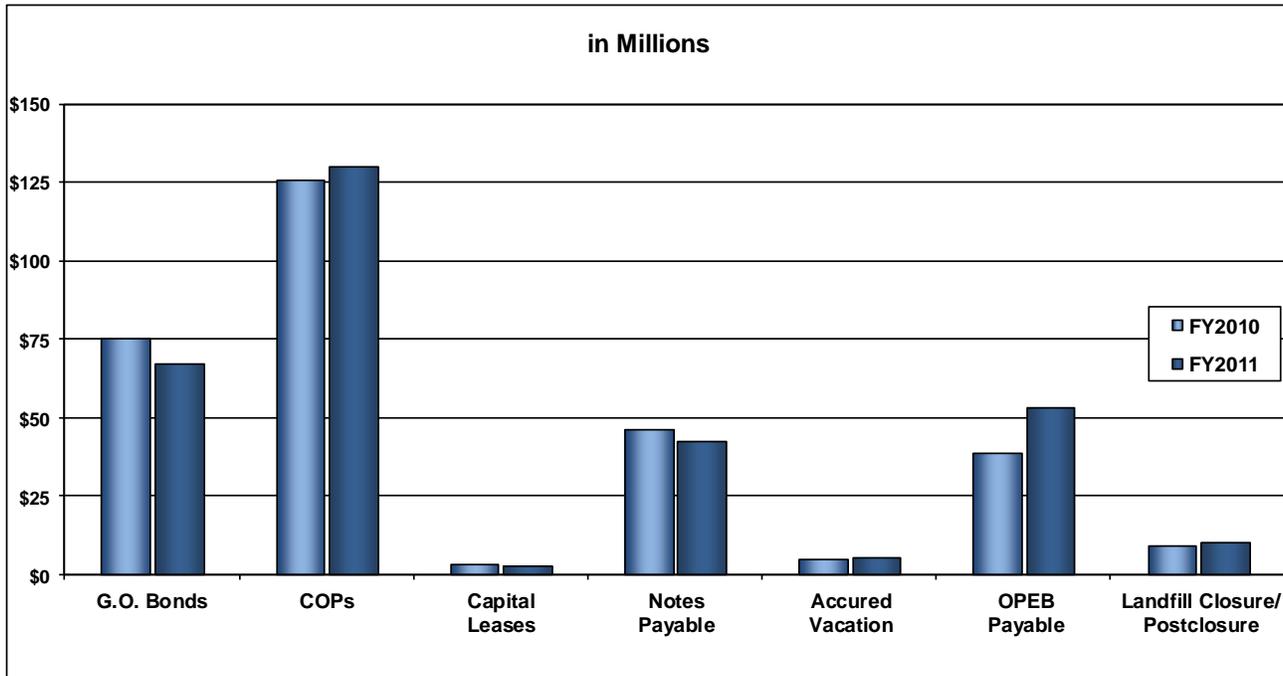
Long-term Debt. As of June 30, 2011, Cumberland County had total bonded debt outstanding of \$67,484,985 all of which is backed by the full faith and credit of the County.

CUMBERLAND COUNTY'S OUTSTANDING DEBT
Table 4

	Government Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
General obligation bonds (net)	\$ 74,369,978	\$ 66,295,985	\$ 1,205,000	\$ 1,189,000	\$ 75,574,978	\$ 67,484,985
Capital leases	3,201,690	2,827,016	-	-	3,201,690	2,827,016
Certificates of participation (net)	89,074,454	97,171,814	36,593,829	33,153,252	125,668,283	130,325,066
Notes Payable	43,274,182	40,025,000	3,118,000	2,806,200	46,392,182	42,831,200
Accrued vacation	5,042,239	5,294,003	240,065	254,109	5,282,304	5,548,112
OPEB payable	37,337,604	51,290,485	1,702,518	2,336,206	39,040,122	53,626,691
Accrued closure and postclosure costs	-	-	9,585,900	10,239,075	9,585,900	10,239,075
Total debt	\$ 252,300,147	\$ 262,904,303	\$ 52,445,312	\$ 49,977,842	\$ 304,745,459	\$ 312,882,145

Cumberland County's total debt, Table 4, of \$312,882,145 increased \$8,136,686 (2.7%) during the past fiscal year. The County issued Qualified School Construction Bonds (QSCB), which are tax credit COPS in the amount of \$14,805,000 to construct New Century Middle School. Additionally, the County paid down existing debt obligations while incurring \$14,586,569 of additional OPEB obligations.

OUTSTANDING DEBT
Figure 9



In 2009, Cumberland County 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. As an indication of the stability and sound financial condition of the County during turbulent times, the County has continued to maintain this bond. 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, 2011, the County had bonds authorized but unissued of \$31,931,000 and a legal debt margin of \$1,971,425,000.

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.

- Ad valorem current year tax collections have grown at a rate of 6.96% over the last five years and 1.54% since the County's last revaluation in 2010.
- The County lowered its property tax rate from 76.6 cents to 74.0 cents due to a recalculation of the FY2010's revenue neutral tax rate.
- The locally generated point-of-delivery sales tax collection rate was higher than the state average based on population.
- Continued presence and expansion of Fort Bragg due to the implementation of BRAC recommendations.

Budget Highlights for the Fiscal Year Ending June 30, 2012

The County approved a \$316,656,946 General Fund budget, excluding the legally adopted County School Special Revenue Fund, for fiscal year 2012, which represents a \$2,556,023 (0.80%) decrease over fiscal year 2011 approved budget.

- *Ad Valorem Taxes* have been budgeted at an increase of \$1,975,719 (1.27%). The total countywide tax rate remains at 74.0 cents. Six-tenth of the tax rate is dedicated to funding a 322-bed addition to the County's Detention facility.
- *Other Taxes*, comprised mostly of sales taxes, are projected to increase only \$103,927 (0.28%) due to the sluggish economy.
- *Unrestricted Intergovernmental* revenue is projected to decrease \$437,741 (4.35%). Reductions in sales tax hold harmless reimbursements due to lower 2010 census count for Fort Bragg were somewhat offset by increased revenue from municipal elections fees.
- *Restricted Intergovernmental* revenue has been budgeted at a net increase of \$1,045,482 (1.68%) based on a FY2012 budget of \$63,100,954. Mental Health restricted revenue is projected to decrease \$683,961 (5.22%) as the State continues to reduce funding. Social Services revenues, on the other hand, are projected to increase \$1,002,480 (2.29%). Both departments continue to experience significant fluctuation in their revenue streams from year to year.
- *Licenses and Fees* are projected to experience an overall slight increase of \$10,060 (0.49%) based on an adopted budget of \$2,082,009. After last year's large increase, the Register of Deeds fees is expected to increase an additional \$21,238 while various inspection department fees are projected to decline for the second straight year.
- *Sales and Service* fees are projected to decrease \$1,627,613 (10.37%) due primarily to reductions in mental health services.
- *Miscellaneous Revenue* will decrease \$212,235 (4.37%) due to the continued low interest rates on investment of idle cash. Since FY2008, interest income has dropped \$3,294,093 to an all-time low of \$163,870.
- *Other Financing Sources* will decrease a total of \$3,413,622 (10.56%). A \$7,476,806 decrease in fund balance appropriated for one-time expenditures is offset by \$3,500,000 of private placement funding for an FTCC capital project.

Budgeted expenditures in the General Fund, excluding the legally adopted County School Special Revenue Fund, are \$316,656,946 which represents a decrease of \$2,556,023 (0.80%) over fiscal year 2011.

- *Personal Services* decreased \$455,540 (0.37%) due to the reduction of 63 positions in mental health, addition of seven new positions in various departments, reinstatement of the county 1% contribution to a 401K retirement program, and a \$1,054,411 increase in health insurance.
- *Operating Expenditures* decreased \$5,642,099 (12.44%). Major changes include: \$1,360,963 reduction in Mental Health contracted services; \$546,793 reduction in computer software contracts; and a reduction of \$2,517,794 which represented a one-time FY2011 transfer of \$3,017,794 to the new jail expansion project.
- *Other Charges and Services* will increase \$1,931,891 (1.66%) to \$118,248,611. Major contributors to the increase are Sheriff grants of \$456,285 and Social Services Foster Care and Child Care of \$1,603,003.
- *Capital Outlay* expenditures increased \$2,946,847 (108.03%). The capital expenditure increase of \$5,055,795 for Fayetteville Technical Community College was offset by a reduction in roof repairs of \$1,003,627.
- *Debt Service* payments increased \$786,837 (3.02%) due to new principal and interest payments on Qualified School Construction Bonds for classroom additions and principal payments on a \$3.5 million loan for FTCC capital projects.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Net Assets
June 30, 2011**

	Governmental Activities	Business Type Activities	Total Primary Government	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau
Assets							
Cash and cash equivalents	\$ 59,396,234	\$ 9,726,947	\$ 69,123,181	\$ 2,019,994	\$ 412,296	\$ 1,275,836	\$ 291,276
Investments	45,997,312	32,114,919	78,112,231	-	-	-	220,524
Taxes receivable, net	4,223,540	126,658	4,350,198	-	-	-	-
Sales tax receivable	12,508,755	457,486	12,966,241	-	80,403	-	-
Due from other governments	11,095,395	52,462	11,147,857	-	620,223	-	624,789
Patient receivables, net	1,210,828	-	1,210,828	-	-	-	-
Other receivables, net	2,859,460	431,897	3,291,357	-	-	-	-
Internal balances	5,500	(5,500)	-	-	-	-	-
Due from component units	155,242	-	155,242	-	-	-	-
Inventories	179,163	10,956	190,119	2,476,067	-	-	5,379
Prepaid expenses	64,477	-	64,477	307,945	-	-	14,007
Restricted cash and cash equivalents	40,012,238	2,561,468	42,573,706	19,219	131,769	-	-
Restricted investments	1,035,871	6,530,552	7,566,423	-	-	-	-
Restricted accounts receivable	61	-	61	-	-	-	-
Capital assets:							
Nondepreciable	53,041,228	6,449,358	59,490,586	1,215,516	7,353,297	-	-
Depreciable, net	150,171,408	63,881,776	214,053,184	4,274,891	9,886,134	-	209,909
Other assets	1,456,637	275,349	1,731,986	-	-	-	-
Security deposits	-	-	-	4,501	-	-	-
Total assets	383,413,349	122,614,328	506,027,677	10,318,133	18,484,122	1,275,836	1,367,272
Liabilities							
Accounts and vouchers payable	12,850,227	865,863	13,716,090	1,755,090	392,995	543,563	70,604
Due to other governments	690,169	117,293	807,462	-	-	-	-
Accrued payroll	4,810,615	154,350	4,964,965	-	-	-	-
Accrued interest payable	1,344,026	128,693	1,472,719	-	201,198	-	-
Other payables	594,601	4,500	599,101	-	42,450	-	-
Unearned revenue	413,273	-	413,273	-	-	-	-
Long-term liabilities:							
Due in less than one year	23,587,538	2,523,775	26,111,313	286,827	70,264	-	-
Due in more than one year	239,316,765	47,454,067	286,770,832	1,493,049	9,906,696	-	-
Total liabilities	283,607,214	51,248,541	334,855,755	3,534,966	10,613,603	543,563	70,604
Net assets							
Invested in capital assets net of related debt	145,718,565	36,170,451	181,889,016	3,710,531	7,262,471	-	209,909
Restricted for:							
Stabilization by State statute	34,196,526	-	34,196,526	-	-	-	-
Human services	16,157,660	-	16,157,660	-	-	-	-
Register of deeds	498,743	-	498,743	-	-	-	-
Inmates	125,212	-	125,212	798,592	110,069	-	-
Cemetery	42,540	-	42,540	-	-	-	-
Education	24,887,489	-	24,887,489	-	21,700	-	-
Public safety	2,146,529	-	2,146,529	-	-	-	-
Economic and physical development	315,108	-	315,108	-	-	-	-
Cultural and recreation	4,354,582	-	4,354,582	-	-	-	-
Debt service	-	8,927,040	8,927,040	-	-	-	-
Claims	8,279,087	-	8,279,087	-	-	-	-
Unrestricted	(136,915,906)	26,268,296	(110,647,610)	2,274,044	476,279	732,273	1,086,759
Total net assets	\$ 99,806,135	\$ 71,365,787	\$ 171,171,922	\$ 6,783,167	\$ 7,870,519	\$ 732,273	\$ 1,296,668

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Activities
Year Ended June 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Operating	Capital	Primary Government			Cumberland	Eastover	Tourism	Fayetteville Area	
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	County ABC Board	Sanitary District	Development Authority	Convention and Visitors Bureau
Governmental activities:											
General government	\$ 26,113,873	\$ 2,832,221	\$ 1,362,164	\$ 7,566,686	\$ (14,352,802)	\$ -	\$ (14,352,802)	\$ -	\$ -	\$ -	\$ -
Public safety	57,268,195	3,310,454	1,251,625	228,701	(52,477,415)	-	(52,477,415)	-	-	-	-
Economic and physical development	16,199,629	1,660,379	7,901,581	1,153,621	(5,484,048)	-	(5,484,048)	-	-	-	-
Human services	115,603,566	10,466,993	67,653,598	-	(37,482,975)	-	(37,482,975)	-	-	-	-
Cultural and recreational	16,019,975	347,121	859,040	-	(14,813,814)	-	(14,813,814)	-	-	-	-
Education	93,248,232	-	-	-	(93,248,232)	-	(93,248,232)	-	-	-	-
Interest on long-term debt	8,080,259	-	-	-	(8,080,259)	-	(8,080,259)	-	-	-	-
Total governmental activities	<u>332,533,729</u>	<u>18,617,168</u>	<u>79,028,008</u>	<u>8,949,008</u>	<u>(225,939,545)</u>	<u>-</u>	<u>(225,939,545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:											
Crown Center	9,348,450	2,515,822	-	-	-	(6,832,628)	(6,832,628)	-	-	-	-
Solid Waste	10,631,856	3,725,540	591,983	-	-	(6,314,333)	(6,314,333)	-	-	-	-
NORCRESS Water and Sewer District	560,100	370,612	-	-	-	(189,488)	(189,488)	-	-	-	-
Kelly Hills Water and Sewer District	66,855	1,951	-	-	-	(64,904)	(64,904)	-	-	-	-
Total business-type activities	<u>20,607,261</u>	<u>6,613,925</u>	<u>591,983</u>	<u>-</u>	<u>-</u>	<u>(13,401,353)</u>	<u>(13,401,353)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 353,140,990</u>	<u>\$ 25,231,093</u>	<u>\$ 79,619,991</u>	<u>\$ 8,949,008</u>	<u>(225,939,545)</u>	<u>(13,401,353)</u>	<u>(239,340,898)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component unit:											
ABC Board	\$ 19,750,767	\$ 20,263,697	\$ -	\$ -	-	-	-	512,930	-	-	-
Eastover Sanitary District	484,417	15,828	-	-	-	-	-	-	(468,589)	-	-
Tourism Development Authority	5,036,134	5,043,747	-	-	-	-	-	-	-	7,613	-
Fayetteville Area Convention & Visitors Bureau	2,026,422	2,435,293	-	-	-	-	-	-	-	-	408,871
Total component unit	<u>\$ 27,297,740</u>	<u>\$ 27,758,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,930</u>	<u>(468,589)</u>	<u>7,613</u>	<u>408,871</u>
General revenues:											
Property taxes					167,672,376	-	167,672,376	-	-	-	-
Other taxes:											
Sales tax					43,299,254	-	43,299,254	-	-	-	-
Animal registration					312,250	-	312,250	-	-	-	-
Real estate transfer					845,975	-	845,975	-	-	-	-
Beer and wine					350,202	-	350,202	-	-	-	-
Solid waste					-	4,828,515	4,828,515	-	-	-	-
Food and beverage					5,431,127	-	5,431,127	-	-	-	-
Room and occupancy					-	1,223,109	1,223,109	-	-	-	-
Grants and contributions not restricted to specific programs					10,313,488	-	10,313,488	-	-	-	-
Unrestricted investment earnings					307,459	193,799	501,258	6,368	657	-	13,655
Gain on sale of capital assets					13,644	1,499	15,143	-	-	-	-
Miscellaneous					5,758,666	151,531	5,910,197	13,742	1,359,811	-	-
Transfers					(8,061,835)	8,061,835	-	-	-	-	-
Total general revenues and transfers					<u>226,242,606</u>	<u>14,460,288</u>	<u>240,702,894</u>	<u>20,110</u>	<u>1,360,468</u>	<u>-</u>	<u>13,655</u>
Change in net assets					303,061	1,058,935	1,361,996	533,040	891,879	7,613	422,526
Net assets - beginning					99,503,074	72,373,602	171,876,676	6,250,127	6,978,640	724,660	874,142
Prior period adjustment - CIP					-	(2,066,750)	(2,066,750)	-	-	-	-
Net assets - beginning - as restated					<u>99,503,074</u>	<u>70,306,852</u>	<u>169,809,926</u>	<u>6,250,127</u>	<u>6,978,640</u>	<u>724,660</u>	<u>874,142</u>
Net assets - ending					<u>\$ 99,806,135</u>	<u>\$ 71,365,787</u>	<u>\$ 171,171,922</u>	<u>\$ 6,783,167</u>	<u>\$ 7,870,519</u>	<u>\$ 732,273</u>	<u>\$ 1,296,668</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2011**

	General	Health Department Building Fund	Grays Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 48,958,131	\$ -	\$ 320,711	\$ 10,117,392	\$ 59,396,234
Investments	45,922,965	-	-	74,347	45,997,312
Taxes receivable, net	3,084,426	-	-	404,689	3,489,115
Sales tax receivable	12,152,845	5,183	152	350,389	12,508,569
Due from other governments	9,896,335	-	-	1,196,630	11,092,965
Patient receivables	1,210,828	-	-	-	1,210,828
Other receivables, net	2,409,489	-	-	65,856	2,475,345
Due from other funds	686,204	-	-	-	686,204
Due from component units	155,242	-	-	-	155,242
Inventories	179,163	-	-	-	179,163
Prepaid insurance	24,900	-	-	-	24,900
Restricted assets:					
Cash and cash equivalents	3,830,797	1,685,045	913,444	26,303,452	32,732,738
Investments	-	-	-	36,284	36,284
Accounts receivable	-	-	-	61	61
Total assets	\$ 128,511,325	\$ 1,690,228	\$ 1,234,307	\$ 38,549,100	\$ 169,984,960
Liabilities and fund balances					
Liabilities:					
Accounts and vouchers payable	\$ 6,132,917	\$ 4,976	\$ 115,959	\$ 5,449,907	\$ 11,703,759
Due to other governments	616,633	-	-	73,536	690,169
Accrued payroll	4,632,598	-	-	167,027	4,799,625
Other payables	589,251	-	-	5,350	594,601
Due to other funds	-	-	-	680,704	680,704
Deferred revenue	5,038,576	-	-	404,830	5,443,406
Total liabilities	17,009,975	4,976	115,959	6,781,354	23,912,264
Fund balances:					
Nonspendable:					
Inventories	179,164	-	-	-	179,164
Restricted:					
Mental health programs	14,331,047	-	-	-	14,331,047
Stabilization by State Statute	30,902,011	35,497	152	3,258,866	34,196,526
Register of deeds	498,743	-	-	-	498,743
Inmates	-	-	-	125,212	125,212
Cemetery	-	-	-	42,540	42,540
School capital	-	-	1,118,196	17,973,285	19,091,481
County School	5,796,008	-	-	-	5,796,008
Fire protection	-	-	-	299,841	299,841
Public safety	-	-	-	1,846,688	1,846,688
Economic and physical development	-	-	-	315,108	315,108
Human services	-	1,649,755	-	176,858	1,826,613
Cultural and recreational	-	-	-	4,354,582	4,354,582
Committed:					
Property revaluation	416,927	-	-	-	416,927
Public safety	-	-	-	2,764,806	2,764,806
Assigned:					
Subsequent year's expenditures	12,245,321	-	-	1,588,147	13,833,468
Tax office software	1,175,000	-	-	-	1,175,000
Water & sewer industrial expansion	5,897,670	-	-	-	5,897,670
Economic development incentives	2,531,854	-	-	-	2,531,854
Renovations and maintenance	2,258,117	-	-	-	2,258,117
Jail expansion	6,274,760	-	-	-	6,274,760
Unassigned	28,994,728	-	-	(978,187)	28,016,541
Total fund balances	111,501,350	1,685,252	1,118,348	31,767,746	146,072,696
Total liabilities and fund balances	\$ 128,511,325	\$ 1,690,228	\$ 1,234,307	\$ 38,549,100	\$ 169,984,960

COUNTY OF CUMBERLAND, NORTH CAROLINA

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
June 30, 2011

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

Ending fund balance - governmental funds		\$ 146,072,696
Capital assets (excluding internal service fund capital assets of \$2,066) are not financial resources, and therefore, are not reported in the funds (see note 4).		203,210,570
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Deferred Revenue	\$ 5,030,133	
Accrued Tax Penalties	734,425	
Bond issue cost	1,456,637	
Prepaid Pension benefit	<u>39,577</u>	
		7,260,772
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.		7,388,176
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	\$ (262,782,053)	
Accrued interest payable	<u>(1,344,026)</u>	
		(264,126,079)
Net assets of governmental activities		<u>\$ 99,806,135</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011**

	General	Health Department Building Fund	Gray's Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Ad valorem taxes	\$ 155,600,301	\$ -	\$ -	\$ 11,925,034	\$ 167,525,335
Other taxes	44,807,681	-	-	5,431,127	50,238,808
Unrestricted intergovernmental revenue	11,034,949	-	-	-	11,034,949
Restricted intergovernmental revenue	77,660,153	-	-	10,417,284	88,077,437
Licenses and permits	2,626,234	-	-	-	2,626,234
Sales and services	14,893,868	-	-	275,184	15,169,052
Interest earned on investments	274,509	1,092	962	46,669	323,232
Miscellaneous	5,263,297	-	154	495,369	5,758,820
Total revenues	312,160,992	1,092	1,116	28,590,667	340,753,867
Expenditures					
Current:					
General government	23,007,285	-	-	599	23,007,884
Public safety	44,302,836	-	-	7,971,137	52,273,973
Economic and physical development	6,125,860	-	-	9,440,967	15,566,827
Human services	105,703,027	127,590	-	1,731,502	107,562,119
Cultural and recreational	10,208,413	-	-	4,726,112	14,934,525
Education	93,248,232	-	77,928	12,418,091	105,744,251
Debt service:					
Principal payments	18,067,605	-	-	-	18,067,605
Interest and fees	8,259,775	-	-	-	8,259,775
Debt issuance costs	-	-	-	300,027	300,027
Total expenditures	308,923,033	127,590	77,928	36,588,435	345,716,986
Excess (deficiency) of revenues over (under) expenditures	3,237,959	(126,498)	(76,812)	(7,997,768)	(4,963,119)
Other financing sources (uses)					
Debt issuance	-	-	-	14,805,000	14,805,000
Sale of capital assets	170,195	-	-	2,479	172,674
Transfers in	128,625	-	-	5,010,168	5,138,793
Transfers out	(5,903,168)	-	-	(7,507,460)	(13,410,628)
Total other financing sources (uses)	(5,604,348)	-	-	12,310,187	6,705,839
Net change in fund balances	(2,366,389)	(126,498)	(76,812)	4,312,419	1,742,720
Fund balance - beginning	113,867,739	1,811,750	1,195,160	27,455,327	144,329,976
Fund balance - ending	\$ 111,501,350	\$ 1,685,252	\$ 1,118,348	\$ 31,767,746	\$ 146,072,696

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, 2011

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

Net change in fund balances - total governmental funds \$ 1,742,720

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	\$ 15,542,833	
Depreciation	<u>(7,502,292)</u>	8,040,541

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) to increase net assets. (122,518)

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

Accrued tax penalties	\$ (27,677)	
Pension costs	(140)	
Deferred revenues	<u>174,718</u>	146,901

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.

Principal payments	\$ 18,067,605	
Proceeds	(14,805,000)	
Changes in premium/deferred	337,887	
Accrued interest payable	(22,736)	
Accrued vacation payable	(252,646)	
Bond issuance costs	273,781	
Other postemployment benefits	<u>(13,926,596)</u>	(10,327,705)

The net revenue of certain activities of the internal service fund is reported with governmental activities. 823,122

Change in net assets of governmental activities \$ 303,061

COUNTY OF CUMBERLAND, NORTH CAROLINA

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual
Year Ended June 30, 2011**

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 155,389,819	\$ 154,830,775	\$ 155,600,301	\$ 769,526
Other taxes	36,745,341	36,893,776	36,834,985	(58,791)
Unrestricted intergovernmental revenue	10,073,499	10,073,499	10,025,213	(48,286)
Restricted intergovernmental revenue	62,055,472	67,541,687	70,093,467	2,551,780
Licenses and permits	2,071,949	2,071,949	2,626,234	554,285
Sales and services	15,689,334	15,932,312	14,893,868	(1,038,444)
Interest earned on investments	507,474	507,974	267,641	(240,333)
Miscellaneous	4,348,005	4,477,420	5,111,171	633,751
Total revenues	<u>286,880,893</u>	<u>292,329,392</u>	<u>295,452,880</u>	<u>3,123,488</u>
Expenditures:				
Current:				
General government	25,617,126	27,929,051	23,007,285	4,921,766
Public safety	45,010,016	47,160,863	44,302,836	2,858,027
Economic and physical development	5,033,523	7,528,562	6,125,860	1,402,702
Human services	112,109,307	115,564,984	105,703,027	9,861,957
Cultural and recreational	10,420,124	10,660,775	10,208,413	452,362
Education	85,960,589	86,801,117	86,526,880	274,237
Debt service:				
Principal payments	18,067,606	18,067,605	18,067,605	-
Interest and fees	8,021,433	8,259,775	8,259,775	-
Debt issuance costs	-	30,000	-	30,000
Total expenditures	<u>310,239,724</u>	<u>322,002,732</u>	<u>302,201,681</u>	<u>19,801,051</u>
Revenues over (under) expenditures	<u>(23,358,831)</u>	<u>(29,673,340)</u>	<u>(6,748,801)</u>	<u>(22,924,539)</u>
Other financing sources (uses):				
Sale of capital assets		-	170,195	170,195
Transfers in	8,017,251	8,041,081	8,041,081	-
Transfers out	(2,919,551)	(3,735,056)	(3,291,238)	443,818
Appropriated fund balance	18,261,131	25,367,315	-	(25,367,315)
Total other financing sources (uses)	<u>23,358,831</u>	<u>29,673,340</u>	<u>4,920,038</u>	<u>(24,753,302)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(1,828,763)</u>	<u>\$ (1,828,763)</u>
Fund Balances:				
Beginning of year, July 1			<u>105,365,754</u>	
End of year, June 30			<u>\$ 103,536,991</u>	
A legally budgeted County School Fund is consolidated into the General Fund for Reporting Purposes:				
Other taxes			\$ 7,972,696	
Unrestricted intergovernmental revenue			1,009,736	
Restricted intergovernmental revenue			7,566,686	
Interest earned on investments			6,868	
Miscellaneous			152,126	
Education			(6,721,352)	
Transfers out			(10,524,386)	
Fund Balance, Beginning of year			<u>8,501,985</u>	
			<u>7,964,359</u>	
Fund Balance, End of year			<u>\$ 111,501,350</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Net Assets
Proprietary Funds
June 30, 2011**

	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		
Assets						
Current assets						
Cash and cash equivalents	\$ 5,585,203	\$ 3,865,624	\$ 30,431	\$ 245,689	\$ 9,726,947	\$ -
Investments	32,114,919	-	-	-	32,114,919	-
Taxes receivable, net	126,658	-	-	-	126,658	-
Sales tax receivable	340,122	110,352	-	7,012	457,486	186
Due from other governments	-	-	487	51,975	52,462	2,430
Other receivables, net	261,372	151,464	-	19,061	431,897	384,115
Inventories	10,956	-	-	-	10,956	-
Total current assets	<u>38,439,230</u>	<u>4,127,440</u>	<u>30,918</u>	<u>323,737</u>	<u>42,921,325</u>	<u>386,731</u>
Noncurrent assets						
Restricted:						
Cash and cash equivalents	655,774	1,905,694	-	-	2,561,468	7,279,500
Investments	6,365,588	164,964	-	-	6,530,552	999,587
Capital assets, net of accumulated depreciation	9,254,098	50,511,594	2,347,563	8,217,879	70,331,134	2,066
Debt issue costs	-	275,349	-	-	275,349	-
Total noncurrent assets	<u>16,275,460</u>	<u>52,857,601</u>	<u>2,347,563</u>	<u>8,217,879</u>	<u>79,698,503</u>	<u>8,281,153</u>
Total assets	<u>54,714,690</u>	<u>56,985,041</u>	<u>2,378,481</u>	<u>8,541,616</u>	<u>122,619,828</u>	<u>8,667,884</u>
Liabilities and net assets						
Current liabilities						
Accounts and vouchers payable	491,233	360,468	-	14,162	865,863	9,921
Due to other governments	-	117,293	-	-	117,293	-
Accrued payroll	87,640	66,710	-	-	154,350	10,990
Accrued interest payable	-	124,606	-	4,087	128,693	-
Other payables	4,500	-	-	-	4,500	-
Incurred but not reported	-	-	-	-	-	1,136,547
Current portion of long-term debt and accrued vacation	165,417	2,341,358	-	17,000	2,523,775	21,160
Due to other funds	-	5,500	-	-	5,500	-
Total current liabilities	<u>748,790</u>	<u>3,015,935</u>	<u>-</u>	<u>35,249</u>	<u>3,799,974</u>	<u>1,178,618</u>
Noncurrent liabilities						
Post closing liability	10,204,075	-	-	-	10,204,075	-
Long-term debt	-	33,729,079	-	1,172,000	34,901,079	-
Accrued vacation	6,865	5,842	-	-	12,707	1,114
Other postemployment benefits liability	1,427,104	909,102	-	-	2,336,206	99,976
Total noncurrent liabilities	<u>11,638,044</u>	<u>34,644,023</u>	<u>-</u>	<u>1,172,000</u>	<u>47,454,067</u>	<u>101,090</u>
Total liabilities	<u>12,386,834</u>	<u>37,659,958</u>	<u>-</u>	<u>1,207,249</u>	<u>51,254,041</u>	<u>1,279,708</u>
Net assets						
Invested in capital assets, net of related debt	9,254,098	17,539,911	2,347,563	7,028,879	36,170,451	2,066
Restricted net assets - debt service	7,021,362	1,905,678	-	-	8,927,040	-
Restricted net assets - claims	-	-	-	-	-	8,279,107
Unrestricted	26,052,396	(120,506)	30,918	305,488	26,268,296	(892,997)
Total net assets	<u>\$ 42,327,856</u>	<u>\$ 19,325,083</u>	<u>\$ 2,378,481</u>	<u>\$ 7,334,367</u>	<u>\$ 71,365,787</u>	<u>\$ 7,388,176</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2011

	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		
Operating revenues						
Charges for services	\$ 3,714,152	\$ 2,515,822	\$ 1,951	\$ 370,612	\$ 6,602,537	\$ -
Contributions	-	-	-	-	-	17,849,588
Other operating revenue	11,388	-	-	-	11,388	-
Solid Waste fees	4,828,515	-	-	-	4,828,515	-
Total operating revenues	<u>8,554,055</u>	<u>2,515,822</u>	<u>1,951</u>	<u>370,612</u>	<u>11,442,440</u>	<u>17,849,588</u>
Operating expenses						
Salaries and employee benefits	3,205,303	2,499,586	-	-	5,704,889	16,733,060
Repairs and maintenance	974,960	386,282	-	132,874	1,494,116	-
Utilities	137,522	917,698	-	129,238	1,184,458	-
Administrative costs	4,343,473	1,740,991	-	10,470	6,094,934	513,222
Depreciation	1,293,343	1,920,547	66,855	237,867	3,518,612	955
Landfill closure and postclosure care costs	677,255	-	-	-	677,255	-
Total operating expenses	<u>10,631,856</u>	<u>7,465,104</u>	<u>66,855</u>	<u>510,449</u>	<u>18,674,264</u>	<u>17,247,237</u>
Operating income (loss)	<u>(2,077,801)</u>	<u>(4,949,282)</u>	<u>(64,904)</u>	<u>(139,837)</u>	<u>(7,231,824)</u>	<u>602,351</u>
Nonoperating revenue (expense)						
Interest earned on investments	190,498	61,970	-	-	252,468	10,771
Motel occupancy tax	-	1,223,109	-	-	1,223,109	-
Gain (loss) on disposal of capital assets	1,499	-	-	-	1,499	-
Miscellaneous	7,462	85,400	-	-	92,862	-
Grant revenue	591,983	-	-	-	591,983	-
Interest expense	-	(1,883,346)	-	(49,651)	(1,932,997)	-
Total nonoperating revenue (expense)	<u>791,442</u>	<u>(512,867)</u>	<u>-</u>	<u>(49,651)</u>	<u>228,924</u>	<u>10,771</u>
Income (loss) before transfers and contributions	<u>(1,286,359)</u>	<u>(5,462,149)</u>	<u>(64,904)</u>	<u>(189,488)</u>	<u>(7,002,900)</u>	<u>613,122</u>
Transfers in	-	8,117,028	-	-	8,117,028	210,000
Transfers out	-	(55,193)	-	-	(55,193)	-
Change in net assets	<u>(1,286,359)</u>	<u>2,599,686</u>	<u>(64,904)</u>	<u>(189,488)</u>	<u>1,058,935</u>	<u>823,122</u>
Total net assets - beginning	45,680,965	16,725,397	2,443,385	7,523,855	72,373,602	6,565,054
Prior period adjustment - depreciation	(2,066,750)	-	-	-	(2,066,750)	-
Total net assets - beginning, as restated	<u>43,614,215</u>	<u>16,725,397</u>	<u>2,443,385</u>	<u>7,523,855</u>	<u>70,306,852</u>	<u>6,565,054</u>
Total net assets - ending	<u>\$ 42,327,856</u>	<u>\$ 19,325,083</u>	<u>\$ 2,378,481</u>	<u>\$ 7,334,367</u>	<u>\$ 71,365,787</u>	<u>\$ 7,388,176</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011**

	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		
Operating activities						
Cash received from customers	\$ 8,525,526	\$ 2,457,034	\$ 1,951	\$ 370,612	\$ 11,355,123	\$ -
Other operating revenue	(137,518)	-	-	-	(137,518)	-
Cash received from contributions	-	-	-	-	-	17,496,287
Cash paid to employees	(2,807,573)	(2,259,206)	-	-	(5,066,779)	(43)
Cash paid for goods and services	(5,394,001)	(2,980,713)	-	(261,727)	(8,636,441)	(468,561)
Cash received for goods and services	-	-	(82)	-	(82)	(15,362)
Cash paid for claims	-	-	-	-	-	(17,368,542)
Net cash provided by (used in) operating activities	186,434	(2,782,885)	1,869	108,885	(2,485,697)	(356,221)
Noncapital financing activities						
Transfers in	-	8,117,028	-	-	8,117,028	210,000
Transfers out	-	(55,193)	-	-	(55,193)	-
Operating grants	591,983	-	-	-	591,983	-
Net cash provided (used) by noncapital financing activities	591,983	8,061,835	-	-	8,653,818	210,000
Capital and related financing activities						
Acquisition and construction of capital assets	(509,190)	(3,125,847)	-	-	(3,635,037)	-
Other financing transactions	7,462	85,400	-	-	92,862	-
Proceeds from sales of capital assets	1,499	-	-	-	1,499	-
Proceeds from issuance of debt	-	-	-	-	-	-
Principal paid on long-term debt	-	(1,201,334)	-	(16,000)	(1,217,334)	-
Interest paid on bonds	-	(4,450,831)	-	(49,706)	(4,500,537)	-
Motel occupancy tax	-	1,223,109	-	-	1,223,109	-
Net cash provided (used) by capital and related financing activities	(500,229)	(7,469,503)	-	(65,706)	(8,035,438)	-
Investing activities						
Proceeds from sale of investments	-	2,945,445	-	-	2,945,445	-
Purchase of investments	(154,580)	-	-	-	(154,580)	(999,409)
Investment earnings	190,498	61,970	-	-	252,468	10,771
Net cash provided (used) in investing activities	35,918	3,007,415	-	-	3,043,333	(988,638)
Net increase in cash and cash equivalents	314,106	816,862	1,869	43,179	1,176,016	(1,134,859)
Cash and cash equivalents						
Beginning of year	5,926,871	4,954,456	28,562	202,510	11,112,399	8,414,359
End of year	\$ 6,240,977	\$ 5,771,318	\$ 30,431	\$ 245,689	\$ 12,288,415	\$ 7,279,500
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (2,077,801)	\$ (4,949,282)	\$ (64,904)	\$ (139,837)	\$ (7,231,824)	\$ 602,351
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,293,343	1,920,547	66,855	237,867	3,518,612	955
Landfill closure and post closure care costs	677,255	-	-	-	677,255	-
Change in assets and liabilities						
(Increase) decrease in accounts receivable	(17,141)	-	-	-	(17,141)	-
(Increase) decrease in other receivables	(148,906)	(17,844)	(82)	(3,540)	(170,372)	(353,113)
(Increase) decrease in inventories	35,354	-	-	17,407	52,761	(418)
Increase (decrease) in accounts payable and accrued liabilities	435,683	263,627	-	-	699,310	(607,069)
Increase (decrease) in accrued landfill	(59,080)	-	-	-	(59,080)	-
Increase (decrease) in compensated absences payable	35,637	67	-	-	35,704	(43)
Increase (decrease) in deferred revenue	-	-	-	(3,012)	(3,012)	-
Increase (decrease) in contract retainage	12,090	-	-	-	12,090	1,116
Total adjustments	2,264,235	2,166,397	66,773	248,722	4,746,127	(958,572)
Net cash provided by (used in) operating activities	\$ 186,434	\$ (2,782,885)	\$ 1,869	\$ 108,885	\$ (2,485,697)	\$ (356,221)
Noncash investing, capital, and financing activities:						
Cash and cash equivalents						
Unrestricted	\$ 5,585,203	\$ 3,865,624	\$ 30,431	\$ 245,689	\$ 9,726,947	\$ -
Restricted	655,774	1,905,694	-	-	2,561,468	7,279,500
Total	\$ 6,240,977	\$ 5,771,318	\$ 30,431	\$ 245,689	\$ 12,288,415	\$ 7,279,500

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011**

	Pension Trust Fund	
	Special Separation Allowance Fund	Agency Funds
Assets		
Taxes receivable	\$ -	\$ 4,656,264
Due from other governments	-	19,155
Restricted cash and cash equivalents	369,064	767,948
Restricted investments - U.S. Government Agencies	1,124,895	-
Total assets	<u>1,493,959</u>	<u>\$ 5,443,367</u>
Liabilities		
Accounts and vouchers payable	-	\$ 5,418,699
Due to other governments	-	24,668
Accrued payroll	10,851	-
Total liabilities	<u>10,851</u>	<u>\$ 5,443,367</u>
Net assets		
Net assets held in trust for pension benefits	<u>\$ 1,483,108</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2011

	Pension Trust Fund
	Special Separation Allowance Fund
Additions	
Employer contributions	\$ 452,236
Interest earned on investments	6,186
Total additions	458,422
Deductions	
Benefits	296,500
Total deductions	296,500
Change in net assets	161,922
Total net assets - beginning	1,321,186
Total net assets - ending	\$ 1,483,108

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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. Governmental Accounting Standards Board (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 non-profit 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, 2011

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, 2011

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 fund 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. The County School Fund is a legally adopted budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated into the General Fund.

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, 2011

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 nonmajor 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; 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: Detention Facility Expansion Fund; New Century Middle Fund; West Regional Library Fund; New Century Elementary Fund; Qualified School Construction Bonds (QSCB) 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, 2011

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, 2011

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 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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure 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. Multi-year capital project funds are budgeted on an annual basis at their total project cost. All budgets are prepared using the modified accrual basis of accounting.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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 part of the stabilization for state statute 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, 2011

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, a 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 unexpended bond proceeds, future construction, payment of asserted and unasserted malpractice claims, self-insurance, trust arrangements and customer deposits for future services have been restricted. Funds are restricted for the purpose for which the revenue was received. 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, 2010.

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 or resale. 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 or sold.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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 – 10
Vehicles	5

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

	<u>Years</u>
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, 2011

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 to 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, 2011

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, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

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:

Nonspendable Fund Balance

This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Restricted Fund Balance

This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Mental Health Programs - portion of fund balance that is restricted by revenue source for mental health purposes.

Restricted for Stabilization of State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted 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.

Restricted for Inmates – portion of fund balance available for use by inmates in the County's Detention Center.

Restricted for Cemetery – portion of fund balance restricted to maintain the cemetery.

Restricted for School Capital – portion of fund balance that is restricted by revenue source for school capital construction.

Restricted for County School – portion of fund balance that can only be used for school capital or debt service per G.S. 159-18-22.

Restricted for Fire Protection – portion of fund balance that is restricted by revenue source for fire protection.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for law enforcement purposes and the Injured Animal Stabilization Fund.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

10. Net Assets/Fund Balances (continued)

Restricted for Economic and Physical Development – portion of fund balance that is restricted by revenue source for the Flea Hill and Downtown revitalization funds.

Restricted for Human Services – portion of fund balance restricted by revenue source for Juvenile Crime Control Program purposes.

Restricted for Cultural and Recreational – portion of fund balance restricted by revenue source for the Western Regional Library Capital Project Fund, Recreation Fund, and the Prepared Food and Beverage Fund.

Committed Fund Balance

Portion of fund balance that can only be used for specific purpose imposed by majority vote of Cumberland County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Property Revaluation – portion of fund balance that can only be used for Tax Revaluation.

Committed for Public Safety – portion of fund balance that can only be used for the Detention facility Expansion Capital Project.

Assigned Fund Balance

Portion of fund balance that the Cumberland County governing board has set aside for future use.

Subsequent Year's Expenditures – Assigned for subsequent years' expenditures is the portion of fund balance that has been approved by formal action of the Board of County Commissioners for appropriation into the next fiscal year. A modification of this amount requires action by the Board. The Board may at its discretion, make other assignments of fund balance. The Board authorizes the County Manager to amend these assigned amounts to comply with the County's fund balance percentage policies.

Tax Office Software – portion of total fund balance assigned by management for future purchase of tax software.

Water and Sewer Industrial Expansion - portion of total fund balance assigned by management for small scale water and sewer industrial projects.

Economic Development Incentives - portion of total fund balance assigned by management for incentives to promote business creation or expansion.

Renovations and Maintenance – portion of total fund balance assigned by management for various maintenance and renovations on County facilities.

Jail Expansion - portion of total fund balance assigned by management for expansion of the current County Detention Facility.

Unassigned

Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

10. Net Assets/Fund Balances (continued)

Spending Policy

Cumberland County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, Federal funds, State funds, local non-county funds, and then county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

The County will maintain a General Fund unassigned fund balance of no less than 10% which exceeds the minimum eight percent (8%) recommended by the LGC. Additionally, the target goal for total spendable (available) fund balance will be at least 15% of total expenditures for the fiscal year. The annual appropriation for subsequent years' expenditures should not exceed 3% of budgeted recurring general fund expenditures.

Purpose of Reserve: These funds will be utilized to avoid cash flow interruptions, generate interest income, eliminate the need for short-term borrowing, and maintain the County's credit ratings.

Reserve Draw Downs: The fund balance may be purposefully drawn down below the target percentage for emergencies, nonrecurring expenditures, or major capital projects.

Reserve Replenishment: If the fund balance falls below the target percentage for two consecutive fiscal years, the County will replenish funds by direct appropriation beginning in the following fiscal year. In that instance, the County will annually appropriate 20% of the difference between the target percentage level and the actual balance until the target level is met.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation. This presentation includes the legally adopted County School Fund that has been incorporated into the General Fund for reporting purposes:

Total fund balance-General Fund	\$111,501,350
Less:	
Inventories	179,164
Stabilization by State Statute	30,902,011
Appropriated fund balance in FY2012 budget	12,245,321
10% fund balance policy	<u>28,547,103</u>
Remaining fund balance	<u>\$39,627,751</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Fund	Encumbrances
General Fund	\$5,897,216
Major funds- Health Department Building Fund	\$30,313
Other Governmental funds	\$1,655,655
Enterprise funds	\$1,016,210

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

11. Reclassifications

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

12. Accounting Estimates

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

E - Upcoming Pronouncements

GASB Statement No. 60, "Accounting and Financial Reporting for Certain Service Concession Arrangements." Effective for periods beginning after December 15, 2011, this statement is applicable to service concession arrangements where a government conveys to an operator the right and related obligation to provide services through use of a public asset in exchange for significant consideration, and the operator collects and is compensated by fees from third parties. This standard specifies how related capital assets, obligations and revenues should be recorded under such arrangements.

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34." Effective for periods beginning after June 15, 2012, this statement modifies certain requirements for inclusion and blending of component units and adds clarification for determining when to include or exclude component units. Under this standard, entities included as component units due to meeting fiscal dependency criteria must also provide a financial benefit or burden to continue such reporting. Entities blended due to meeting substantially the same governing body criteria will also be required to either provide a financial benefit or burden or be subject to operational responsibility by management of the primary government. Relationships with component units will be evaluated to determine the reporting method of blended or discrete presentation.

GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Effective for periods beginning after December 15, 2011, this statement codifies all sources of generally accepted accounting principles for state and local governments so they are derived from a single source. The standard also supersedes GASB Statement No. 20, eliminating the election to apply FASB Statements and Interpretations issued after November 30, 1989, as well as the need for disclosure of this election. All FASB and AICPA pronouncements issued after November 30, 1989 will become nonauthoritative literature for application purposes. Accounting changes adopted to conform to the provisions of this statement will be applied retroactively by restating financial statements for all periods presented.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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

A – Deposits (continued)

The County has a Board approved collateralization policy utilizing the pooling method. 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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2011, the County's deposits had a carrying amount of \$106,203,739 and a bank balance of \$110,224,821. Of the bank balance, \$2,042,773 was covered by federal depository insurance, \$108,134,345 was covered by collateral under the Pooling Method and \$47,703 was related to retainage with an insurance administrator for payment of future claims. Included in the County's deposits is cash of \$544,065 and \$1,275,836 for the District and the TDA, respectively. The County had \$15,239 in the petty cash and change funds.

At June 30, 2011, the ABC Board's deposits had a carrying amount of \$2,039,213 and a bank balance of \$2,040,977. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,790,977 was covered by collateral under the Pooling Method. The ABC Board has petty cash of \$20,650.

At June 30, 2011, the Bureau's deposits had a carrying amount of \$291,276 and a bank balance of \$644,063. Of the bank balance, \$644,063 was covered by federal depository insurance. Total investments at June 30, 2011 include a 12-month Certificate of Deposit for \$220,524 maturing on July 21, 2012, plus interest.

B – Investments - County

As of June 30, 2011 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	\$ 4,752,002	\$ -	\$ 4,752,002	\$ -
US Government Agencies	57,180,471	3,958,487	40,716,754	12,505,230
Commercial Paper	10,595,779	10,595,779	-	-
NC Capital Management Trust -- Cash Portfolio	16,344,531	N/A	N/A	N/A
NC Capital Management Trust -- Term Portfolio	6,365,588	N/A	N/A	N/A
Total	<u>\$ 95,238,371</u>	<u>\$ 14,554,266</u>	<u>\$ 45,468,756</u>	<u>\$ 12,505,230</u>

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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

B – Investments – County (continued)

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, 2011, 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, 2011. 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 Investors 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. Wells Fargo Securities provides 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.

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 20%, 12%, 23%, and 19% of total investments, respectively.

C – Reconciliation to Cash and Investments

Total per Footnote:

	County	ABC Board	District	TDA	Bureau
Total investments	\$ 95,238,371	\$ -	\$ -	\$ -	\$ 220,524
Cash (demand deposits)	104,383,838	2,018,563	544,065	1,275,836	291,276
Petty cash	15,239	20,650	-	-	-
Total cash and investments	199,637,448	2,039,213	544,065	1,275,836	511,800
Less: investments	(86,803,549)	-	-	-	(220,524)
Total cash and equivalents	<u>\$ 112,833,899</u>	<u>\$ 2,039,213</u>	<u>\$ 544,065</u>	<u>\$ 1,275,836</u>	<u>\$ 291,276</u>

Total per Statement of Net Assets:

Cash and cash equivalent - unrestricted	\$ 69,123,181	\$ 2,019,994	\$ 412,296	\$ 1,275,836	\$ 291,276
Cash and cash equivalent - restricted	42,573,706	19,219	131,769	-	-
Cash and cash equivalent - pension trust fund	369,064	-	-	-	-
Cash and cash equivalent - agency funds	767,948	-	-	-	-
Total cash and equivalents	<u>\$ 112,833,899</u>	<u>\$ 2,039,213</u>	<u>\$ 544,065</u>	<u>\$ 1,275,836</u>	<u>\$ 291,276</u>
Investments - unrestricted	\$ 78,112,231	\$ -	\$ -	\$ -	\$ 220,524
Investments - restricted	7,566,423	-	-	-	-
Investments - restricted - pension trust fund	1,124,895	-	-	-	-
Total investments	<u>\$ 86,803,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,524</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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, 2011 is as follows:

Taxes receivable - General Fund	\$ 7,432,228
Patient receivable - General Fund	4,320,874
Total receivables	<u>\$ 11,753,102</u>

Note 4 - Capital Assets

	<u>Beginning Balances</u>	<u>Increases & Adjustments</u>	<u>Decreases & Adjustments</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 18,594,218	\$ -	\$ 7,148	\$ -	\$ 18,587,070
Construction in progress	42,066,830	11,682,415	19,295,087	-	34,454,158
Total capital assets not being depreciated	<u>60,661,048</u>	<u>11,682,415</u>	<u>19,302,235</u>	<u>-</u>	<u>53,041,228</u>
Capital assets being depreciated:					
Buildings and improvements	190,606,002	21,371,697	94,047	-	211,883,652
Equipment, furniture and fixtures	17,048,570	846,961	31,095	-	17,864,436
Vehicles	10,760,196	936,848	712,530	-	10,984,514
Total capital assets being depreciated	<u>218,414,768</u>	<u>23,155,506</u>	<u>837,672</u>	<u>-</u>	<u>240,732,602</u>
Less accumulated depreciation for:					
Buildings and improvements	62,432,549	5,500,411	-	-	67,932,960
Equipment, furniture and fixtures	13,066,106	982,134	31,095	-	14,017,145
Vehicles	8,281,593	1,020,702	691,206	-	8,611,089
Total accumulated depreciation	<u>83,780,248</u>	<u>\$ 7,503,247</u>	<u>\$ 722,301</u>	<u>\$ -</u>	<u>90,561,194</u>
Total capital assets being depreciated, net	<u>134,634,520</u>				<u>150,171,408</u>
Governmental activity capital assets, net	<u>\$ 195,295,568</u>				<u>\$ 203,212,636</u>

Total governmental activities capital assets include internal service fund capital assets with a book value of \$2,066.

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2011 was as follows:

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

General government	\$ 1,561,971
Public safety	2,841,981
Human services	1,697,444
Economic and physical development	431,487
Cultural and recreational	969,409
Internal Service	955
Total depreciation expense	<u>\$ 7,503,247</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 4 - Capital Assets (continued)

Primary Government (continued)

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

Business-type activities:	Beginning		Decreases &	Ending
	Balances	Increases	Transfers	Balances
Cumberland County Solid Waste				
Capital assets not being depreciated:				
Land	\$ 2,946,196	\$ -	\$ -	\$ 2,946,196
Total capital assets not being depreciated	<u>2,946,196</u>	<u>-</u>	<u>-</u>	<u>2,946,196</u>
Capital assets being depreciated:				
Landfill	11,332,316		-	11,332,316
Buildings and building improvements	6,863,455	-	-	6,863,455
Furniture, fixtures and equipment	7,482,189	271,500	-	7,753,689
Vehicles	2,302,740	237,690	(17,205)	2,523,225
Total capital assets being depreciated	<u>27,980,700</u>	<u>509,190</u>	<u>(17,205)</u>	<u>28,472,685</u>
Less accumulated depreciation for:				
Landfill	9,265,567	516,687	-	9,782,254
Buildings and building improvements	4,211,288	227,966	-	4,439,254
Furniture, fixtures and equipment	5,489,358	369,275	-	5,858,633
Vehicles	1,922,432	179,415	(17,205)	2,084,642
Total accumulated depreciation	<u>20,888,645</u>	<u>\$ 1,293,343</u>	<u>\$ (17,205)</u>	<u>22,164,783</u>
Total capital assets being depreciated, net	<u>7,092,055</u>			<u>6,307,902</u>
Cumberland County Solid Waste capital assets, net	<u>\$ 10,038,251</u>			<u>\$ 9,254,098</u>
Cumberland County Crown Center				
Capital assets not being depreciated:				
Land	\$ 3,503,162	\$ -	\$ -	\$ 3,503,162
Capital assets being depreciated:				
Buildings and building improvements	69,876,636	2,690,148	-	72,566,784
Furniture, fixtures and equipment	3,701,827	435,699	(21,804)	4,115,722
Vehicles	54,629	-	-	54,629
Total capital assets being depreciated	<u>73,633,092</u>	<u>3,125,847</u>	<u>(21,804)</u>	<u>76,737,135</u>
Less accumulated depreciation for:				
Building and building improvements	25,177,210	1,714,727	-	26,891,937
Furniture, fixtures and equipment	2,598,121	205,820	(21,804)	2,782,137
Vehicles	54,629	-	-	54,629
Total accumulated depreciation	<u>27,829,960</u>	<u>\$ 1,920,547</u>	<u>\$ (21,804)</u>	<u>29,728,703</u>
Total capital assets being depreciated, net	<u>45,803,132</u>			<u>47,008,432</u>
Cumberland County Crown Center capital assets, net	<u>\$ 49,306,294</u>			<u>\$ 50,511,594</u>
Kelly Hills Water and Sewer District				
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	262,080	66,855	-	328,935
Total accumulated depreciation	<u>262,080</u>	<u>\$ 66,855</u>	<u>\$ -</u>	<u>328,935</u>
Total capital assets being depreciated, net	<u>2,414,418</u>			<u>2,347,563</u>
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 2,414,418</u>			<u>\$ 2,347,563</u>

A prior period adjustment was made to move the Cumberland County Solid Waste construction in progress of \$4,133,499 to landfill being depreciated. Additionally, accumulated depreciation for landfill was adjusted by \$2,066,750.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 4 - Capital Assets (continued)

Primary Government (continued)

Norcross Water and Sewer District

Capital assets not being depreciated:

Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	1,067,877	237,867	-	1,305,744
Total accumulated depreciation	<u>1,067,877</u>	<u>\$ 237,867</u>	<u>\$ -</u>	<u>1,305,744</u>

Total capital assets being depreciated, net	<u>8,455,746</u>			<u>8,217,879</u>
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Norcross Water and Sewer District capital assets, net	<u>\$ 8,455,746</u>			<u>\$ 8,217,879</u>
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Business-type activities capital assets, net	<u>\$ 70,214,709</u>			<u>\$ 70,331,134</u>
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Construction contracts of approximately \$48,952,700 exist for various renovation and construction projects for the County. At June 30, 2011, the remaining commitment on these contracts approximated \$15,993,409. Construction contracts of approximately \$6,839,968 exist for various renovation and construction projects for the Eastover Sanitary District. At June 30, 2011, the remaining commitment on these contracts approximated \$472,197.

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	1,511,835	21,651	4,558,458
Leasehold improvements	528,056	393,197	-	921,253
Furniture and equipment	1,020,201	70,592	135,835	954,958
Vehicles	302,874	-	-	302,874
Total capital assets being depreciated	<u>4,919,405</u>	<u>1,975,624</u>	<u>157,486</u>	<u>6,737,543</u>
Less accumulated depreciation	<u>2,290,540</u>	<u>\$ 329,598</u>	<u>\$ 157,486</u>	<u>2,462,652</u>
Total capital assets being depreciated, net	<u>2,628,865</u>			<u>4,274,891</u>
ABC capital assets, net	<u>\$ 3,844,381</u>			<u>\$ 5,490,407</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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	\$ 7,262,857	\$ 90,440	\$ -	\$ 7,353,297
Total capital assets not being depreciated	<u>7,262,857</u>	<u>90,440</u>	<u>-</u>	<u>7,353,297</u>
Capital assets being depreciated:				
Water lines	6,654,954	4,819,722	-	11,474,676
Total capital assets being depreciated	6,654,954	4,819,722	-	11,474,676
Less accumulated depreciation	(1,301,187)	(287,355)	-	(1,588,542)
Total capital assets being depreciated, net	<u>5,353,767</u>	<u>\$ 4,532,367</u>	<u>\$ -</u>	<u>9,886,134</u>
Total capital assets being depreciated, net	<u>\$ 12,616,624</u>			<u>\$ 17,239,431</u>

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Furniture and fixtures	\$ 23,859	\$ -	\$ -	\$ 23,859
Equipment	207,211	12,111	(1,846)	217,476
Software	73,031	2,215	(1,777)	73,469
Capital improvements	139,156	-	-	139,156
Total capital assets being depreciated	443,257	14,326	(3,623)	453,960
Less accumulated depreciation	(193,085)	(54,589)	3,623	(244,051)
Total capital assets being depreciated, net	<u>250,172</u>	<u>\$ (40,263)</u>	<u>\$ -</u>	<u>209,909</u>
Bureau capital assets, net	<u>\$ 250,172</u>			<u>\$ 209,909</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, 2011

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, 2010 the Separation Allowance's membership consisted of:

Retirees receiving benefits	25
Active plan members	<u>310</u>
Total	<u><u>335</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 \$452,236. 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, 2010 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 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. 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, 2010 was 20 years.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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	\$	452,236
Interest on net pension obligation		(1,986)
Adjustment to annual required contribution		2,126
Annual pension cost		<u>452,376</u>
Contributions made		<u>(452,236)</u>
Increase (decrease) in net pension obligation		140
Net pension obligation beginning of year		<u>(39,717)</u>
Prepaid pension benefit end of year	\$	<u><u>(39,577)</u></u>

Three Year Trend Information

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Prepaid)
2009	\$ 288,705	100.45%	\$ (39,343)
2010	\$ 335,904	100.11%	\$ (39,717)
2011	\$ 452,376	99.97%	\$ (39,577)

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 37.92% funded. The actuarial accrued liability for benefits (AAL) was \$4,314,780 and the actuarial value of the assets was \$1,636,210 resulting in an unfunded actuarial accrued liability (UAAL) of \$2,678,570. The covered payroll (annual payroll of active employees covered by the plan) was \$14,181,355 and the ratio of the UAAL to the covered payroll was 18.89%.

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, 2011, 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, 2011 and 2010, 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, 2011

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 6.35%, 6.82%, and 6.35%, 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 9.07% and 8.99% 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, 2011, 2010 and 2009 were \$5,730,413, \$4,122,934 and \$4,174,488 respectively. The ABC Board’s contributions to LGERS for the years ended June 30, 2011, 2010 and 2009 were \$189,087, \$147,975 and \$148,784 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, 2011 were \$1,064,268 which consisted of \$720,339 from the County and \$343,929 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, 2011

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, 2011, contributions for law enforcement officers were \$18,083 which consisted of \$15,573 from the ABC Board and \$2,510 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2011 were \$145,695 which consisted of \$88,555 from the ABC Board and \$57,140 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, 2011, the County's required and actual contributions were \$29,649.

E – Other Post-employment Benefits (OPEB)

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

Membership of the HCB Plan consisted of the following as December 31, 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, 2011

Note 5 - Pension Plan Obligations (continued)

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

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 20.70% of annual covered payroll. For the current year the County contributed \$3,487,536 or 4.04% 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 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 post-employment healthcare benefits:

Employer Annual Required Contribution	\$ 17,859,761
Interest on Net OPEB Obligation	1,561,605
Adjustment to Annual Required Contribution	<u>(1,347,261)</u>
Annual OPEB Cost	18,074,105
Employer Contributions Made	<u>(3,487,536)</u>
Increase (decrease) in net OPEB obligation	14,586,569
Net OPEB Obligation Beginning of Year	<u>39,040,122</u>
Net OPEB Obligation End of Year	<u><u>\$ 53,626,691</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2011 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$16,068,654	25.96%	\$26,771,569
2010	\$16,733,440	26.68%	\$39,040,122
2011	\$18,074,105	19.30%	\$53,626,691

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 5 - Pension Plan Obligations (continued)

E – Other Post-employment Benefits (OPEB) (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 projected annual medical cost trend rate increases of: 10.50% to 5.00% Pre-Medicare and 9.00% to 5.00% Post-Medicare. 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, 2011

Note 5 - Pension Plan Obligations (continued)

F - Other Employment Benefits (continued)

For the fiscal year ended June 30, 2011 the County made contributions to the State for death benefits of \$96,299. The County's required contributions for employees not engaged in law enforcement, Crown Center employees and law enforcement officers, represented .10 percent, .11 percent and .14 percent of covered payroll respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

The ABC Board has elected to provide a post-retirement death benefit to the beneficiaries of retired employees. The ABC Board provides \$1,000 to the spouse or estate of a retired employee upon death. Former employees who are currently receiving retirement benefits under the System are eligible for this benefit. This benefit is a fixed amount and can only be changed by action of the Board. The ABC Board has chosen to fund this death benefit on a pay as you go basis and recognize all expenses as they become due. The ABC Board paid no benefits for the years ended June 30, 2011 and 2010, 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 \$10,239,075 reported as landfill closure and postclosure care liability at June 30, 2011 consists of a closed landfill with estimated costs of \$1,384,824, a Construction & Demolition (C&D) landfill with estimated costs of \$1,932,212 and the subtitle D landfill with estimated costs of \$6,922,039. 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 31.50% and 49.84%, respectively of the total estimated capacity. The County will recognize the remaining estimated postclosure costs of \$236,322 for the old unlined landfill and the cost of closure and postclosure care of \$4,202,277 and \$6,966,585 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 2011. The life expectancy of the C & D landfill is estimated at 16.42 years and the subtitle D landfill at 14.17 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, 2011

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	\$ 3,084,135	\$ -
Taxes receivable net of allowance - Other Governmental Funds	404,689	-
Deferred revenue - General Fund	1,541,168	-
Deferred revenue - Other Governmental Funds	141	-
Prepaid taxes not yet earned - General Fund	413,273	413,273
	<u>\$ 5,443,406</u>	<u>\$ 413,273</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, 2011 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, 2011 and 2010 were as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2010-11	\$ 1,736,588	\$ 14,465,161	\$ (15,065,202)	\$ 1,136,547
2009-10	\$ 1,455,237	\$ 16,146,130	\$ (15,864,779)	\$ 1,736,588

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 8 - Risk Management (continued)

In accordance with G.S. 159-29, the County Finance Officer and Tax Administrator are each individually bonded for \$100,000 and \$200,000 respectively. The County Finance Officer, as Finance Officer for the Cumberland County Tourism Development Authority, NORCRESS Water & Sewer Authority and the Eastover Sanitary District, is individually bonded for \$50,000 for each entity. The County also maintains individual bonds ranging from \$20,000 to \$50,000 for other selected officials. As part of the county's property insurance policy, County employees are insured for theft up to \$100,000.

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 and ending on June 9, 2017, including interest at 3.945%. \$ 2,827,016

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, 2011, the value of the capital assets associated with this lease is \$3,565,249.

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, 2011 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%. \$ 10,875,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 9 - Long-term Obligations (continued)

B – General Obligation Bonds - County (continued)

Governmental Activities: (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%. 3,875,000

\$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%. 25,430,000

\$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%. <u>25,665,000</u>
65,845,000
Bond premium 2,471,237
Deferred amount on defeasance <u>(2,020,252)</u>
Total <u>\$ 66,295,985</u>

Business type Activities:

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

Serial bonds payable annually from June 1, 2009 through June 1, 2045 in amounts ranging from \$14,000 to \$52,000; interest of 4.125% \$ 1,189,000

At June 30, 2011, the County had bonds authorized but unissued of \$31,931,000 and a legal debt margin of \$1,971,425,000.

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. On January 26, 2011, the County issued Series 2011A Qualified School Construction Bond limited obligation certificates to finance construction of New Century Middle School. Debt related to the Series 2009A certificates, the Series 2009B refunding certificates, the Series 2009 QSCB tax credit certificates, and the Series 2011A QSCB limited obligation certificates are accounted for as governmental activities. Certificates outstanding for the year ended June 30, 2011 are as follows:

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 9 - Long-term Obligations (continued)

C - Certificates of Participation (continued)

Business-type Activities: (continued)

\$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%. 18,460,000

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

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

	31,288,781
Premium on COPS	1,837,559
Deferred amount on defeasance	(2,795,877)
Accreted Interest on 1995A Certificates	<u>2,822,789</u>
	<u><u>\$ 33,153,252</u></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, 2011 are comprised of the following:

Governmental Activities:

Note payable in forty semi-annual installments of \$500,000 plus interest at the rate of 4.21%. \$ 17,500,000

Note payable in twenty annual installments of \$1,325,000 plus interest at the rate of 4.42%. 22,525,000

\$ 40,025,000

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 rebate of total interest paid. \$1,782,000

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 45% federal rebate of total interest paid. 1,024,200

\$2,806,200

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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, 2011:

	Balance			Balance	Current
	June 30, 2010	Additions	Payments	June 30, 2011	Portion
					of Long-term
					Liabilities
Governmental activities:					
Bonds payable	\$ 73,815,000	\$ -	\$ 7,970,000	\$ 65,845,000	\$ 7,970,000
Bond premium	2,871,270	-	400,033	2,471,237	400,033
Deferred amount on defeasance	(2,316,292)	-	(296,040)	(2,020,252)	(296,040)
Capital lease obligations	3,201,690	-	374,674	2,827,016	389,600
Certificates of participation payable	86,580,000	14,805,000	6,473,750	94,911,250	7,535,750
Certificates of participation premium	3,122,189	-	299,933	2,822,256	299,933
Deferred amount on defeasance	(627,735)	-	(66,043)	(561,692)	(66,043)
Notes payable	43,274,182	-	3,249,182	40,025,000	2,325,000
Accrued vacation	5,042,239	5,063,890	4,812,126	5,294,003	5,029,305
OPEB payable	37,337,604	17,288,907	3,336,026	51,290,485	-
Total governmental activities	\$252,300,147	\$ 37,157,797	\$26,553,641	\$ 262,904,303	\$ 23,587,538

	Balance			Balance	Current
	June 30, 2010	Additions	Payments	June 30, 2011	Portion
					of Long-term
					Liabilities
Business-type activities:					
Certificates of participation payable	\$ 35,073,781	\$ -	\$ 3,785,000	\$ 31,288,781	\$ 947,326
Certificates of participation premium	1,974,520	-	136,961	1,837,559	136,961
Deferred amount on defeasance	(3,004,265)	-	(208,388)	(2,795,877)	(208,388)
Accreted Interest on 1995A COPS	2,549,793	272,996	-	2,822,789	1,042,674
Bond payable	1,205,000	-	16,000	1,189,000	17,000
Notes Payable	3,118,000	-	311,800	2,806,200	311,800
Accrued landfill closure and postclosure costs	9,585,900	677,255	24,080	10,239,075	35,000
Accrued vacation	240,065	242,106	228,062	254,109	241,402
OPEB payable	1,702,518	785,198	151,510	2,336,206	-
Total business-type activities	\$ 52,445,312	\$ 1,977,555	\$ 4,445,025	\$ 49,977,842	\$ 2,523,775

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, 2011

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:										
2012	\$ 7,970,000	\$ 2,745,949	\$ 7,535,750	\$ 3,690,818	\$ 389,600	\$ 107,721	\$ 2,325,000	\$ 1,721,830	\$ 18,220,350	\$ 8,266,318
2013	7,810,000	2,466,201	7,600,750	3,480,493	405,122	92,200	2,325,000	1,621,165	18,140,872	7,660,059
2014	7,855,000	2,165,450	7,660,750	3,257,242	421,262	76,060	2,325,000	1,520,500	18,262,012	7,019,252
2015	7,765,000	1,846,001	7,725,750	3,036,743	438,044	59,277	2,325,000	1,419,835	18,253,794	6,361,856
2016	7,660,000	1,560,399	7,820,750	2,787,930	455,495	41,826	2,325,000	1,319,170	18,261,245	5,709,325
2017-2021	26,110,000	3,058,112	31,403,750	10,930,288	717,493	28,489	11,625,000	5,085,875	69,856,243	19,102,764
2022-2026	675,000	35,875	21,623,750	6,902,504	-	-	11,625,000	2,569,250	33,923,750	9,507,629
2027-2031	-	-	3,540,000	269,188	-	-	5,150,000	333,570	8,690,000	602,758
	<u>65,845,000</u>	<u>13,877,987</u>	<u>94,911,250</u>	<u>34,355,206</u>	<u>2,827,016</u>	<u>405,573</u>	<u>40,025,000</u>	<u>15,591,195</u>	<u>203,608,266</u>	<u>64,229,961</u>
Premium	2,471,237	-	2,822,256	-	-	-	-	-	5,293,493	-
Deferred Defeasance	(2,020,252)	-	(561,692)	-	-	-	-	-	(2,581,944)	-
(Total net of amortization)	<u>\$ 66,295,985</u>	<u>\$ 13,877,987</u>	<u>\$ 97,171,814</u>	<u>\$ 34,355,206</u>	<u>\$ 2,827,016</u>	<u>\$ 405,573</u>	<u>\$ 40,025,000</u>	<u>\$ 15,591,195</u>	<u>\$ 206,319,815</u>	<u>\$ 64,229,961</u>
Business-type Activities:										
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	20,000	46,076	2,165,000	1,100,663	-	-	311,800	76,859	2,496,800	1,223,598
2017-2021	112,000	217,305	12,280,000	4,062,575	-	-	1,247,200	153,717	13,639,200	4,433,597
2022-2026	137,000	192,390	11,975,000	1,107,562	-	-	-	-	12,112,000	1,299,952
2027-2031	168,000	161,576	-	-	-	-	-	-	168,000	161,576
2032-2036	206,000	123,998	-	-	-	-	-	-	206,000	123,998
2037-2041	250,000	77,964	-	-	-	-	-	-	250,000	77,964
2042-2046	224,000	23,100	-	-	-	-	-	-	224,000	23,100
2047-2051	-	-	-	-	-	-	-	-	-	-
	<u>1,189,000</u>	<u>1,034,263</u>	<u>31,288,781</u>	<u>14,484,019</u>	<u>-</u>	<u>-</u>	<u>2,806,200</u>	<u>691,728</u>	<u>35,283,981</u>	<u>16,210,010</u>
COPS Premium	-	-	1,837,559	-	-	-	-	-	1,837,559	-
Deferred Defeasance	-	-	(2,795,877)	-	-	-	-	-	(2,795,877)	-
Accreted Interest 1995A	-	-	2,822,789	-	-	-	-	-	2,822,789	-
(Total net of amortization)	<u>\$ 1,189,000</u>	<u>\$ 1,034,263</u>	<u>\$ 33,153,252</u>	<u>\$ 14,484,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,806,200</u>	<u>\$ 691,728</u>	<u>\$ 37,148,452</u>	<u>\$ 16,210,010</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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, 2011, there were no industrial revenue bonds outstanding.

G - Defeasance of Debt

Current Year Defeasance of Debt

The County refunded no debt during the fiscal year ended June 30, 2011.

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, 2011, there was no outstanding prior year defeased debt.

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 (\$2,020,252) and premium of \$2,471,237. The carrying value of prior years' refunding certificates of participation has been adjusted (net of amortization) for the deferred amounts on defeasance of (\$3,357,569) and premium of \$4,659,815.

H - Accreted Interest on Capital Appreciation Certificates Series 1995A

The carrying value of the Series 1995A Capital Appreciation Certificates has been adjusted for the net cumulative accreted interest of \$2,822,789 at June 30, 2011.

I - ABC Board Notes Payable

The ABC Board has two unsecured notes payable to the County for the purchase of buildings and land. During FY 2011, the ABC Board secured a new loan from Branch Bank & Trust (BB&T) in the amount of \$1,300,000 to purchase a building. The building serves as collateral for the note. The ABC Board's notes payable at June 30, 2011 are as follows:

County - Note payable in quarterly installments, in the amount of \$4,583 plus interest of prime less 2%.	\$ 174,166
County - Note payable in quarterly installments of \$9,190 including interest at a fixed rate of 5.25%	305,710

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 9- Long-term Obligations (continued)

I – ABC Board Notes Payable (continued)

BB&T - Note payable in annual installments of \$279,740 including interest at a fixed rate of 2.49%.

	<u>1,300,000</u>
Total	\$ 1,779,876
Less current portion	<u>(286,827)</u>
Noncurrent portion	<u>\$ 1,493,049</u>

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

<u>Fiscal Year</u>	<u>Principal</u>
2012	\$ 286,827
2013	294,118
2014	301,622
2015	309,348
2016	317,301
2017-2021	235,074
2022-2026	<u>35,586</u>
	<u>\$ 1,779,876</u>

The following is a summary of changes in the ABC Board's long-term obligations as of June 30, 2011:

	<u>Balance</u>				<u>Balance</u>	<u>Current</u>
	<u>June 30, 2010</u>	<u>Additions</u>	<u>Payments</u>		<u>June 30, 2011</u>	<u>Portion</u>
						<u>of Long-term</u>
						<u>Liabilities</u>
Notes Payable	\$ 518,260	\$ 1,300,000	\$ 38,384		\$ 1,779,876	\$ 286,827
	<u>\$ 518,260</u>	<u>\$ 1,300,000</u>	<u>\$ 38,384</u>		<u>\$ 1,779,876</u>	<u>\$ 286,827</u>

J – Eastover Sanitary District – General Obligation Bonds

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 2011. Principal payments amounted to \$55,000 during fiscal year 2011.

The District's general obligation bonds payable at June 30, 2011 are comprised of the following individual issues:

\$2,802,000 General Obligation Water Bonds, Series 2002A

Serial bonds payable annually from June 1, 2003 through June 1, 2042 in amounts ranging from \$0 to \$124,000; interest is paid annually at rate of 4.375%.

\$ 2,556,500

\$1,102,000 General Obligation Water Bonds, Series 2002B

Serial bonds payable annually from June 1, 2003 through June 1, 2042 in amounts ranging from \$0 to \$46,000; interest is paid annually at rate of 4.75%.

1,009,000

Total	\$ 3,565,500
Less current portion	<u>(57,500)</u>
Noncurrent portion	<u>\$ 3,508,000</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 9- Long-term Obligations (continued)

J – Eastover Sanitary District – General Obligation Bonds (continued)

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

Eastover Sanitary District		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 57,500	\$ 159,774
2013	59,500	157,199
2014	62,500	154,534
2015	65,500	151,734
2016	68,500	148,799
2017-2021	391,000	695,175
2022-2026	486,500	599,330
2027-2031	606,000	480,029
2032-2036	751,500	331,462
2037-2041	847,000	152,068
2042-2046	170,000	7,610
	<u>\$ 3,565,500</u>	<u>\$ 3,037,714</u>

K - Eastover Sanitary District – Non-General Obligation Debt

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, 2011 are comprised of the following individual issues:

\$250,000 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. \$ 234,460

Total	\$ 234,460
Less current portion	<u>(12,764)</u>
Noncurrent portion	<u>\$ 221,696</u>

\$6,177,000 bond anticipation note payable in a single installment plus interest at a rate of \$2.365% due on August 3, 2011. \$ 6,177,000

Total	\$ 6,177,000
Less current portion	<u>-</u>
Noncurrent portion	<u>\$ 6,177,000</u>

The bond anticipation notes shown above matured on August 3, 2011, but the District classified the debt at June 30, 2011 as long-term since the District refinanced this debt from the proceeds of the \$6,177,000 USDA Revenue Bonds Series 2011A & B issued on August 1, 2011.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 9- Long-term Obligations (continued)

K - Eastover Sanitary District – Non-General Obligation Debt (continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 12,764	\$ 416,840
2013	221,696	256,326
2014	72,000	250,463
2015	74,000	247,573
2016	77,000	244,598
2017-2021	434,000	1,173,950
2022-2026	529,000	1,079,170
2027-2031	646,000	963,337
2032-2036	786,000	821,737
2037-2041	959,000	648,910
2042-2046	1,172,000	437,642
2047-2051	1,428,000	179,180
	<u>\$ 6,411,460</u>	<u>\$ 6,719,726</u>

L - Long-Term Obligation Activity

The following is a summary of changes in the District's long-term obligations as of June 30, 2011:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2011</u>	<u>Current Portion of Long-term Liabilities</u>
USDA general obligation bonds	\$ 3,620,500	\$ -	\$ 55,000	\$ 3,565,500	\$ 57,500
Bond anticipation notes - Water II	6,177,000	-	-	6,177,000	-
County note - Sewer I Project	258,752	-	24,292	234,460	12,764
Total	<u>\$ 10,056,252</u>	<u>\$ -</u>	<u>\$ 79,292</u>	<u>\$ 9,976,960</u>	<u>\$ 70,264</u>

M - Eastover Sanitary District – Subsequent Event (Debt)

The District paid the total outstanding principal balance of \$6,177,000 on the 2010 bond anticipation notes at maturity with the proceeds of USDA Revenue Bonds Series 2011A (\$4,971,000) and USDA Revenue Bonds Series 2011B (\$1,206,000) issued on August 1, 2011. In addition, the District paid interest of \$195,998 on the 2010 bond anticipation notes. The interest rate on Series 2011A is 4.25% and the interest rate on Series 2011B is 3.25%. The District will service these bonds over a period of 40 years from revenues generated by services provided. The average annual debt payment is approximately \$317,066.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

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, 2011 is as follows:

	Payable Fund			
	Nonmajor Governmental	Cumberland County Crown Center	Fiduciary	Total
Receivable Fund				
General Fund	\$ 680,704	\$ 5,500	\$ -	\$ 686,204
Total	<u>\$ 680,704</u>	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ 686,204</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, 2011 are summarized below:

	Transfer in:				
	General	Nonmajor Governmental	Cumberland County Crown Center	Internal service	Total
Transfer out:					
General	\$ -	\$ 5,010,168	\$ 683,000	\$ 210,000	\$ 5,903,168
Nonmajor governmental	73,432	-	7,434,028	-	7,507,460
Crown Center	55,193	-	-	-	55,193
Total Transfers out	<u>\$ 128,625</u>	<u>\$ 5,010,168</u>	<u>\$ 8,117,028</u>	<u>\$ 210,000</u>	<u>\$ 13,465,821</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.

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 OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 11- Joint Venture (continued)

County has \$790,000 in bonds outstanding at June 30, 2011 related to the Community College. In fiscal year 2006, the County entered into a note payable for \$4,300,000 to fund the required local match for the community college in order to access North Carolina State construction bond funds. The note matured in fiscal year 2011; therefore at June 30, 2011 the outstanding note balance is \$0.

The County contributed \$8,841,568 and \$29,350 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2011. In addition, during the fiscal year, the County made debt service payments of \$380,750 and \$944,656 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, 2011. 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.

	Federal	State
Medicaid	\$ 226,801,646	\$ 89,283,163
TANF	2,039,204	(3,024)
Special Assistance for Adults	-	2,140,416
Energy Assistance	2,636,192	-
Adoption Subsidy	-	1,308,533
WIC Food Vouchers	9,437,440	-
Adoption Assistance	1,353,305	308,896
	<u>\$ 242,267,787</u>	<u>\$ 93,037,984</u>

Note 13 - Leases

A - Lessor Arrangements

Operating Lease

The County leases land on the northern right-of-way of Technology Drive to Cingular Wireless. The cost and carrying value of the property is \$731. The term of the lease was for an initial period of five years commencing June 1998 with an option to extend for four additional consecutive five-year periods. During 2008, the County extended the lease for an additional 5-year term. Remaining payments are as follows:

Fiscal Year Ended	
2012	\$ 6,900
2013	6,900
	<u>\$ 13,800</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 13 - Leases (continued)

A - Lessor Arrangements (continued)

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.

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>
2012	\$ 3,065,000
2013	3,065,000
2014	3,065,000
2015	3,065,000
2016	3,065,000
2017-2021	15,325,000
2022-2026	15,325,000
2027-2028	6,130,000
	<u>\$ 52,105,000</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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 13 - Leases (continued)

A - Lessor Arrangements (continued)

Management Lease (continued)

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. Total rent expense, including amounts for common area maintenance, under leases for the years ended June 30, 2011 and June 30, 2010 was \$145,023 and \$139,097, respectively.

At June 30, 2011, future minimum lease payments under all leases are as follows:

Fiscal Year Ended	
2012	\$ 85,059
2013	51,300
2014	8,588
2015	1,914
	<u>\$ 146,861</u>

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, 2011 was \$10,000.

Note 14 - Contingent Liabilities

Federal and State Assisted Programs

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

Claims and judgments

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2011

Note 14 - Contingent Liabilities (continued)

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

In July 2011, the County issued \$12,735,000 of General Obligation Refunding Bonds to advance refund School General Obligation Bonds Series 2002 in the amount of \$10,375,000 with a call date of February 2012 and School General Obligation Bonds Series 2004 in the amount of \$3,275,000 with a call date of May 2014.

Also in July 2011, the County issued \$37,755,000 of Limited Obligation Refunding Certificates (COPS) Series 2011B. These bonds were issued to refund installment debt due to RBC Bank for the Public Health Center in the amount of \$22,525,000 and for Gray's Creek Middle School in the amount of \$17,500,000.

During FY2012, the County intends to borrow \$3,500,000 (private placement funds) to fund various small capital projects at Fayetteville Technical Community College.

Note 18 - Prior Period Adjustment

A prior period adjustment totaling \$2,066,750 has been posted to the Cumberland County Solid Waste enterprise fund landfill accumulated depreciation account to record depreciation expense for the prior four years. The presentation of Note 4 - Capital Assets beginning balance total for landfill accumulated depreciation includes this adjustment.

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>
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%
2010	1,636,210	4,314,780	2,678,570	37.92%	14,181,355	18.89%

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
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%
2011	452,236	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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumption	
Investment rate of return*	5.00%
Projected salary increase	4.25 to 7.85%
* Includes inflation at	3.00%
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**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 17,786,721	16.37%
2009	15,986,983	26.10%
2010	16,586,495	26.92%
2011	17,859,761	19.53%

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%
Post-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

GENERAL FUND

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Comparative Balance Sheets
General Fund**

June 30, 2011 and 2010

ASSETS	2011	2010
Cash and cash equivalents	\$ 48,958,131	\$ 36,694,217
Investments	45,922,965	49,543,076
Taxes receivable, net	3,084,426	3,124,133
Sales tax receivable	12,152,845	10,067,189
Due from other governments	9,896,335	9,251,661
Patient receivables	1,210,828	1,758,088
Other receivables, net	2,409,489	1,229,589
Due from other funds	686,204	1,389,715
Due from component units	155,242	180,795
Inventories	179,163	156,803
Prepays	24,900	-
Restricted assets		
Cash and cash equivalents	3,830,797	104
Total assets	\$ 128,511,325	\$ 113,395,370
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts and vouchers payable	\$ 6,132,917	\$ 5,117,955
Due to other governments	616,633	3,944,612
Accrued payroll	4,632,598	3,921,607
Other payables	589,251	302,364
Deferred revenues	5,038,576	3,845,789
Total liabilities	17,009,975	17,132,327
Fund balance		
Nonspendable:		
Inventories	179,164	156,802
Restricted:		
Mental health programs	14,331,047	8,710,254
Stabilization by State statute	30,902,011	27,238,569
Register of deeds	498,743	498,743
County school	5,796,008	-
Committed:		
Property revaluation	416,927	-
Assigned:		
Subsequent year's expenditures	12,245,321	18,261,131
Tax office software	1,175,000	1,175,000
Water & sewer industrial expansion	5,897,670	-
Economic development incentives	2,531,854	-
Renovations and maintenance	2,258,117	2,265,121
Jail expansion	6,274,760	-
Former Health Department renovations	-	3,882,892
Hope VI Project	-	3,375,000
Unassigned	28,994,728	30,699,531
Total fund balance	111,501,350	96,263,043
Total liabilities and fund balance	\$ 128,511,325	\$ 113,395,370

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes				
Current year	\$ 138,623,646	\$ 139,048,296	\$ 424,650	\$ 142,514,324
Prior years	1,002,342	1,265,227	262,885	964,039
Penalties and interest	1,389,634	1,533,444	143,810	1,461,933
Motor vehicle - current	11,011,880	11,216,035	204,155	11,928,041
Motor vehicle - prior	2,385,192	2,000,340	(384,852)	2,447,607
Other	418,081	536,959	118,878	439,395
Total ad valorem taxes	154,830,775	155,600,301	769,526	159,755,339
Other taxes				
Dog registration fees	450,000	312,250	(137,750)	323,484
Real estate transfer	800,000	845,975	45,975	820,502
Beer and wine	285,240	350,202	64,962	110,064
Sales	34,731,731	34,798,722	66,991	35,692,243
Other	626,805	527,836	(98,969)	643,799
Total other taxes	36,893,776	36,834,985	(58,791)	37,590,092
Unrestricted intergovernmental revenues				
Federal	182,000	152,965	(29,035)	142,459
State government	258,938	279,362	20,424	369,353
Fayetteville	6,378,521	6,556,335	177,814	6,739,566
Municipalities	1,210,092	1,179,571	(30,521)	1,398,478
Other governmental	2,043,948	1,856,980	(186,968)	1,973,838
Total unrestricted intergovernmental revenues	10,073,499	10,025,213	(48,286)	10,623,694
Restricted intergovernmental revenues				
Federal	1,550,610	1,072,644	(477,966)	1,085,503
NC health programs	5,674,874	4,894,917	(779,957)	5,455,271
NC mental health programs	12,801,510	17,004,440	4,202,930	13,303,585
NC social services programs	42,408,828	41,594,241	(814,587)	41,169,453
NC library programs	679,564	706,614	27,050	770,086
NC other restricted revenue	3,122,133	3,650,060	527,927	496,044
Other restricted revenue	1,316,828	1,170,551	(146,277)	1,014,859
Total restricted intergovernmental revenues	67,554,347	70,093,467	2,539,120	63,294,801

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues (continued)				
Licenses and permits				
Inspection department permits	\$ 462,500	\$ 806,543	\$ 344,043	\$ 794,896
Marriage licenses	69,411	110,175	40,764	99,175
Register of Deeds fees	1,418,482	1,556,759	138,277	1,481,628
Miscellaneous permits	121,556	152,757	31,201	96,248
Total licenses and permits	<u>2,071,949</u>	<u>2,626,234</u>	<u>554,285</u>	<u>2,471,947</u>
Sales and services				
Health department fees	2,847,662	3,833,586	985,924	3,447,441
Library fees	296,833	347,121	50,288	364,878
Mental health department fees	7,885,349	5,318,472	(2,566,877)	7,405,773
Sheriff department fees	2,415,899	2,683,717	267,818	2,606,043
Social services fees	1,078,416	1,093,360	14,944	1,084,256
Other department fees	1,395,493	1,617,612	222,119	1,460,529
Total sales and services	<u>15,919,652</u>	<u>14,893,868</u>	<u>(1,025,784)</u>	<u>16,368,920</u>
Interest earned on investments	<u>507,974</u>	<u>267,641</u>	<u>(240,333)</u>	<u>257,828</u>
Miscellaneous				
Miscellaneous	385,301	950,266	564,965	404,480
Rent, land, and buildings	4,092,119	4,160,905	68,786	4,062,387
Total miscellaneous	<u>4,477,420</u>	<u>5,111,171</u>	<u>633,751</u>	<u>4,466,867</u>
Total revenues	<u>292,329,392</u>	<u>295,452,880</u>	<u>3,123,488</u>	<u>294,829,488</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, 2011
(With Comparative Totals for June 30, 2010)**

	2011		Variance Positive (Negative)	2010
	Budget	Actual		
Expenditures				
Current				
General government				
Governing body	\$ 483,590	\$ 483,452	\$ 138	\$ 472,786
Administration	1,763,611	1,564,878	198,733	1,363,389
Court facilities	131,766	53,990	77,776	32,181
Information services	1,958,601	1,807,046	151,555	1,660,055
Elections	809,710	675,724	133,986	858,195
Finance	1,076,424	1,069,559	6,865	1,002,050
Legal	725,474	675,715	49,759	642,073
Register of Deeds	2,526,657	2,017,321	509,336	1,719,418
Tax Assessor	4,301,892	4,059,180	242,712	4,147,391
Print & graphics shop	247,745	222,190	25,555	199,604
Public building	2,484,124	2,241,905	242,219	1,960,312
Communications center	164,570	129,763	34,807	144,572
Carpenter shop	199,759	197,955	1,804	177,629
Public buildings - equipment maintenance	1,102,403	1,065,116	37,287	1,039,443
Public buildings - janitorial	697,605	651,171	46,434	656,566
Central maintenance	525,492	500,495	24,997	476,493
Landscaping and grounds	677,582	589,748	87,834	572,088
Property revaluation	545,158	536,810	8,348	-
General government other	7,506,888	4,465,267	3,041,621	3,436,023
Total general government	27,929,051	23,007,285	4,921,766	20,560,268
Public safety				
Emergency services	4,378,289	2,728,659	1,649,630	4,538,638
Sheriff	22,262,639	22,175,216	87,423	22,062,391
Jail	11,550,821	11,465,565	85,256	11,362,415
School law enforcement-local	3,258,499	3,244,262	14,237	3,255,728
Sheriff's grants	1,463,751	830,327	633,424	995,200
Animal services	2,575,246	2,369,068	206,178	1,431,199
Public safety other	1,017,819	849,623	168,196	778,366
Cumberland day reporting center	210,054	208,211	1,843	206,637
Criminal justice unit	357,271	347,077	10,194	335,248
Community correction - probation	86,474	84,828	1,646	77,799
Total public safety	47,160,863	44,302,836	2,858,027	45,043,621

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Economic and physical development				
Planning and inspections department	\$ 2,983,809	\$ 2,808,483	\$ 175,326	\$ 2,802,049
Engineering	278,410	275,323	3,087	268,371
NC cooperative extension service	578,437	460,294	118,143	498,512
Soil conservation district	75,377	73,048	2,329	73,176
Soil conservation cost share	61,107	60,842	265	60,023
Economic physical development - other	962,474	410,000	552,474	420,625
Industrial park	69,881	50,232	19,649	54,088
Location services	498,395	414,588	83,807	387,563
Economic incentives	1,779,850	1,398,124	381,726	-
Water & sewer industrial expansion	90,561	59,256	31,305	-
Public utilities	150,261	115,670	34,591	142,575
Total economic and physical development	7,528,562	6,125,860	1,402,702	4,706,982
Human services				
Mental Health				
Child and youth contracts	4,750,000	4,362,571	387,429	375,013
Family preservation	636,256	367,371	268,885	782,674
Homeless child	-	-	-	55,881
Smart Start	297,777	295,283	2,494	276,783
Mental Health - CBA in-home	175,000	-	175,000	-
Child outpatient	1,259,024	1,020,331	238,693	884,469
Winding creek	-	-	-	66,844
Adult homeless	197,132	181,441	15,691	92,428
Juvenile crime prevention	236,360	181,544	54,816	138,456
NC treatment alternative to street crime	54,113	41,626	12,487	208,456
Substance abuse contracts	1,929,161	1,795,843	133,318	1,634,739
Detoxification	942,121	473,826	468,295	917,805
Smart Start daycare	-	-	-	2
Developmental disabled contracts	2,707,581	2,047,196	660,385	2,042,350
Adult contracts	2,558,797	2,530,634	28,163	1,937,948
Crisis stabilization	887,264	599,255	288,009	936,279
Adult periodic	1,309,431	1,214,851	94,580	1,414,421

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Mental Health (continued)				
Child respite	\$ 524,059	\$ 370,928	\$ 153,131	\$ 495,164
Alternative family living	-	-	-	4,121,201
Mental health department	1,017,785	620,817	396,968	552,745
Medical services	2,814,324	2,195,474	618,850	2,149,944
Claims management	250,755	237,077	13,678	258,472
Medical records	318,413	265,589	52,824	256,010
Management information systems	1,312,592	751,251	561,341	778,609
Personnel	165,943	144,574	21,369	139,813
Medicaid contracts	1,715,000	624,156	1,090,844	1,552,005
Thomas S. - Mentally retarded and ill contracts	-	-	-	460,839
Managed care	252,334	120,138	132,196	126,180
RCE - TASC - Community partnership	511,103	504,569	6,534	1,813,590
Business management and accounting	535,567	496,090	39,477	542,093
Provider relations and support	194,649	191,844	2,805	184,828
Access line screening triag - referral	854,206	788,456	65,750	734,270
Service management	699,054	648,736	50,318	686,732
Consumer affairs and customer service	370,740	354,317	16,423	329,475
Quality improvement and outcome evaluation	822,126	669,307	152,819	672,408
CTSP court order evaluation	127,582	93,018	34,564	98,081
Adult homeless	2,650	2,680	(30)	-
Subtotal - mental health	30,428,899	24,190,793	6,238,106	27,717,007

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Health				
Health - administration	\$ 1,626,611	\$ 1,565,070	\$ 61,541	\$ 1,563,749
Laboratory	294,720	273,715	21,005	332,604
Pharmacy	624,865	585,157	39,708	478,194
C. C. Jail health program	1,683,792	1,510,511	173,281	1,859,793
Management support	399,658	368,266	31,392	278,630
NC environmental health	1,248,382	1,220,055	28,327	1,229,453
Immunization clinic	222,470	209,436	13,034	370,537
School health program	942,322	923,527	18,795	712,526
C.C. wellness program	44,537	42,677	1,860	39,392
Child health clinic	782,317	717,538	64,779	726,477
Dental clinic	299,318	258,607	40,711	240,534
Health promotion	345,426	340,829	4,597	314,476
Maternal health clinic	534,156	485,135	49,021	482,119
Medical records	237,234	216,282	20,952	225,949
Childhood lead poison prevention	1,200	-	1,200	-
Breast/cervical cancer	121,052	106,541	14,511	120,488
Child service coordination	541,956	481,334	60,622	548,526
Child fatality prevention	3,725	3,478	247	3,505
Medical referral program	64,000	-	64,000	461,290
Chest TB clinic	128,892	114,004	14,888	132,947
Family planning clinic	825,005	771,497	53,508	724,300
NC general communicable disease	257,316	223,086	34,230	331,821
CDC tuberculosis project	75,466	68,271	7,195	88,016
NC AIDS	66,920	63,252	3,668	59,171
Adult health clinic	867,149	863,842	3,307	958,365
School health	516,396	486,696	29,700	425,317
WIC - clinic services	2,666,874	2,235,243	431,631	2,052,861
Health - other	84,630	83,136	1,494	87,955
Regional bioterrorism response team	654,743	432,287	222,456	564,835
Smart start - Infants	5,400	3,451	1,949	-
Bioterrorism preparedness and response	149,238	76,764	72,474	185,872
STD clinic	591,650	590,728	922	452,009
South Central partnership	11,000	-	11,000	-
Maternal care coordination	443,110	351,040	92,070	477,800
Health express	502,893	443,798	59,095	-
Subtotal - health	17,864,423	16,115,253	1,749,170	16,529,511
Welfare				
Social services department	36,084,605	34,811,642	1,272,963	32,593,715
Social services - other	26,413,082	26,014,977	398,105	26,573,232
Grant - FV care center	393,356	355,737	37,619	359,523
Welfare - other	329,315	313,697	15,618	291,116
Subtotal - welfare	63,220,358	61,496,053	1,724,305	59,817,586

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Other human services				
Veterans' services	\$ 313,291	\$ 291,022	\$ 22,269	\$ 275,225
Spring Lake Resource Center - Admin	487,698	494,983	(7,285)	-
Child support enforcement	3,250,315	3,114,923	135,392	227,098
Subtotal - other human services	4,051,304	3,900,928	150,376	502,323
Total human services	115,564,984	105,703,027	9,861,957	104,566,427
Cultural and recreational				
Library	9,590,355	9,304,660	285,695	8,549,249
Library foreign language	45,000	42,189	2,811	42,252
Law library	85,332	84,953	379	73,541
Library - Smart Start	-	-	-	224,288
Motherread	159,292	147,031	12,261	63,110
Stadium maintenance	155,654	153,017	2,637	155,158
Culture recreation other	299,053	296,578	2,475	302,580
Library - grants	326,089	179,985	146,104	103,145
Total cultural and recreational	10,660,775	10,208,413	452,362	9,513,323
Education				
Public schools - current	77,886,206	77,655,962	230,244	79,862,381
Community colleges - current	8,841,568	8,841,568	-	8,573,663
Community colleges - capital outlay	73,343	29,350	43,993	38,654
Total education	86,801,117	86,526,880	274,237	88,474,698
Debt service				
Principal payments	18,067,605	18,067,605	-	15,698,042
Interest and fees	8,259,775	8,259,775	-	8,774,476
Debt issue costs	30,000	-	30,000	(320,367)
Total debt service	26,357,380	26,327,380	30,000	24,152,151
Total expenditures	322,002,732	302,201,681	19,801,051	297,017,470
Revenues over (under) expenditures	(29,673,340)	(6,748,801)	22,924,539	(2,187,982)

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Other financing sources (uses)				
Sale of capital assets	\$ -	\$ 170,195	\$ 170,195	\$ 163,597
Bond proceeds	-	-	-	36,104,505
Payment to escrow agent	-	-	-	(36,414,948)
Transfers in	8,041,081	8,041,081	-	7,181,364
Transfers out	(3,735,056)	(3,291,238)	443,818	(4,669,025)
Fund balance appropriated	25,367,315	-	(25,367,315)	-
Total other financing sources (uses)	29,673,340	4,920,038	(24,753,302)	2,365,493
Revenues and other financing sources (uses) over expenditures	\$ -	(1,828,763)	\$ (1,828,763)	177,511
Fund balance				
Beginning of year - July 1		105,365,754		96,085,532
End of year - June 30		<u>\$ 103,536,991</u>		<u>\$ 96,263,043</u>
Reconciliation to H-1:				
General Fund - ending fund balance - June 30		\$ 103,536,991		
County School Fund - ending fund balance - June 30 (H-10)		<u>7,964,359</u>		
		<u>\$ 111,501,350</u>		
Reconciliation of 2010 fund balance:				
Ending fund balance, June 30, 2010				\$ 96,263,043
Special revenue funds merged into the General Fund in 2011:				
Industrial Development				3,397,048
Water & Sewer				5,296,885
Property Revaluation				<u>408,778</u>
				<u>9,102,711</u>
Beginning fund balance - June 30, 2011				<u>\$ 105,365,754</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, 2011
(With Comparative Totals for June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Other taxes	\$ 7,414,713	\$ 7,972,696	\$ 557,983	\$ 8,019,069
Unrestricted intergovernmental revenue	500,000	1,009,736	509,736	1,031,346
Restricted intergovernmental revenue	8,416,843	7,566,686	(850,157)	6,046,938
Interest earned on investments	-	6,868	6,868	11,028
Miscellaneous	-	152,126	152,126	234,574
Total revenues	<u>16,331,556</u>	<u>16,708,112</u>	<u>376,556</u>	<u>15,342,955</u>
Expenditures				
Education				
School capital outlay I	7,024,006	3,009,531	4,014,475	4,289,128
School capital outlay II	3,764,550	3,132,398	632,152	5,043,991
School capital outlay III	600,000	579,423	20,577	552,391
Total expenditures	<u>11,388,556</u>	<u>6,721,352</u>	<u>4,667,204</u>	<u>9,885,510</u>
Revenues over expenditures	<u>4,943,000</u>	<u>9,986,760</u>	<u>5,043,760</u>	<u>5,457,445</u>
Other financing sources (uses)				
Transfers (out)	(10,524,388)	(10,524,386)	2	(6,106,833)
Appropriated fund balance	5,581,388	-	(5,581,388)	-
Total other financing sources (uses)	<u>(4,943,000)</u>	<u>(10,524,386)</u>	<u>(5,581,386)</u>	<u>(6,106,833)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(537,626)</u>	<u>\$ (537,626)</u>	<u>(649,388)</u>
Fund balances				
Beginning of year - July 1		<u>8,501,985</u>		<u>9,151,373</u>
End of year - June 30		<u>\$ 7,964,359</u>		<u>\$ 8,501,985</u>

CAPITAL PROJECT FUNDS

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, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 185,309	\$ -	\$ 1,092	\$ 186,401
Total revenues	<u>-</u>	<u>185,309</u>	<u>-</u>	<u>1,092</u>	<u>186,401</u>
Expenditures					
Capital outlay					
Health Department Building	27,986,300	26,359,859	-	127,590	26,487,449
Total expenditures	<u>27,986,300</u>	<u>26,359,859</u>	<u>-</u>	<u>127,590</u>	<u>26,487,449</u>
Revenues over (under) expenditures	<u>(27,986,300)</u>	<u>(26,174,550)</u>	<u>-</u>	<u>(126,498)</u>	<u>(26,301,048)</u>
Other financing sources (uses)					
Debt issuance	26,500,000	26,500,000	-	-	26,500,000
Transfers in	1,486,300	1,486,300	-	-	1,486,300
Total other financing sources	<u>27,986,300</u>	<u>27,986,300</u>	<u>-</u>	<u>-</u>	<u>27,986,300</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,811,750</u>	<u>\$ -</u>	<u>(126,498)</u>	<u>\$ 1,685,252</u>
Fund balance					
Beginning of year - July 1				1,811,750	
End of year - June 30				<u>\$ 1,685,252</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, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 213,960	\$ -	\$ 962	\$ 214,922
Miscellaneous	-	320,860	-	154	321,014
Total revenues	<u>-</u>	<u>534,820</u>	<u>-</u>	<u>1,116</u>	<u>535,936</u>
Expenditures					
NC school bond project	19,969,874	19,309,534	-	77,928	19,387,462
Debt service	<u>30,126</u>	<u>30,126</u>	<u>-</u>	<u>-</u>	<u>30,126</u>
Total expenditures	<u>20,000,000</u>	<u>19,339,660</u>	<u>-</u>	<u>77,928</u>	<u>19,417,588</u>
Revenues over (under) expenditures	<u>(20,000,000)</u>	<u>(18,804,840)</u>	<u>-</u>	<u>(76,812)</u>	<u>(18,881,652)</u>
Other financing sources (uses)					
Debt issuance	<u>20,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>
Total other financing sources	<u>20,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,195,160</u>	<u>\$ -</u>	<u>(76,812)</u>	<u>\$ 1,118,348</u>
Fund balance					
Beginning of year - July 1				<u>1,195,160</u>	
End of year - June 30				<u>\$ 1,118,348</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 10,117,392	\$ -	\$ -	\$ 10,117,392
Investments	74,347	-	-	74,347
Taxes receivable, net	404,689	-	-	404,689
Sales tax receivable	92,307	258,082	-	350,389
Due from other governments	1,196,630	-	-	1,196,630
Other receivables, net	65,856	-	-	65,856
Restricted assets:				
Cash and cash equivalents	153,110	26,144,147	6,195	26,303,452
Investments	-	-	36,284	36,284
Accounts receivable	-	-	61	61
Total assets	\$ 12,104,331	\$ 26,402,229	\$ 42,540	\$ 38,549,100
Liabilities and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ 904,629	\$ 4,545,278	\$ -	\$ 5,449,907
Due to other governments	73,536	-	-	73,536
Accrued payroll	167,027	-	-	167,027
Other payables	5,350	-	-	5,350
Due to other funds	680,704	-	-	680,704
Deferred revenue	404,830	-	-	404,830
Total liabilities	2,236,076	4,545,278	-	6,781,354
Fund balances:				
Restricted:				
Stabilization by State Statute	3,000,784	258,082	-	3,258,866
Inmates	125,212	-	-	125,212
Cemetery	-	-	42,540	42,540
School capital	-	17,973,285	-	17,973,285
Fire protection	299,841	-	-	299,841
Public safety	1,846,688	-	-	1,846,688
Economic and physical development	315,108	-	-	315,108
Human services	176,858	-	-	176,858
Cultural and recreational	3,493,804	860,778	-	4,354,582
Committed:				
Public safety	-	2,764,806	-	2,764,806
Assigned:				
Subsequent year's expenditures	1,588,147	-	-	1,588,147
Unassigned	(978,187)	-	-	(978,187)
Total fund balances	9,868,255	21,856,951	42,540	31,767,746
Total liabilities and fund balances	\$ 12,104,331	\$ 26,402,229	\$ 42,540	\$ 38,549,100

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ 10,696,715	\$ 1,228,319	\$ -	\$ 11,925,034
Other taxes	5,431,127	-	-	5,431,127
Restricted intergovernmental revenue	10,417,284	-	-	10,417,284
Sales and services	275,184	-	-	275,184
Interest earned on investments	21,936	24,490	243	46,669
Miscellaneous	494,769	-	600	495,369
Total revenues	27,337,015	1,252,809	843	28,590,667
Expenditures				
Current:				
General government	-	-	599	599
Public safety	7,707,624	263,513	-	7,971,137
Economic and physical development	9,440,967	-	-	9,440,967
Human services	1,731,502	-	-	1,731,502
Cultural and recreational	3,903,194	822,918	-	4,726,112
Education	-	12,418,091	-	12,418,091
Debt issuance costs	-	300,027	-	300,027
Total expenditures	22,783,287	13,804,549	599	36,588,435
Excess (deficiency) of revenues over (under) expenditures	4,553,728	(12,551,740)	244	(7,997,768)
Other financing sources (uses)				
Debt issuance	-	14,805,000	-	14,805,000
Sale of capital assets	2,479	-	-	2,479
Transfers in	598,238	4,411,930	-	5,010,168
Transfers out	(7,507,460)	-	-	(7,507,460)
Total other financing sources (uses)	(6,906,743)	19,216,930	-	12,310,187
Net change in fund balances	(2,353,015)	6,665,190	244	4,312,419
Fund balance - beginning	12,221,270	15,191,761	42,296	27,455,327
Fund balance - ending	\$ 9,868,255	\$ 21,856,951	\$ 42,540	\$ 31,767,746

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

(continued)

	Prepared Food and Beverage Fund	Emergency Telephone Fund	Workforce Development Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund	Flea Hill Drainage District Fund	Community Development Fund
Assets								
Cash and cash equivalents	\$ 3,925,804	\$ 3,055,352	\$ 78,488	\$ 1,052,975	\$ 365,417	\$ 18,456	\$ 5,266	\$ 42,018
Investments	-	-	-	-	-	-	74,347	-
Taxes receivable, net	-	-	-	137,288	-	-	-	-
Sales tax receivable	-	40,155	27,963	8,200	1,045	629	-	12,551
Due from other governments	-	96,135	531,662	-	14,094	336,085	-	218,654
Other receivables, net	-	361	1,050	-	-	64,323	122	-
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total assets	\$ 3,925,804	\$ 3,192,003	\$ 639,163	\$ 1,198,463	\$ 380,556	\$ 419,493	\$ 79,735	\$ 273,223
Liabilities and fund balances								
Liabilities:								
Accounts and vouchers payable	\$ -	\$ 127,810	\$ 121,695	\$ 46,953	\$ 149,862	\$ 86,369	\$ -	\$ 60,756
Due to other governments	-	-	-	51,584	-	21,952	-	-
Accrued payroll	-	-	120,272	-	19,969	3,364	-	19,363
Other payables	-	-	-	-	-	18	-	5,332
Due to other funds	-	-	230,890	-	-	298,078	-	127,897
Deferred revenue	-	19	-	137,289	-	-	122	-
Total liabilities	-	127,829	472,857	235,826	169,831	409,781	122	213,348
Fund balances:								
Restricted:								
Stabilization by State Statute	-	1,736,937	560,738	35,057	17,945	417,137	-	231,205
Inmates	-	-	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-	-	-
Public safety	-	1,287,862	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	79,613	-
Human services	-	-	-	-	176,858	-	-	-
Cultural and recreational	2,648,804	-	-	845,000	-	-	-	-
Assigned:								
Subsequent year's expenditures	1,277,000	39,375	-	82,580	15,922	-	-	5,000
Unassigned	-	-	(394,432)	-	-	(407,425)	-	(176,330)
Total fund balances	3,925,804	3,064,174	166,306	962,637	210,725	9,712	79,613	59,875
Total liabilities and fund balances	\$ 3,925,804	\$ 3,192,003	\$ 639,163	\$ 1,198,463	\$ 380,556	\$ 419,493	\$ 79,735	\$ 273,223

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011**

(concluded)

	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
Assets								
Cash and cash equivalents	\$ 610,419	\$ 556,348	\$ 1,226	\$ 147,804	\$ 22,324	\$ 235,495	\$ -	\$ 10,117,392
Investments	-	-	-	-	-	-	-	74,347
Taxes receivable, net	267,401	-	-	-	-	-	-	404,689
Sales tax receivable	-	1,764	-	-	-	-	-	92,307
Due from other governments	-	-	-	-	-	-	-	1,196,630
Other receivables, net	-	-	-	-	-	-	-	65,856
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	153,110	153,110
Total assets	\$ 877,820	\$ 558,112	\$ 1,226	\$ 147,804	\$ 22,324	\$ 235,495	\$ 153,110	\$ 12,104,331
Liabilities and fund balances								
Liabilities:								
Accounts and vouchers payable	\$ 310,578	\$ -	\$ -	\$ -	\$ 606	\$ -	\$ -	\$ 904,629
Due to other governments	-	-	-	-	-	-	-	73,536
Accrued payroll	-	-	-	-	-	-	4,059	167,027
Other payables	-	-	-	-	-	-	-	5,350
Due to other funds	-	-	-	-	-	-	23,839	680,704
Deferred revenue	267,400	-	-	-	-	-	-	404,830
Total liabilities	577,978	-	-	-	606	-	27,898	2,236,076
Fund balances:								
Restricted:								
Stabilization by State Statute	1	1,764	-	-	-	-	-	3,000,784
Inmates	-	-	-	-	-	-	125,212	125,212
Fire protection	299,841	-	-	-	-	-	-	299,841
Public safety	-	388,078	1,226	147,804	21,718	-	-	1,846,688
Economic and physical development	-	-	-	-	-	235,495	-	315,108
Human services	-	-	-	-	-	-	-	176,858
Cultural and recreational	-	-	-	-	-	-	-	3,493,804
Assigned:								
Subsequent year's expenditures	-	168,270	-	-	-	-	-	1,588,147
Unassigned	-	-	-	-	-	-	-	(978,187)
Total fund balances	299,842	558,112	1,226	147,804	21,718	235,495	125,212	9,868,255
Total liabilities and fund balances	\$ 877,820	\$ 558,112	\$ 1,226	\$ 147,804	\$ 22,324	\$ 235,495	\$ 153,110	\$ 12,104,331

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2011

(continued)

	Prepared Food and Beverage Fund	Emergency Telephone Fund	Workforce Development Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund	Flea Hill Drainage District Fund	Community Development Fund
Revenues								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 3,683,608	\$ -	\$ -	\$ -	\$ -
Other taxes	5,431,127	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	1,153,621	3,992,068	65,968	1,246,592	1,486,920	-	2,232,437
Sales and services	-	-	45,482	-	172,458	57,244	-	-
Interest earned on investments	6,976	10,365	-	1,656	304	279	371	-
Miscellaneous	-	-	250	-	-	-	-	1,394
Total revenues	<u>5,438,103</u>	<u>1,163,986</u>	<u>4,037,800</u>	<u>3,751,232</u>	<u>1,419,354</u>	<u>1,544,443</u>	<u>371</u>	<u>2,233,831</u>
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Economic and physical development	-	1,293,652	4,135,464	-	-	1,603,949	-	2,407,902
Human services	-	-	-	-	1,731,502	-	-	-
Cultural and recreational	1,838	-	-	3,901,356	-	-	-	-
Total expenditures	<u>1,838</u>	<u>1,293,652</u>	<u>4,135,464</u>	<u>3,901,356</u>	<u>1,731,502</u>	<u>1,603,949</u>	<u>-</u>	<u>2,407,902</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,436,265</u>	<u>(129,666)</u>	<u>(97,664)</u>	<u>(150,124)</u>	<u>(312,148)</u>	<u>(59,506)</u>	<u>371</u>	<u>(174,071)</u>
Other financing sources (uses)								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	76,811	-	293,817	59,148	-	168,462
Transfers out	(7,483,460)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(7,483,460)</u>	<u>-</u>	<u>76,811</u>	<u>-</u>	<u>293,817</u>	<u>59,148</u>	<u>-</u>	<u>168,462</u>
Net change in fund balances	(2,047,195)	(129,666)	(20,853)	(150,124)	(18,331)	(358)	371	(5,609)
Fund balance - beginning	<u>5,972,999</u>	<u>3,193,840</u>	<u>187,159</u>	<u>1,112,761</u>	<u>229,056</u>	<u>10,070</u>	<u>79,242</u>	<u>65,484</u>
Fund balance - ending	<u>\$ 3,925,804</u>	<u>\$ 3,064,174</u>	<u>\$ 166,306</u>	<u>\$ 962,637</u>	<u>\$ 210,725</u>	<u>\$ 9,712</u>	<u>\$ 79,613</u>	<u>\$ 59,875</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2011

(concluded)

	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
Revenues								
Ad valorem taxes	\$ 7,013,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,696,715
Other taxes	-	-	-	-	-	-	-	5,431,127
Restricted intergovernmental revenue	-	154,094	-	74,607	10,977	-	-	10,417,284
Sales and services	-	-	-	-	-	-	-	275,184
Interest earned on investments	313	1,147	-	131	-	281	113	21,936
Miscellaneous	-	1,764	-	-	-	-	491,361	494,769
Total revenues	<u>7,013,420</u>	<u>157,005</u>	<u>-</u>	<u>74,738</u>	<u>10,977</u>	<u>281</u>	<u>491,474</u>	<u>27,337,015</u>
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	6,747,653	529,720	-	-	5,174	-	425,077	7,707,624
Economic and physical development	-	-	-	-	-	-	-	9,440,967
Human services	-	-	-	-	-	-	-	1,731,502
Cultural and recreational	-	-	-	-	-	-	-	3,903,194
Total expenditures	<u>6,747,653</u>	<u>529,720</u>	<u>-</u>	<u>-</u>	<u>5,174</u>	<u>-</u>	<u>425,077</u>	<u>22,783,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>265,767</u>	<u>(372,715)</u>	<u>-</u>	<u>74,738</u>	<u>5,803</u>	<u>281</u>	<u>66,397</u>	<u>4,553,728</u>
Other financing sources (uses)								
Sale of capital assets	-	2,479	-	-	-	-	-	2,479
Transfers in	-	-	-	-	-	-	-	598,238
Transfers out	(24,000)	-	-	-	-	-	-	(7,507,460)
Total other financing sources (uses)	<u>(24,000)</u>	<u>2,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,906,743)</u>
Net change in fund balances	241,767	(370,236)	-	74,738	5,803	281	66,397	(2,353,015)
Fund balance - beginning	<u>58,075</u>	<u>928,348</u>	<u>1,226</u>	<u>73,066</u>	<u>15,915</u>	<u>235,214</u>	<u>58,815</u>	<u>12,221,270</u>
Fund balance - ending	<u>\$ 299,842</u>	<u>\$ 558,112</u>	<u>\$ 1,226</u>	<u>\$ 147,804</u>	<u>\$ 21,718</u>	<u>\$ 235,495</u>	<u>\$ 125,212</u>	<u>\$ 9,868,255</u>

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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Other taxes	\$ 4,899,579	\$ 5,431,127	\$ 531,548	\$ 5,206,100
Interest earned on investments	15,000	6,976	(8,024)	11,128
Total revenues	<u>4,914,579</u>	<u>5,438,103</u>	<u>523,524</u>	<u>5,217,228</u>
Expenditures				
Cultural and recreational	10,000	1,838	8,162	4,907
Total expenditures	<u>10,000</u>	<u>1,838</u>	<u>8,162</u>	<u>4,907</u>
Revenues over expenditures	<u>4,904,579</u>	<u>5,436,265</u>	<u>531,686</u>	<u>5,212,321</u>
Other financing sources (uses)				
Transfers (out)	(7,542,427)	(7,483,460)	58,967	(4,906,907)
Appropriated fund balance	2,637,848	-	(2,637,848)	-
Total other financing sources (uses)	<u>(4,904,579)</u>	<u>(7,483,460)</u>	<u>(2,578,881)</u>	<u>(4,906,907)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(2,047,195)</u>	<u>\$ (2,047,195)</u>	<u>305,414</u>
Fund balances				
Beginning of year - July 1		5,972,999		5,667,585
End of year - June 30		<u>\$ 3,925,804</u>		<u>\$ 5,972,999</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Other taxes	\$ -	\$ -	\$ -	\$ 21,284
Restricted intergovernmental revenue	1,357,015	1,153,621	(203,394)	1,153,621
Interest earned on investments	-	10,365	10,365	8,702
Total revenues	1,357,015	1,163,986	(193,029)	1,183,607
Expenditures				
Economic and physical development	1,049,952	908,441	141,511	659,999
Capital outlay	1,991,729	385,211	1,606,518	449,623
Total expenditures	3,041,681	1,293,652	1,748,029	1,109,622
Revenues over expenditures	(1,684,666)	(129,666)	1,555,000	73,985
Appropriated fund balance	1,684,666	-	1,684,666	-
Total other financing sources (uses)	1,684,666	-	(1,684,666)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(129,666)	\$ (129,666)	73,985
Fund balances				
Beginning of year - July 1		3,193,840		3,119,855
End of year - June 30		\$ 3,064,174		\$ 3,193,840

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Workforce Development Fund
Year Ended June 30, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 6,049,111	\$ 3,992,068	\$ (2,057,043)	\$ 6,324,790
Sales and services	37,554	45,482	7,928	24,126
Miscellaneous	-	250	250	188
Total revenues	<u>6,086,665</u>	<u>4,037,800</u>	<u>(2,048,865)</u>	<u>6,349,104</u>
Expenditures				
WIA administration	340,428	291,451	48,977	448,052
WIA programs	1,843,223	1,283,301	559,922	2,954,707
NEG/CAA	2,679,012	1,431,648	1,247,364	2,010,363
Senior Aides	1,385,166	1,129,064	256,102	937,036
Total expenditures	<u>6,247,829</u>	<u>4,135,464</u>	<u>2,112,365</u>	<u>6,350,158</u>
Revenues over expenditures	<u>(161,164)</u>	<u>(97,664)</u>	<u>63,500</u>	<u>(1,054)</u>
Other financing sources (uses)				
Transfers in	150,949	76,811	(74,138)	58,562
Appropriated fund balance	10,215	-	(10,215)	-
Total other financing sources (uses)	<u>161,164</u>	<u>76,811</u>	<u>(84,353)</u>	<u>58,562</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(20,853)</u>	<u>\$ (20,853)</u>	<u>57,508</u>
Fund balances				
Beginning of year - July 1		<u>187,159</u>		<u>129,651</u>
End of year - June 30		<u>\$ 166,306</u>		<u>\$ 187,159</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes	\$ 3,798,538	\$ 3,683,608	\$ (114,930)	\$ 3,571,229
Unrestricted intergovernmental revenue	25,620	-	(25,620)	-
Restricted intergovernmental revenue	150,000	65,968	(84,032)	18,957
Interest earned on investments	5,000	1,656	(3,344)	2,653
Total revenues	<u>3,979,158</u>	<u>3,751,232</u>	<u>(227,926)</u>	<u>3,592,839</u>
Expenditures				
Culture and recreational	4,055,958	3,809,155	246,803	3,618,381
Capital outlay	104,274	92,201	12,073	195,947
Total expenditures	<u>4,160,232</u>	<u>3,901,356</u>	<u>258,876</u>	<u>3,814,328</u>
Revenues over expenditures	<u>(181,074)</u>	<u>(150,124)</u>	<u>30,950</u>	<u>(221,489)</u>
Other financing sources (uses)				
Appropriated fund balance	181,074	-	(181,074)	-
Total other financing sources (uses)	<u>181,074</u>	<u>-</u>	<u>(181,074)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(150,124)</u>	<u>\$ (150,124)</u>	<u>(221,489)</u>
Fund balances				
Beginning of year - July 1		1,112,761		1,334,250
End of year - June 30		<u>\$ 962,637</u>		<u>\$ 1,112,761</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,250,174	\$ 1,246,592	\$ (3,582)	\$ 1,229,321
Sales and services	180,415	172,458	(7,957)	131,441
Interest earned on investments	-	304	304	430
Total revenues	<u>1,430,589</u>	<u>1,419,354</u>	<u>(11,235)</u>	<u>1,361,192</u>
Expenditures				
Human services				
JCP programs	1,123,064	1,054,234	68,830	985,625
Residential group home	682,231	677,268	4,963	627,854
Total expenditures	<u>1,805,295</u>	<u>1,731,502</u>	<u>73,793</u>	<u>1,613,479</u>
Revenues over expenditures	<u>(374,706)</u>	<u>(312,148)</u>	<u>62,558</u>	<u>(252,287)</u>
Other financing sources (uses)				
Transfers in	297,738	293,817	(3,921)	270,290
Appropriated fund balance	76,968	-	(76,968)	-
Total other financing sources (uses)	<u>374,706</u>	<u>293,817</u>	<u>(80,889)</u>	<u>270,290</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(18,331)</u>	<u>\$ (18,331)</u>	<u>18,003</u>
Fund balances				
Beginning of year - July 1		<u>229,056</u>		<u>211,053</u>
End of year - June 30		<u>\$ 210,725</u>		<u>\$ 229,056</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Transportation Fund
Year Ended June 30, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,976,478	\$ 1,486,920	\$ (489,558)	\$ 1,102,472
Sales and services	81,517	57,244	(24,273)	38,205
Interest earned on investments	-	279	279	257
Total revenues	<u>2,057,995</u>	<u>1,544,443</u>	<u>(513,552)</u>	<u>1,140,934</u>
Expenditures				
Economic and physical development	<u>2,119,580</u>	<u>1,603,949</u>	<u>515,631</u>	<u>1,211,139</u>
Total expenditures	<u>2,119,580</u>	<u>1,603,949</u>	<u>515,631</u>	<u>1,211,139</u>
Revenues over expenditures	<u>(61,585)</u>	<u>(59,506)</u>	<u>2,079</u>	<u>(70,205)</u>
Other financing sources (uses)				
Transfers in	60,748	59,148	(1,600)	24,917
Appropriated fund balance	837	-	(837)	-
Total other financing sources (uses)	<u>61,585</u>	<u>59,148</u>	<u>(2,437)</u>	<u>24,917</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(358)</u>	<u>\$ (358)</u>	<u>(45,288)</u>
Fund balances				
Beginning of year - July 1		<u>10,070</u>		<u>55,358</u>
End of year - June 30		<u>\$ 9,712</u>		<u>\$ 10,070</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 371	\$ 371	\$ 736
Total revenues	-	371	371	736
Expenditures				
Current Expenditures				
Economic and physical development	-	-	-	-
Economic and physical development	-	-	-	-
Total expenditures	-	-	-	-
Revenues over expenditures	-	371	371	736
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>371</u>	<u>\$ 371</u>	<u>736</u>
Fund balances				
Beginning of year - July 1		<u>79,242</u>		<u>78,506</u>
End of year - June 30		<u>\$ 79,613</u>		<u>\$ 79,242</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 3,984,626	\$ 2,232,437	\$ (1,752,189)	\$ 3,524,301
Miscellaneous	-	1,394	1,394	19,824
Total revenues	<u>3,984,626</u>	<u>2,233,831</u>	<u>(1,750,795)</u>	<u>3,544,125</u>
Expenditures				
Economic and physical development				
Administration	433,900	391,395	42,505	398,681
Economic Development	620,740	386,448	234,292	170,110
Housing activities	2,790,182	1,172,765	1,617,417	2,271,746
Public facilities	280,305	255,451	24,854	239,697
Public services	174,208	95,347	78,861	146,924
Program grants	260,194	106,496	153,698	412,700
Debt service				
Principal	-	-	-	150,000
Interest	-	-	-	5,399
Total expenditures	<u>4,559,529</u>	<u>2,407,902</u>	<u>2,151,627</u>	<u>3,795,257</u>
Revenues over (under) expenditures	<u>(574,903)</u>	<u>(174,071)</u>	<u>400,832</u>	<u>(251,132)</u>
Other financing sources (uses)				
Transfers in	532,621	168,462	(364,159)	245,531
Appropriated fund balance	42,282	-	(42,282)	-
Total other financing sources (uses)	<u>574,903</u>	<u>168,462</u>	<u>(406,441)</u>	<u>245,531</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(5,609)</u>	<u>\$ (5,609)</u>	<u>(5,601)</u>
Fund balances				
Beginning of year - July 1		<u>65,484</u>		<u>71,085</u>
End of year - June 30		<u>\$ 59,875</u>		<u>\$ 65,484</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes	\$ 7,112,566	\$ 7,013,107	\$ (99,459)	\$ 6,414,671
Interest earned on investments	190	313	123	337
Total revenues	<u>7,112,756</u>	<u>7,013,420</u>	<u>(99,336)</u>	<u>6,415,008</u>
Expenditures				
Public safety	7,144,195	6,747,653	396,542	6,618,563
Total expenditures	<u>7,144,195</u>	<u>6,747,653</u>	<u>396,542</u>	<u>6,618,563</u>
Revenues over expenditures	<u>(31,439)</u>	<u>265,767</u>	<u>297,206</u>	<u>(203,555)</u>
Other financing sources (uses)				
Transfers (out)	(24,000)	(24,000)	-	(24,000)
Appropriated fund balance	55,439	-	(55,439)	-
Total other financing sources (uses)	<u>31,439</u>	<u>(24,000)</u>	<u>(55,439)</u>	<u>(24,000)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>241,767</u>	<u>\$ 241,767</u>	<u>(227,555)</u>
Fund balances				
Beginning of year - July 1		58,075		285,630
End of year - June 30		<u>\$ 299,842</u>		<u>\$ 58,075</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 154,094	\$ 154,094	\$ 668,528
Interest earned on investments	-	1,147	1,147	705
Miscellaneous	-	1,764	1,764	-
Total revenues	<u>-</u>	<u>157,005</u>	<u>157,005</u>	<u>669,233</u>
Expenditures				
Public safety	382,110	221,693	160,417	124,786
Capital outlay	366,200	308,027	58,173	22,402
Total expenditures	<u>748,310</u>	<u>529,720</u>	<u>218,590</u>	<u>147,188</u>
Revenues over expenditures	<u>(748,310)</u>	<u>(372,715)</u>	<u>375,595</u>	<u>522,045</u>
Other financing sources (uses)				
Sale of capital assets	-	2,479	2,479	10,443
Transfers (out)	-	-	-	284,327
Transfers (out)	-	-	-	(258,000)
Appropriated fund balance	748,310	-	(748,310)	-
Total other financing sources (uses)	<u>748,310</u>	<u>2,479</u>	<u>(745,831)</u>	<u>36,770</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(370,236)</u>	<u>\$ (370,236)</u>	<u>558,815</u>
Fund balances				
Beginning of year - July 1		<u>928,348</u>		<u>369,533</u>
End of year - June 30		<u>\$ 558,112</u>		<u>\$ 928,348</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Federal Forfeiture Treasury Fund
Year Ended June 30, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ -	\$ -	\$ 13
Total revenues	-	-	-	13
Expenditures				
Public safety	-	-	-	11,000
Total expenditures	-	-	-	11,000
Revenues over expenditures	-	-	-	(10,987)
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	(10,987)
Fund balances				
Beginning of year - July 1		1,226		12,213
End of year - June 30		<u>\$ 1,226</u>		<u>\$ 1,226</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 74,607	\$ 74,607	\$ 77,844
Interest earned on investments	-	131	131	236
Total revenues	<u>-</u>	<u>74,738</u>	<u>74,738</u>	<u>78,080</u>
Expenditures				
Revenues over expenditures	<u>-</u>	<u>74,738</u>	<u>74,738</u>	<u>78,080</u>
Other financing sources (uses)				
Transfers (out)	-	-	-	(242,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(242,000)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>74,738</u>	<u>\$ 74,738</u>	<u>(163,920)</u>
Fund balances				
Beginning of year - July 1		<u>73,066</u>		<u>236,986</u>
End of year - June 30		<u>\$ 147,804</u>		<u>\$ 73,066</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 6,000	\$ 10,977	\$ 4,977	\$ 3,249
Total revenues	<u>6,000</u>	<u>10,977</u>	<u>4,977</u>	<u>3,249</u>
Expenditures				
Public safety	6,000	5,174	826	-
Total expenditures	<u>6,000</u>	<u>5,174</u>	<u>826</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>5,803</u>	<u>5,803</u>	<u>3,249</u>
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>5,803</u>	<u>\$ 5,803</u>	<u>3,249</u>
Fund balances				
Beginning of year - July 1		15,915		12,666
End of year - June 30		<u>\$ 21,718</u>		<u>\$ 15,915</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 281	\$ 281	\$ 429
Total revenues	-	281	281	429
Expenditures	-	-	-	-
Revenues over expenditures	-	281	281	429
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	281	<u>\$ 281</u>	429
Fund balances				
Beginning of year - July 1		235,214		234,785
End of year - June 30		<u>\$ 235,495</u>		<u>\$ 235,214</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, 2011
(With Comparative Totals for Year Ended June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ 48	\$ 113	\$ 65	\$ 63
Miscellaneous	460,875	491,361	30,486	472,389
Total revenues	<u>460,923</u>	<u>491,474</u>	<u>30,551</u>	<u>472,452</u>
Expenditures				
Public safety	460,923	425,077	35,846	437,203
Total expenditures	<u>460,923</u>	<u>425,077</u>	<u>35,846</u>	<u>437,203</u>
Revenues over expenditures	<u>-</u>	<u>66,397</u>	<u>66,397</u>	<u>35,249</u>
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>66,397</u>	<u>\$ 66,397</u>	<u>35,249</u>
Fund balances				
Beginning of year - July 1		58,815		23,566
End of year - June 30		<u>\$ 125,212</u>		<u>\$ 58,815</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2011**

	Detention Facility Expansion Fund	New Century Middle Fund	West Regional Library Fund	New Century Elementary Fund	QSCB Projects Fund	Total Nonmajor Capital Project Funds
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax receivable	-	11,007	51,904	44,180	150,991	258,082
Restricted assets:						
Cash and cash equivalents	2,867,574	16,670,311	908,518	586,950	5,110,794	26,144,147
Total assets	\$ 2,867,574	\$ 16,681,318	\$ 960,422	\$ 631,130	\$ 5,261,785	\$ 26,402,229
Liabilities and fund balances						
Liabilities:						
Accounts and vouchers payable	\$ 102,768	\$ 3,348,595	\$ 47,740	\$ -	\$ 1,046,175	\$ 4,545,278
Total liabilities	102,768	3,348,595	47,740	-	1,046,175	4,545,278
Fund balances:						
Restricted:						
Stabilization by State Statute	-	11,007	51,904	44,180	150,991	258,082
School capital	-	13,321,716	-	586,950	4,064,619	17,973,285
Cultural and recreational	-	-	860,778	-	-	860,778
Committed:						
Public safety	2,764,806	-	-	-	-	2,764,806
Total fund balances	2,764,806	13,332,723	912,682	631,130	4,215,610	21,856,951
Total liabilities and fund balances	\$ 2,867,574	\$ 16,681,318	\$ 960,422	\$ 631,130	\$ 5,261,785	\$ 26,402,229

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended June 30, 2011**

	Detention Facility Expansion Fund	New Century Middle Fund	West Regional Library Fund	New Century Elementary Fund	QSCB Projects Fund	Total Nonmajor Capital Project Funds
Revenues						
Ad valorem taxes	\$ 1,228,319	\$ -	\$ -	\$ -	\$ -	\$ 1,228,319
Interest earned on investments	-	4,837	2,410	2,875	14,368	24,490
Total revenues	<u>1,228,319</u>	<u>4,837</u>	<u>2,410</u>	<u>2,875</u>	<u>14,368</u>	<u>1,252,809</u>
Expenditures						
Capital outlay						
Detention facility	263,513	-	-	-	-	263,513
Education	-	3,804,628	-	884,709	7,728,754	12,418,091
Cultural and recreation	-	-	822,918	-	-	822,918
Debt issuance costs	-	284,416	2,824	9,687	3,100	300,027
Total expenditures	<u>263,513</u>	<u>4,089,044</u>	<u>825,742</u>	<u>894,396</u>	<u>7,731,854</u>	<u>13,804,549</u>
Revenues over (under) expenditures	<u>964,806</u>	<u>(4,084,207)</u>	<u>(823,332)</u>	<u>(891,521)</u>	<u>(7,717,486)</u>	<u>(12,551,740)</u>
Other financing sources (uses)						
Proceeds of debt issuance	-	14,805,000	-	-	-	14,805,000
Transfers in	1,800,000	2,611,930	-	-	-	4,411,930
Total other financing sources	<u>1,800,000</u>	<u>17,416,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,216,930</u>
Revenues and other financing sources over (under) expenditures	<u>2,764,806</u>	<u>13,332,723</u>	<u>(823,332)</u>	<u>(891,521)</u>	<u>(7,717,486)</u>	<u>6,665,190</u>
Fund balance						
Beginning of year - July 1	-	-	1,736,014	1,522,651	11,933,096	15,191,761
End of year - June 30	<u>\$ 2,764,806</u>	<u>\$ 13,332,723</u>	<u>\$ 912,682</u>	<u>\$ 631,130</u>	<u>\$ 4,215,610</u>	<u>\$ 21,856,951</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Detention Facility Expansion Fund**

From Inception and for Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Ad valorem taxes	\$ 2,464,278	\$ -	\$ -	\$ 1,228,319	\$ 1,228,319
Total revenues	<u>2,464,278</u>	<u>-</u>	<u>-</u>	<u>1,228,319</u>	<u>1,228,319</u>
Expenditures					
Capital outlay					
Detention facility	4,264,278	-	-	263,513	263,513
Total expenditures	<u>4,264,278</u>	<u>-</u>	<u>-</u>	<u>263,513</u>	<u>263,513</u>
Revenues over (under) expenditures	<u>(1,800,000)</u>	<u>-</u>	<u>-</u>	<u>964,806</u>	<u>964,806</u>
Other financing sources (uses)					
Transfers in	1,800,000	-	-	1,800,000	1,800,000
Total other financing sources	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>	<u>1,800,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	2,764,806	<u>\$ 2,764,806</u>
Fund balance					
Beginning of year - July 1				-	
End of year - June 30				<u>\$ 2,764,806</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ -	\$ -	\$ 4,837	4,837
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,837</u>	<u>4,837</u>
Expenditures					
Capital outlay					
Education	17,132,512	-	-	3,804,628	3,804,628
Debt issuance costs	<u>284,418</u>	<u>-</u>	<u>-</u>	<u>284,416</u>	<u>284,416</u>
Total expenditures	<u>17,416,930</u>	<u>-</u>	<u>-</u>	<u>4,089,044</u>	<u>4,089,044</u>
Revenues over (under) expenditures	<u>(17,416,930)</u>	<u>-</u>	<u>-</u>	<u>(4,084,207)</u>	<u>(4,084,207)</u>
Other financing sources (uses)					
Proceeds of debt issuance	14,805,000	-	-	14,805,000	14,805,000
Transfers in	<u>2,611,930</u>	<u>-</u>	<u>-</u>	<u>2,611,930</u>	<u>2,611,930</u>
Total other financing sources	<u>17,416,930</u>	<u>-</u>	<u>-</u>	<u>17,416,930</u>	<u>17,416,930</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	13,332,723	<u>\$ 13,332,723</u>
Fund balance					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ 13,332,723</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, 2011

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ -	\$ 17,505	\$ -	\$ 2,410	\$ 19,915
Total revenues	<u>-</u>	<u>17,505</u>	<u>-</u>	<u>2,410</u>	<u>19,915</u>
Expenditures					
Capital outlay					
Cultural and recreation	5,237,218	3,521,984	-	822,918	4,344,902
Debt issuance costs	<u>77,006</u>	<u>73,731</u>	<u>-</u>	<u>2,824</u>	<u>76,555</u>
Total expenditures	<u>5,314,224</u>	<u>3,595,715</u>	<u>-</u>	<u>825,742</u>	<u>4,421,457</u>
Revenues over (under) expenditures	<u>(5,314,224)</u>	<u>(3,578,210)</u>	<u>-</u>	<u>(823,332)</u>	<u>(4,401,542)</u>
Other financing sources (uses)					
Bond proceeds	5,285,165	5,285,165	-	-	5,285,165
Premium on debt issuance	29,059	29,059	-	-	29,059
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>
Total other financing sources	<u>5,314,224</u>	<u>5,314,224</u>	<u>-</u>	<u>-</u>	<u>5,314,224</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,736,014</u>	<u>\$ -</u>	<u>(823,332)</u>	<u>\$ 912,682</u>
Fund balance					
Beginning of year - July 1				<u>1,736,014</u>	
End of year - June 30				<u>\$ 912,682</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, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 56,583	\$ -	\$ 2,875	\$ 59,458
Total revenues	<u>-</u>	<u>56,583</u>	<u>-</u>	<u>2,875</u>	<u>59,458</u>
Expenditures					
Capital outlay					
Education	16,975,349	15,520,516	-	884,709	16,405,225
Issuance costs	<u>264,179</u>	<u>252,943</u>	<u>-</u>	<u>9,687</u>	<u>262,630</u>
Total expenditures	<u>17,239,528</u>	<u>15,773,459</u>	<u>-</u>	<u>894,396</u>	<u>16,667,855</u>
Revenues over (under) expenditures	<u>(17,239,528)</u>	<u>(15,716,876)</u>	<u>-</u>	<u>(891,521)</u>	<u>(16,608,397)</u>
Other financing sources (uses)					
Premium on debt issuance	99,693	99,692	-	-	99,692
Bond issuance proceeds	<u>17,139,835</u>	<u>17,139,835</u>	<u>-</u>	<u>-</u>	<u>17,139,835</u>
Total other financing sources	<u>17,239,528</u>	<u>17,239,527</u>	<u>-</u>	<u>-</u>	<u>17,239,527</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,522,651</u>	<u>\$ -</u>	<u>(891,521)</u>	<u>\$ 631,130</u>
Fund balance					
Beginning of year - July 1				<u>1,522,651</u>	
End of year - June 30				<u>\$ 631,130</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, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 7,297	\$ -	\$ 14,368	\$ 21,665
Total revenues	<u>-</u>	<u>7,297</u>	<u>-</u>	<u>14,368</u>	<u>21,665</u>
Expenditures					
Capital outlay					
Education	15,754,935	3,832,236	-	7,728,754	11,560,990
Debt issuance costs	145,065	141,965	-	3,100	145,065
Total expenditures	<u>15,900,000</u>	<u>3,974,201</u>	<u>-</u>	<u>7,731,854</u>	<u>11,706,055</u>
Revenues over (under) expenditures	<u>(15,900,000)</u>	<u>(3,966,904)</u>	<u>-</u>	<u>(7,717,486)</u>	<u>(11,684,390)</u>
Other financing sources (uses)					
Bond issuance proceeds	15,900,000	15,900,000	-	-	15,900,000
Total other financing sources	<u>15,900,000</u>	<u>15,900,000</u>	<u>-</u>	<u>-</u>	<u>15,900,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 11,933,096</u>	<u>\$ -</u>	<u>(7,717,486)</u>	<u>\$ 4,215,610</u>
Fund balance					
Beginning of year - July 1				<u>11,933,096</u>	
End of year - June 30				<u>\$ 4,215,610</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, 2011
(With Comparative Totals for June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ 1,500	\$ 243	\$ (1,257)	\$ 358
Burial Fees	1,500	600	(900)	2,399
Total revenues	<u>3,000</u>	<u>843</u>	<u>(2,157)</u>	<u>2,757</u>
Expenditures				
Capital outlay				
Maintenance	3,000	599	2,401	1,600
Total expenditures	<u>3,000</u>	<u>599</u>	<u>2,401</u>	<u>1,600</u>
Revenues over (under) expenditures	<u>-</u>	<u>244</u>	<u>244</u>	<u>1,157</u>
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>244</u>	<u>\$ 244</u>	<u>1,157</u>
Fund balance				
Beginning of year - July 1		42,296		41,139
End of year - June 30		<u>\$ 42,540</u>		<u>\$ 42,296</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Cumberland County Solid Waste Fund
Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 3,716,318	\$ 3,714,152	\$ (2,166)	\$ 3,290,266
Other operating revenue	11,388	11,388	-	14,235
Total operating revenues	<u>3,727,706</u>	<u>3,725,540</u>	<u>(2,166)</u>	<u>3,304,501</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	351,959	190,498	(161,461)	186,661
Gain (loss) on disposal of capital assets	-	1,499	1,499	1,221
Miscellaneous	6,987	7,462	475	6,309
Household user fee	4,513,596	4,828,515	314,919	4,779,170
Grant revenue	429,550	591,983	162,433	518,723
Total Nonoperating revenues and other financing sources	<u>5,302,092</u>	<u>5,619,957</u>	<u>317,865</u>	<u>5,492,084</u>
Appropriated fund balance	<u>2,506,695</u>	<u>-</u>	<u>(2,506,695)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 11,536,493</u>	<u>\$ 9,345,497</u>	<u>\$ (2,190,996)</u>	<u>\$ 8,796,585</u>
Operating expenditures				
Salaries and employee benefits	\$ 3,377,600	\$ 3,205,303	\$ 172,297	\$ 3,011,644
Repairs and maintenance	1,157,636	974,960	182,676	1,047,374
Utilities	134,906	137,522	(2,616)	95,286
Administrative costs	5,262,455	4,343,473	918,982	3,543,360
Landfill closure and postclosure care costs	1,053,105	677,255	375,850	780,522
Total operating expenditures	<u>10,985,702</u>	<u>9,338,513</u>	<u>1,647,189</u>	<u>8,478,186</u>
Other expenditures and financing uses				
Capital outlay	550,791	507,691	43,100	275,933
Total other expenditures and financing uses	<u>550,791</u>	<u>507,691</u>	<u>43,100</u>	<u>275,933</u>
Total expenditures and other financing uses	<u>\$ 11,536,493</u>	<u>\$ 9,846,204</u>	<u>\$ 1,690,289</u>	<u>\$ 8,754,119</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 9,345,497		
Total expenditures and other financing uses		<u>9,846,204</u>		
		(500,707)		
Capital outlay		507,691		
Depreciation		<u>(1,293,343)</u>		
Change in Fund Net Assets		<u>\$ (1,286,359)</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, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 2,375,000	\$ 2,515,822	\$ 140,822	\$ 2,467,261
Total operating revenues	<u>2,375,000</u>	<u>2,515,822</u>	<u>140,822</u>	<u>2,467,261</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	5,500	61,970	56,470	11,422
Motel occupancy tax	954,852	1,223,109	268,257	1,032,337
Miscellaneous	-	85,400	85,400	5,768
Transfers in	8,175,995	8,117,028	(58,967)	7,403,699
Total Nonoperating revenues and other financing sources	<u>9,136,347</u>	<u>9,487,507</u>	<u>351,160</u>	<u>8,453,226</u>
Appropriated fund balance	<u>3,163,117</u>	<u>-</u>	<u>(3,163,117)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 14,674,464</u>	<u>\$ 12,003,329</u>	<u>\$ (2,671,135)</u>	<u>\$ 10,920,487</u>
Operating expenditures				
Salaries and employee benefits	\$ 2,513,757	\$ 2,499,586	\$ 14,171	\$ 2,296,281
Repairs and maintenance	463,056	386,282	76,774	550,055
Utilities	833,612	917,698	(84,086)	812,427
Administrative costs	1,955,484	1,740,991	214,493	1,710,195
Total operating expenditures	<u>5,765,909</u>	<u>5,544,557</u>	<u>221,352</u>	<u>5,368,958</u>
Nonoperating expenditures				
Interest expense	<u>1,536,093</u>	<u>1,883,346</u>	<u>(347,253)</u>	<u>1,865,887</u>
Total nonoperating expenditures	<u>1,536,093</u>	<u>1,883,346</u>	<u>(347,253)</u>	<u>1,865,887</u>
Other expenditures and financing (sources) uses				
Principal payments	4,096,800	3,445,000	651,800	3,445,000
Capital outlay	3,220,469	3,125,847	94,622	529,063
Transfers out	55,193	55,193	-	55,193
Debt issuance	-	-	-	(3,118,000)
Total other expenditures and financing uses	<u>7,372,462</u>	<u>6,626,040</u>	<u>746,422</u>	<u>911,256</u>
Total expenditures and other financing uses	<u>\$ 14,674,464</u>	<u>\$ 14,053,943</u>	<u>\$ 620,521</u>	<u>\$ 8,146,101</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 12,003,329		
Total expenditures and other financing uses		<u>14,053,943</u>		
		(2,050,614)		
Capital outlay		3,125,847		
Depreciation		(1,920,547)		
Principal payments		<u>3,445,000</u>		
Change in Fund Net assets		<u>\$ 2,599,686</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, 2011

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

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Kelly Hills Water and Sewer District Fund
Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 1,400	\$ 1,951	\$ 551	\$ 1,661
Total operating revenues	<u>1,400</u>	<u>1,951</u>	<u>551</u>	<u>1,661</u>
Nonoperating revenues and other financing sources				
Capital contributions	-	-	-	-
Total Nonoperating revenues and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	10,000	-	(10,000)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 11,400</u>	<u>\$ 1,951</u>	<u>\$ (9,449)</u>	<u>\$ 1,661</u>
Operating expenditures				
Administrative costs	\$ 11,400	\$ -	\$ 11,400	\$ -
Total operating expenditures	<u>11,400</u>	<u>-</u>	<u>11,400</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 11,400</u>	<u>\$ -</u>	<u>\$ 11,400</u>	<u>\$ -</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 1,951		
Total expenditures and other financing uses		<u>-</u>		
		1,951		
Depreciation		<u>(66,855)</u>		
Change in Fund Net assets		<u>\$ (64,904)</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, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 246,367	\$ 370,612	\$ 124,245	\$ 292,366
Total operating revenues	<u>246,367</u>	<u>370,612</u>	<u>124,245</u>	<u>292,366</u>
Appropriated fund balance	100,000	-	(100,000)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 346,367</u>	<u>\$ 370,612</u>	<u>\$ 24,245</u>	<u>\$ 292,366</u>
Operating expenditures				
Repairs and maintenance	\$ 105,000	\$ 132,874	\$ (27,874)	\$ 91,536
Utilities	155,000	129,238	25,762	147,834
Administrative costs	20,000	10,470	9,530	3,875
Total operating expenditures	<u>280,000</u>	<u>272,582</u>	<u>7,418</u>	<u>243,245</u>
Interest expense	50,367	49,651	716	50,311
Proprietary nonoperating expense	16,000	-	16,000	-
Total nonoperating expenditures	<u>66,367</u>	<u>49,651</u>	<u>16,716</u>	<u>50,311</u>
Other expenditures and financing uses				
Total expenditures and other financing uses	<u>\$ 346,367</u>	<u>\$ 322,233</u>	<u>\$ 24,134</u>	<u>\$ 293,556</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 370,612		
Total expenditures and other financing uses		<u>322,233</u>		
		48,379		
Depreciation		<u>(237,867)</u>		
Change in Fund Net assets		<u>\$ (189,488)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Net Assets

Internal Service Funds

June 30, 2011

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
Assets							
Current assets							
Sales tax receivable	\$ -	\$ -	\$ 186	\$ -	\$ -	\$ -	\$ 186
Due from other governments	2,430	-	-	-	-	-	2,430
Other receivables, net	5,773	-	25,265	-	-	353,077	384,115
Total current assets	8,203	-	25,451	-	-	353,077	386,731
Noncurrent assets							
Capital assets, net of accumulated depreciation	-	-	-	2,066	-	-	2,066
Restricted:							
Cash and cash equivalents	2,983,041	171,432	1,990,568	697,517	319,669	1,117,273	7,279,500
Investments	500,082	-	499,505	-	-	-	999,587
Total noncurrent assets	3,483,123	171,432	2,490,073	699,583	319,669	1,117,273	8,281,153
Total assets	3,491,326	171,432	2,515,524	699,583	319,669	1,470,350	8,667,884
Liabilities and net assets							
Current liabilities							
Accounts and vouchers payable	5,740	-	-	-	4,181	-	9,921
Accrued payroll	-	-	10,990	-	-	-	10,990
Incurred but not reported	635,000	-	306,547	-	-	195,000	1,136,547
Current portion of long-term debt and accrued va	-	-	21,160	-	-	-	21,160
Total current liabilities	640,740	-	338,697	-	4,181	195,000	1,178,618
Noncurrent liabilities							
Accrued vacation	-	-	1,114	-	-	-	1,114
Other postemployment benefits liability	-	-	99,976	-	-	-	99,976
Total noncurrent liabilities	-	-	101,090	-	-	-	101,090
Total liabilities	640,740	-	439,787	-	4,181	195,000	1,279,708
Net assets							
Invested in capital assets, net of related debt	-	-	-	2,066	-	-	2,066
Restricted net assets - claims	3,483,123	171,432	2,490,073	697,517	319,689	1,117,273	8,279,107
Unrestricted	(632,537)	-	(414,336)	-	(4,201)	158,077	(892,997)
Total net assets	\$ 2,850,586	\$ 171,432	\$ 2,075,737	\$ 699,583	\$ 315,488	\$ 1,275,350	\$ 7,388,176

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2011

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
Operating revenues							
Contributions	\$ 11,400,457	\$ 435,409	\$ 1,336,719	\$ -	\$ 279,500	\$ 4,397,503	\$ 17,849,588
Total operating revenues	<u>11,400,457</u>	<u>435,409</u>	<u>1,336,719</u>	<u>-</u>	<u>279,500</u>	<u>4,397,503</u>	<u>17,849,588</u>
Operating expenses							
Salaries and employee benefits	11,374,093	424,321	1,447,110	-	-	3,487,536	16,733,060
Administrative costs	34,909	(749)	7,100	136,166	335,796	-	513,222
Depreciation	-	-	-	955	-	-	955
Total operating expenses	<u>11,409,002</u>	<u>423,572</u>	<u>1,454,210</u>	<u>137,121</u>	<u>335,796</u>	<u>3,487,536</u>	<u>17,247,237</u>
Operating income (loss)	<u>(8,545)</u>	<u>11,837</u>	<u>(117,491)</u>	<u>(137,121)</u>	<u>(56,296)</u>	<u>909,967</u>	<u>602,351</u>
Nonoperating revenue (expense)							
Interest earned on investments	3,470	19	5,628	756	-	898	10,771
Total nonoperating revenue (expense)	<u>3,470</u>	<u>19</u>	<u>5,628</u>	<u>756</u>	<u>-</u>	<u>898</u>	<u>10,771</u>
Income (loss) before transfers	<u>(5,075)</u>	<u>11,856</u>	<u>(111,863)</u>	<u>(136,365)</u>	<u>(56,296)</u>	<u>910,865</u>	<u>613,122</u>
Transfers in	-	-	-	210,000	-	-	210,000
Change in net assets	<u>(5,075)</u>	<u>11,856</u>	<u>(111,863)</u>	<u>73,635</u>	<u>(56,296)</u>	<u>910,865</u>	<u>823,122</u>
Total net assets - beginning	<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>
Total net assets - ending	<u>\$ 2,850,586</u>	<u>\$ 171,432</u>	<u>\$ 2,075,737</u>	<u>\$ 699,583</u>	<u>\$ 315,488</u>	<u>\$ 1,275,350</u>	<u>\$ 7,388,176</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2011

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total Internal Service Funds
Operating activities							
Contributions	\$ 11,400,457	\$ 435,409	\$ 1,336,495	\$ -	\$ 279,500	\$ 4,044,426	\$ 17,496,287
Cash paid to employees	-	-	(43)	-	-	-	(43)
Cash paid for goods and services	-	-	-	(136,848)	(331,713)	-	(468,561)
Cash received for goods and services	(35,297)	749	19,186	-	-	-	(15,362)
Cash paid for claims	(11,741,653)	(424,321)	(1,552,032)	-	-	(3,650,536)	(17,368,542)
Net cash provided by (used in) operating activities	<u>(376,493)</u>	<u>11,837</u>	<u>(196,394)</u>	<u>(136,848)</u>	<u>(52,213)</u>	<u>393,890</u>	<u>(356,221)</u>
Noncapital financing activities							
Transfers in	-	-	-	210,000	-	-	210,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>210,000</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investing activities							
Purchase of investments	(499,940)	-	(499,469)	-	-	-	(999,409)
Investment earnings	3,470	19	5,628	756	-	898	10,771
Net cash provided (used) in investing activities	<u>(496,470)</u>	<u>19</u>	<u>(493,841)</u>	<u>756</u>	<u>-</u>	<u>898</u>	<u>(988,638)</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>(872,963)</u>	<u>11,856</u>	<u>(690,235)</u>	<u>73,908</u>	<u>(52,213)</u>	<u>394,788</u>	<u>(1,134,859)</u>
Cash and cash equivalents/investments							
Beginning of year	<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>
End of year	<u>\$ 2,983,041</u>	<u>\$ 171,432</u>	<u>\$ 1,990,568</u>	<u>\$ 697,517</u>	<u>\$ 319,669</u>	<u>\$ 1,117,273</u>	<u>\$ 7,279,500</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (8,545)	\$ 11,837	\$ (117,491)	\$ (137,121)	\$ (56,296)	909,967	\$ 602,351
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	-	955	-	-	955
(Increase) decrease in other receivables	30	-	(224)	158	-	(353,077)	(353,113)
(Increase) decrease in inventories	(418)	-	-	-	-	-	(418)
Increase (decrease) in accounts payable and accrued liabilities	(367,560)	-	(79,752)	(840)	4,083	(163,000)	(607,069)
Increase (decrease) in compensated absences payable	-	-	(43)	-	-	-	(43)
Increase (decrease) in contract retainage	-	-	1,116	-	-	-	1,116
Total adjustments	<u>(367,948)</u>	<u>-</u>	<u>(78,903)</u>	<u>273</u>	<u>4,083</u>	<u>(516,077)</u>	<u>(958,572)</u>
Net cash provided by (used in) operating activities	<u>\$ (376,493)</u>	<u>\$ 11,837</u>	<u>\$ (196,394)</u>	<u>\$ (136,848)</u>	<u>\$ (52,213)</u>	<u>\$ 393,890</u>	<u>\$ (356,221)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 11,555,612	\$ 11,400,457	\$ (155,155)	\$ 11,285,870
Non-operating revenues				
Interest earned on investments	7,000	3,470	(3,530)	5,830
Appropriated fund balance	500,000	-	(500,000)	-
Total revenues and other financing sources	<u>\$ 12,062,612</u>	<u>\$ 11,403,927</u>	<u>\$ (658,685)</u>	<u>\$ 11,291,700</u>
Operating expenditures				
Administrative costs	\$ 105,000	\$ 34,909	\$ 70,091	\$ 64,189
Salaries and employee benefits	11,957,612	11,374,093	583,519	12,196,685
	<u>12,062,612</u>	<u>11,409,002</u>	<u>653,610</u>	<u>12,260,874</u>
Other financing uses				
Transfers out	-	-	-	-
Total expenditures and other financing uses	<u>\$ 12,062,612</u>	<u>\$ 11,409,002</u>	<u>\$ 653,610</u>	<u>\$ 12,260,874</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 11,403,927		
Total expenditures		<u>11,409,002</u>		
Subtotal		<u>(5,075)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ (5,075)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 500,000	\$ 435,409	\$ (64,591)	\$ 404,892
Non-operating revenues				
Interest earned on investments	-	19	19	18
Appropriated fund balance	-	-	-	-
Total revenues	<u>\$ 500,000</u>	<u>\$ 435,428</u>	<u>\$ (64,572)</u>	<u>\$ 404,910</u>
Operating expenditures				
Administrative costs	\$ -	\$ (749)	\$ 749	\$ (951)
Salaries and employee benefits	500,000	424,321	75,679	409,795
Total expenditures	<u>\$ 500,000</u>	<u>\$ 423,572</u>	<u>\$ 76,428</u>	<u>\$ 408,844</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 435,428		
Total expenditures		<u>423,572</u>		
Subtotal		<u>11,856</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 11,856</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 1,325,124	\$ 1,336,719	\$ 11,595	\$ 1,302,456
Non-operating revenues				
Interest earned on investments	4,000	5,628	1,628	5,421
Appropriated fund balance	400,000	-	(400,000)	-
Total revenues	<u>\$ 1,729,124</u>	<u>\$ 1,342,347</u>	<u>\$ (386,777)</u>	<u>\$ 1,307,877</u>
Operating expenditures				
Administrative costs	\$ 10,085	\$ 7,100	\$ 2,985	\$ 5,638
Salaries and employee benefits	1,719,039	1,447,110	271,929	1,381,883
Total expenditures	<u>1,729,124</u>	<u>1,454,210</u>	<u>274,914</u>	<u>1,387,521</u>
Other financing sources				
Transfers in	-	-	-	-
Total expenditures and other financing uses	<u>\$ 1,729,124</u>	<u>\$ 1,454,210</u>	<u>\$ 274,914</u>	<u>\$ 1,387,521</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 1,342,347		
Total expenditures		<u>1,454,210</u>		
Subtotal		<u>(111,863)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ (111,863)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	8,905	756	(8,149)	916
Other financing sources				
Transfers in	210,000	210,000	-	210,000
Appropriated fund balance	-	-	-	-
Total revenues and other financing sources	<u>\$ 218,905</u>	<u>\$ 210,756</u>	<u>\$ (8,149)</u>	<u>\$ 210,916</u>
Operating expenditures				
Administrative costs	<u>\$ 218,905</u>	<u>\$ 136,166</u>	<u>\$ 82,739</u>	<u>\$ 97,853</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 210,756		
Total expenditures		<u>136,166</u>		
Subtotal		74,590		
Depreciation		<u>(955)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 73,635</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 500,000	\$ 279,500	\$ (220,500)	\$ 278,057
Operating expenditures				
Administrative costs	\$ 500,000	\$ 335,796	\$ 164,204	\$ 329,221
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 279,500		
Total expenditures		335,796		
Subtotal		(56,296)		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		\$ (56,296)		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 4,383,753	\$ 4,397,503	\$ 13,750	\$ 4,015,582
Non-operating revenues				
Interest earned on investments	2,000	898	(1,102)	2,020
Other financing sources				
Transfers in	-	-	-	-
Appropriated fund balance	250,000	-	(250,000)	-
Total revenues and other financing sources	<u>\$ 4,635,753</u>	<u>\$ 4,398,401</u>	<u>\$ (237,352)</u>	<u>\$ 4,017,602</u>
Operating expenditures				
Salaries and employee benefits	\$ 4,635,753	\$ 3,487,536	\$ 1,148,217	\$ 4,464,928
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 4,398,401		
Total expenditures		<u>3,487,536</u>		
Subtotal		<u>910,865</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 910,865</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Vehicle Interest Fund	Totals
Assets							
Taxes receivable	\$ 4,635,436	\$ -	\$ -	\$ -	\$ 20,828	\$ -	\$ 4,656,264
Due from other governments	19,155	-	-	-	-	-	19,155
Restricted cash and cash equivalents	119,852	373,756	56,853	122,421	74,059	21,007	767,948
Total assets	\$ 4,774,443	\$ 373,756	\$ 56,853	\$ 122,421	\$ 94,887	\$ 21,007	\$ 5,443,367
Liabilities							
Accounts and vouchers payable	\$ 4,770,782	\$ 373,756	\$ 56,853	\$ 122,421	\$ 94,887	\$ -	\$ 5,418,699
Due to other governments	3,661	-	-	-	-	21,007	24,668
Total liabilities	\$ 4,774,443	\$ 373,756	\$ 56,853	\$ 122,421	\$ 94,887	\$ 21,007	\$ 5,443,367

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2011

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
<u>City Tax Fund</u>				
Assets				
Taxes receivable	\$ 4,548,615	\$ 77,897,314	\$ 77,810,493	\$ 4,635,436
Due from other governments	19,966	19,154	19,965	19,155
Restricted cash and cash equivalents	112,371	77,286,812	77,279,331	119,852
Total assets	\$ 4,680,952	\$ 155,203,280	\$ 155,109,789	\$ 4,774,443
Liabilities				
Accounts and vouchers payable	\$ 4,678,456	\$ 155,199,620	\$ 155,107,294	\$ 4,770,782
Due to other governments	2,496	3,660	2,495	3,661
Total liabilities	\$ 4,680,952	\$ 155,203,280	\$ 155,109,789	\$ 4,774,443
<u>Payee Account Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 372,481	\$ 1,238,000	\$ 1,236,725	\$ 373,756
Total assets	\$ 372,481	\$ 1,238,000	\$ 1,236,725	\$ 373,756
Liabilities				
Accounts and vouchers payable	\$ 372,481	\$ 1,238,000	\$ 1,236,725	\$ 373,756
Total liabilities	\$ 372,481	\$ 1,238,000	\$ 1,236,725	\$ 373,756
<u>Inmate Payee Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 45,662	\$ 916,913	\$ 905,722	\$ 56,853
Total assets	\$ 45,662	\$ 916,913	\$ 905,722	\$ 56,853
Liabilities				
Accounts and vouchers payable	\$ 45,662	\$ 916,913	\$ 905,722	\$ 56,853
Total liabilities	\$ 45,662	\$ 916,913	\$ 905,722	\$ 56,853
<u>Intergovernmental Custodial Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 129,371	\$ 1,332,829	\$ 1,339,779	\$ 122,421
Total assets	\$ 129,371	\$ 1,332,829	\$ 1,339,779	\$ 122,421
Liabilities				
Accounts and vouchers payable	\$ 129,371	\$ 1,332,829	\$ 1,339,779	\$ 122,421
Total liabilities	\$ 129,371	\$ 1,332,829	\$ 1,339,779	\$ 122,421
<u>Stormwater Utility Fund</u>				
Assets				
Taxes receivable	\$ 36,981	\$ 1,727,257	\$ 1,743,410	\$ 20,828
Restricted cash and cash equivalents	74,849	1,751,225	1,752,015	74,059
Total assets	\$ 111,830	\$ 3,478,482	\$ 3,495,425	\$ 94,887
Liabilities				
Accounts and vouchers payable	\$ 111,830	\$ 3,478,482	\$ 3,495,425	\$ 94,887
Total liabilities	\$ 111,830	\$ 3,478,482	\$ 3,495,425	\$ 94,887
<u>Vehicle Interest Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 21,143	\$ 293,122	\$ 293,258	\$ 21,007
Total assets	\$ 21,143	\$ 293,122	\$ 293,258	\$ 21,007
Liabilities				
Due to other governments	\$ 21,143	\$ 293,122	\$ 293,258	\$ 21,007
Total liabilities	\$ 21,143	\$ 293,122	\$ 293,258	\$ 21,007
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Taxes receivable	\$ 4,585,596	\$ 79,624,571	\$ 79,553,903	\$ 4,656,264
Due from other governments	19,966	19,154	19,965	19,155
Restricted cash and cash equivalents	755,877	82,818,901	82,806,830	767,948
Total assets	\$ 5,361,439	\$ 162,462,626	\$ 162,380,698	\$ 5,443,367
Liabilities				
Accounts and vouchers payable	\$ 5,337,800	\$ 162,165,844	\$ 162,084,945	\$ 5,418,699
Due to other governments	23,639	296,782	295,753	24,668
Total liabilities	\$ 5,361,439	\$ 162,462,626	\$ 162,380,698	\$ 5,443,367

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Fiduciary Assets and Liabilities
Agency Fund - City Tax Fund
June 30, 2011

	Fayetteville Tax Fund	Downtown Revitalization Tax Fund	Falcon Tax Fund	Godwin Tax Fund	Hope Mills Tax Fund	Linden Tax Fund	Spring Lake Tax Fund	Stedman Tax Fund	Wade Tax Fund	Eastover Tax Fund	Totals
Assets											
Taxes receivable	\$ 4,093,624	\$ 3,829	\$ 1,139	\$ 1,425	\$ 219,885	\$ 1,929	\$ 275,221	\$ 15,392	\$ 4,663	\$ 18,329	\$ 4,635,436
Due from other governments	19,155	-	-	-	-	-	-	-	-	-	19,155
Restricted cash and cash equivalents	82,492	-	254	186	13,463	461	9,250	4,910	866	7,970	119,852
Total assets	\$ 4,195,271	\$ 3,829	\$ 1,393	\$ 1,611	\$ 233,348	\$ 2,390	\$ 284,471	\$ 20,302	\$ 5,529	\$ 26,299	\$ 4,774,443
Liabilities											
Accounts and vouchers payable	\$ 4,195,271	\$ 731	\$ 1,389	\$ 1,608	\$ 233,146	\$ 2,383	\$ 284,331	\$ 20,228	\$ 5,516	\$ 26,179	\$ 4,770,782
Due to other governments	-	3,098	4	3	202	7	140	74	13	120	3,661
Total liabilities	\$ 4,195,271	\$ 3,829	\$ 1,393	\$ 1,611	\$ 233,348	\$ 2,390	\$ 284,471	\$ 20,302	\$ 5,529	\$ 26,299	\$ 4,774,443

**DISCRETELY PRESENTED COMPONENT UNIT
EASTOVER SANITARY DISTRICT**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit Eastover Sanitary District Statement of Net Assets June 30, 2011

Assets	
Current assets	
Cash and cash equivalents	\$ 412,296
Sales tax receivable	80,403
Due from other governments	620,223
Cash and cash equivalents - restricted	131,769
Total current assets	<u>1,244,691</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>17,239,431</u>
Total noncurrent assets	<u>17,239,431</u>
Total assets	<u><u>18,484,122</u></u>
Liabilities and net assets	
Current liabilities	
Accounts and vouchers payable	392,995
Accrued interest payable	201,198
Other payables	42,450
Current portion of long-term debt and accrued vacation	70,264
Total current liabilities	<u>706,907</u>
Noncurrent liabilities	
Long-term debt	<u>9,906,696</u>
Total noncurrent liabilities	<u>9,906,696</u>
Total liabilities	<u><u>10,613,603</u></u>
Net assets	
Invested in capital assets, net of related debt	7,262,471
Restricted net assets - debt service	131,769
Unrestricted	476,279
Total net assets	<u><u>\$ 7,870,519</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, 2011

Operating revenues	
Charges for services	\$ 377,456
Total operating revenues	<u>377,456</u>
Operating expenses	
Salaries and employee benefits	5,167
Repairs and maintenance	4,400
Administrative costs	2,446
Depreciation	287,355
Miscellaneous	10,237
Total operating expenses	<u>309,605</u>
Operating income (loss)	<u>67,851</u>
Nonoperating revenue (expense)	
Interest earned on investments	657
Grant revenue	998,183
Interest expense	(174,812)
Total nonoperating revenue (expense)	<u>824,028</u>
Change in net assets	891,879
Total net assets - beginning	<u>6,978,640</u>
Total net assets - ending	<u>\$ 7,870,519</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Eastover Sanitary District
Statement of Cash Flows
Year Ended June 30, 2011

Operating activities	
Cash received from customers	\$ 377,456
Cash paid to employees	(5,167)
Cash paid for goods and services	<u>(323,826)</u>
Net cash provided by (used in) operating activities	<u>48,463</u>
Capital and related financing activities	
Acquisition and construction of capital assets	(4,910,162)
Proceeds from grant	998,183
Principal paid on long-term debt	(79,292)
Interest paid on debt	<u>(28,447)</u>
Net cash provided (used) by capital and related financing activities	<u>(4,019,718)</u>
Investing activities	
Investment earnings	<u>657</u>
Net cash provided (used) in investing activities	<u>657</u>
Net increase in cash and cash equivalents	<u>(3,970,598)</u>
Cash and cash equivalents	
Beginning of year	<u>4,514,663</u>
End of year	<u>\$ 544,065</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 67,851
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	287,355
Change in assets and liabilities	
(Increase) decrease in accounts receivable	61,953
(Increase) decrease in inventories	(533,686)
Increase (decrease) in accounts payable and accrued liabilities	<u>164,990</u>
Total adjustments	<u>(19,388)</u>
Net cash provided by (used in) operating activities	<u>\$ 48,463</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Eastover Sanitary District
Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		
Operating revenues				
Charges for services	\$ 477,375	\$ 377,456	\$ (99,919)	\$ 436,791
Total operating revenues	<u>477,375</u>	<u>377,456</u>	<u>(99,919)</u>	<u>436,791</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	400	657	257	465
Miscellaneous	-	-	-	10,859
Grant revenue	1,797,700	998,183	(799,517)	-
Debt proceeds	6,177,000	-	(6,177,000)	-
Transfers in	100,000	-	(100,000)	-
Capital contributions	-	-	-	34,968
Total Nonoperating revenues and other financing sources	<u>8,075,100</u>	<u>998,840</u>	<u>(7,076,260)</u>	<u>46,292</u>
Appropriated fund balance	141,000	-	(141,000)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 8,693,475</u>	<u>\$ 1,376,296</u>	<u>\$ (7,317,179)</u>	<u>\$ 483,083</u>
Operating expenditures				
Salaries and employee benefits	\$ 5,168	\$ 5,167	\$ 1	\$ 5,167
Repairs and maintenance	8,200	4,400	3,800	-
Utilities	-	-	-	601
Administrative costs	32,093	2,446	29,647	-
Miscellaneous	182,992	10,237	172,755	55,883
Total operating expenditures	<u>228,453</u>	<u>22,250</u>	<u>206,203</u>	<u>61,651</u>
Nonoperating expenditures				
Debt Service	175,447	174,812	635	188,746
Proprietary nonoperating expense	55,000	-	55,000	-
Total nonoperating expenditures	<u>230,447</u>	<u>174,812</u>	<u>55,635</u>	<u>188,746</u>
Other expenditures and financing uses				
Capital outlay	8,234,575	4,910,162	3,324,413	796,474
Total other expenditures and financing uses	<u>8,234,575</u>	<u>4,910,162</u>	<u>3,324,413</u>	<u>796,474</u>
Total expenditures and other financing uses	<u>\$ 8,693,475</u>	<u>\$ 5,107,224</u>	<u>\$ 3,586,251</u>	<u>\$ 1,046,871</u>
Reconciliation of modified accrual basis to full				
Total revenues and other financing sources		\$ 1,376,296		
Total expenditures and other financing uses		<u>5,107,224</u>		
		(3,730,928)		
Capital outlay		4,910,162		
Depreciation		<u>(287,355)</u>		
Income (loss) per Statement of Revenue, Expenses and Changes in Fund Net Assets		<u>\$ 891,879</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, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental revenue	\$ -	\$ 650,000	\$ 650,000	\$ -	\$ -
Sales and services	-	223,862	223,862	-	-
Miscellaneous	-	73,953	73,953	-	-
Total revenues	<u>-</u>	<u>947,815</u>	<u>947,815</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
Water and sewer	50,000	4,826,233	4,826,233	32,074	32,074
Total expenditures	<u>50,000</u>	<u>4,826,233</u>	<u>4,826,233</u>	<u>32,074</u>	<u>32,074</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>(3,878,418)</u>	<u>(3,878,418)</u>	<u>(32,074)</u>	<u>(32,074)</u>
Other financing sources (uses)					
Capital contributions (USDA & NCCWMTF)	-	3,928,022	3,928,022	-	-
Transfers in	50,000	-	-	50,000	50,000
Payment to administrative fund	-	(299,604)	(299,604)	-	-
Total other financing sources	<u>50,000</u>	<u>3,628,418</u>	<u>3,628,418</u>	<u>50,000</u>	<u>50,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	17,926	<u>\$ 17,926</u>
Fund balance					
Beginning of year - July 1				<u>(250,000)</u>	
End of year - June 30				<u>\$ (232,074)</u>	
Reconciliation of modified accrual basis to full accrual basis					
Total revenues and other financing sources				\$ 50,000	
Total expenditures and other financing uses				<u>32,074</u>	
				17,926	
Loan proceeds				<u>250,000</u>	
Income (loss) per Statement of Revenue, Expenses and Changes in Fund Net Assets				<u>\$ 267,926</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, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Sales and services	\$ 1,917,575	\$ 77,800	\$ -	\$ 998,183	\$ 1,075,983
Total revenues	<u>1,917,575</u>	<u>77,800</u>	<u>-</u>	<u>998,183</u>	<u>1,075,983</u>
Expenditures					
Capital outlay					
Water	8,194,575	2,443,136	-	4,757,928	7,201,064
Total expenditures	<u>8,194,575</u>	<u>2,443,136</u>	<u>-</u>	<u>4,757,928</u>	<u>7,201,064</u>
Revenues over (under) expenditures	<u>(6,277,000)</u>	<u>(2,365,336)</u>	<u>-</u>	<u>(3,759,745)</u>	<u>(6,125,081)</u>
Other financing sources (uses)					
Bond anticipation note	6,177,000	6,177,000	-	-	6,177,000
Transfers in	100,000	100,000	-	-	100,000
Total other financing sources	<u>6,277,000</u>	<u>6,277,000</u>	<u>-</u>	<u>-</u>	<u>6,277,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 3,911,664</u>	<u>\$ -</u>	<u>(3,759,745)</u>	<u>\$ 151,919</u>
Fund balance					
Beginning of year - July 1				<u>3,911,664</u>	
End of year - June 30				<u>\$ 151,919</u>	

**DISCRETELY PRESENTED COMPONENT UNIT
TOURISM DEVELOPMENT AUTHORITY**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Net Assets
June 30, 2011

Assets	
Current assets	
Cash and cash equivalents	\$ 1,275,836
Total current assets	<u>1,275,836</u>
Total assets	<u>1,275,836</u>
Liabilities and net assets	
Current liabilities	
Accounts and vouchers payable	<u>543,563</u>
Total current liabilities	<u>543,563</u>
Total liabilities	<u>543,563</u>
Net assets	
Unrestricted	<u>732,273</u>
Total net assets	<u>\$ 732,273</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, 2011**

Operating revenues	
Occupancy taxes	\$ 5,043,747
Total operating revenues	<u>5,043,747</u>
Operating expenses	
Cultural and recreational	<u>5,036,134</u>
Total operating expenses	<u>5,036,134</u>
Operating income (loss)	<u>7,613</u>
Nonoperating revenue (expense)	<u>-</u>
Change in net assets	7,613
Total net assets - beginning	724,660
Total net assets - ending	<u><u>\$ 732,273</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Discretely Presented Component Unit
Tourism Development Authority
Statement of Cash Flows
Year Ended June 30, 2011**

Operating activities	
Cash received from operations	\$ 5,043,747
Cash paid for goods and services	<u>(4,950,211)</u>
Net cash provided by (used in) operating activities	<u>93,536</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>
Net cash provided (used) in investing activities	<u>-</u>
Net increase in cash and cash equivalents	<u>93,536</u>
Cash and cash equivalents	
Beginning of year	<u>1,182,300</u>
End of year	<u><u>\$ 1,275,836</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 7,613
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	<u>85,923</u>
Total adjustments	<u>85,923</u>
Net cash provided by (used in) operating activities	<u><u>\$ 93,536</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 Tourism Development Authority
 Year Ended June 30, 2011
 (With Comparative Totals for June 30, 2010)**

	2011			2010
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 4,981,746	\$ 5,043,747	\$ 62,001	\$ 4,257,058
Total operating revenues	4,981,746	5,043,747	62,001	4,257,058
Nonoperating revenues and other financing sources				
Miscellaneous	-	-	-	-
Total Nonoperating revenues and other financing sources	-	-	-	-
Appropriated fund balance	62,000	-	(62,000)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 5,043,746</u>	<u>\$ 5,043,747</u>	<u>\$ 1</u>	<u>\$ 4,257,058</u>
Operating expenditures				
Cultural and recreational	\$ 5,043,746	\$ 5,036,134	\$ 7,612	\$ 4,125,202
Total operating expenditures	5,043,746	5,036,134	7,612	4,125,202
Nonoperating expenditures				
Total nonoperating expenditures	-	-	-	-
Other expenditures and financing uses				
Total other expenditures and financing uses	-	-	-	-
Total expenditures and other financing uses	<u>\$ 5,043,746</u>	<u>\$ 5,036,134</u>	<u>\$ 7,612</u>	<u>\$ 4,125,202</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 5,043,747		
Total expenditures and other financing uses		5,036,134		
		<u>7,613</u>		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets		<u>\$ 7,613</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Current Tax Levy
Year Ended June 30, 2011

	County-wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
County-wide	\$ 21,092,702,100	0.00740	\$ 156,085,996		
Late listing penalties		0.10000	<u>106,942</u>	\$ 141,021,247	\$ 15,171,691
Discoveries					
County-wide	155,697,595	0.00740	1,152,162		
Late listing penalties		0.10000	<u>224,807</u>	1,346,994	29,975
Abatements					
County wide	(246,215,172)	0.00740	(1,821,992)		
Late listing penalties		0.10000	<u>(76,646)</u>	<u>(437,626)</u>	<u>(1,461,012)</u>
	<u>\$ 21,002,184,523</u>				
Adjusted tax levy				141,930,615	13,740,654
Uncollected taxes at June 30, 2011				<u>(1,531,033)</u>	<u>(2,432,934)</u>
Current year's taxes collected				<u>\$ 140,399,582</u>	<u>\$ 11,307,720</u>
Percent of current year's taxes collected				<u>97.45%</u>	<u>82.29%</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Ad Valorem Taxes Receivable
June 30, 2011**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2010</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2011</u>
2010-2011	\$ -	\$ 155,671,269	\$ 151,707,302	\$ 3,963,967
Prior years	10,136,797	-	3,584,110	6,552,687
	<u>\$ 10,136,797</u>	<u>\$ 155,671,269</u>	<u>\$ 155,291,412</u>	10,516,654
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,432,228)</u>
				<u>\$ 3,084,426</u>

RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES

Collections and credits per above	\$ 155,291,412
Interest	924,883
Processing fees	242,564
Other	(538,220)
Releases from prior years	<u>(320,338)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 155,600,301</u>

STATISTICAL SECTION
(Unaudited)

The schedules in this section provide additional information concerning the County's financial performance and position over time. The information provided is limited to the primary government (the County and its blended component units) and therefore does not include information for discrete component units. 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 Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 145,718,565
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	91,003,476
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)	(136,915,906)
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>	<u>\$ 99,806,135</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	\$ 36,170,451
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	8,927,040
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	26,268,296
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>	<u>\$ 71,365,787</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	\$ 181,889,016
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	99,930,516
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)	(110,647,610)
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>	<u>\$ 171,171,922</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities										
General government	\$ 14,511,956	\$ 17,978,478	\$ 17,855,161	\$ 20,761,217	\$ 20,483,697	\$ 19,112,649	\$ 23,237,459	\$ 27,423,609	\$ 23,337,278	\$ 26,113,873
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	57,268,195
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	16,199,629
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	115,603,566
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	16,019,975
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	93,248,232
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	8,080,259
Total governmental activities expenses	\$ 267,523,346	\$ 261,920,278	\$ 266,236,178	\$ 288,653,124	\$ 288,653,299	\$ 297,581,520	\$ 326,052,605	\$ 334,495,658	\$ 334,993,707	\$ 332,533,729
Business type activities										
Crown Center	\$ 8,671,608	\$ 8,922,890	\$ 9,346,520	\$ 11,172,781	\$ 9,550,376	\$ 9,816,360	\$ 10,374,820	\$ 10,062,189	\$ 9,166,951	\$ 9,348,450
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	10,631,856
Arena ventures	-	166,670	-	-	-	-	-	-	-	-
NORCRESS water and sewer district	-	-	-	-	206,966	437,476	475,019	469,528	531,425	560,100
Kelly Hills water and sewer district	-	-	-	-	-	-	602	66,862	66,845	66,855
Total business-type activities	\$ 13,716,156	\$ 13,584,639	\$ 13,735,982	\$ 16,296,537	\$ 15,477,576	\$ 17,178,790	\$ 19,627,552	\$ 18,687,344	\$ 19,033,599	\$ 20,607,261
Total primary government expenses	\$ 281,239,502	\$ 275,504,917	\$ 279,972,160	\$ 304,949,661	\$ 304,130,875	\$ 314,760,310	\$ 345,680,157	\$ 353,183,002	\$ 354,027,306	\$ 353,140,990
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 2,618,449	\$ 3,684,933	\$ 3,856,357	\$ 3,839,955	\$ 3,082,335	\$ 3,344,191	\$ 3,053,211	\$ 2,746,345	\$ 2,858,960	\$ 2,832,221
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	3,310,454
Economic & physical development	325,529	958,151	933,363	1,205,185	923,979	1,000,137	918,059	907,184	969,652	1,660,379
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	10,466,993
Cultural & recreational	616,202	609,054	597,101	316,072	323,425	314,225	262,982	316,123	364,878	347,121
Operating grants and contributions										
General government	791,001	1,218,686	577,627	534,074	1,248,637	672,243	722,308	766,005	752,384	1,362,164
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	1,251,625
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	7,901,581
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	67,653,598
Cultural & recreational	834,503	964,885	802,585	1,117,610	964,879	980,287	1,038,876	1,148,277	886,957	859,040
Capital grants and contributions										
General government	2,000,000	171,976	2,000,000	2,400,000	3,141,493	6,898,894	11,123,266	3,397,118	6,046,938	7,566,686
Public safety	386,534	811,942	1,209,212	543,995	739,188	606,687	1,545,270	752,035	746,372	228,701
Economic & physical development	1,354,400	260,569	327,215	266,840	267,545	598,137	973,716	1,349,603	1,336,432	1,153,621
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	\$ 98,180,085	\$ 83,468,514	\$ 89,163,662	\$ 95,094,016	\$ 97,074,641	\$ 92,931,741	\$ 99,713,827	\$ 93,278,759	\$ 103,503,403	\$ 106,594,184

COUNTY OF CUMBERLAND, NORTH CAROLINA

Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:										
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	\$ 2,515,822
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	3,725,540
Arena ventures	-	100,002	-	-	-	-	-	-	-	-
NORCRESS water and sewer district	-	-	14,208	10,224	77,730	327,926	231,570	250,755	294,027	370,612
Kelly Hills water and sewer district	-	39,200	-	-	238	1,054	-	-	-	1,951
Operating grants and contributions										
Solid Waste	67,001	-	-	-	21,180	-	-	10,472	518,723	591,983
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	\$ 4,305,874	\$ 5,335,699	\$ 4,886,161	\$ 12,817,953	\$ 7,740,223	\$ 7,009,993	\$ 6,956,477	\$ 6,568,286	\$ 6,584,512	\$ 7,205,908
Total primary government program revenues	\$ 102,485,959	\$ 88,804,213	\$ 94,049,823	\$ 107,911,969	\$ 104,814,864	\$ 99,941,734	\$ 106,670,304	\$ 99,847,045	\$ 110,087,915	\$ 113,800,092
Net (expense)/revenue										
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)	\$ (225,939,545)
Business-type activities	(9,410,282)	(8,248,940)	(8,849,821)	(3,478,584)	(7,737,353)	(10,168,797)	(12,671,075)	(12,449,087)	(12,401,353)	(13,401,353)
Total primary government net expense	\$ (178,753,543)	\$ (186,700,704)	\$ (185,922,337)	\$ (197,037,692)	\$ (199,316,011)	\$ (214,818,576)	\$ (239,009,853)	\$ (253,335,957)	\$ (243,939,391)	\$ (239,340,898)
General Revenues and Other Changes in Net Assets										
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	\$ 167,672,376
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	50,238,808
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	10,313,488
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	307,459
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	5,772,310
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)	(8,061,835)
Total governmental activities	\$ 174,351,462	\$ 179,510,077	\$ 182,115,248	\$ 200,309,996	\$ 215,028,493	\$ 221,448,730	\$ 229,968,968	\$ 231,266,796	\$ 229,178,590	\$ 226,242,606
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	\$ 6,051,624
Investment earnings	553,833	326,113	285,346	566,852	1,239,835	1,953,383	2,045,131	1,336,681	190,657	193,799
Miscellaneous	90,113	17,089	(16,777)	835,559	170,844	6,344	28,779	290,162	19,503	153,030
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	8,061,835
Total business-type activities	\$ 13,250,413	\$ 11,605,204	\$ 11,851,683	\$ 16,646,307	\$ 14,616,891	\$ 14,892,293	\$ 15,241,294	\$ 14,731,599	\$ 13,370,173	\$ 14,460,288
Total primary government	\$ 187,601,875	\$ 191,115,281	\$ 193,966,931	\$ 216,956,303	\$ 229,645,384	\$ 236,341,023	\$ 245,210,262	\$ 245,998,395	\$ 242,548,763	\$ 240,702,894
Change in Net Assets										
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)	\$ 303,061
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	1,058,935
Total primary government	\$ 8,848,332	\$ 4,414,577	\$ 8,044,594	\$ 19,918,611	\$ 30,329,373	\$ 21,522,447	\$ 6,200,409	\$ (7,337,562)	\$ (1,390,628)	\$ 1,361,996

COUNTY OF CUMBERLAND, NORTH CAROLINA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable:										
Inventories	\$ 184,238	\$ 202,808	\$ 204,886	\$ 265,955	\$ 246,003	\$ 250,613	\$ 230,328	\$ 194,096	\$ 156,802	\$ 179,164
Restricted:										
Mental Health programs	458,591	60,230	60,230	-	-	-	-	-	-	14,331,047
Stabilization by state statute	12,846,123	10,510,452	24,383,160	26,336,940	32,038,222	30,324,444	30,294,819	29,184,653	27,238,569	30,902,011
Register of Deeds	130,055	111,146	140,680	137,081	233,127	254,065	463,139	461,343	498,743	498,743
County Schools	-	-	-	-	-	-	-	-	-	5,796,008
Committed:										
Property revaluation	-	-	-	-	-	-	-	-	-	416,927
Hope VI project	-	-	-	-	-	3,120,000	3,375,000	3,375,000	3,375,000	-
Assigned										
Subsequent year's expenditures	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	12,245,321
Property revaluation	-	-	-	-	150,000	150,000	175,000	-	-	-
Tax office software	-	-	-	-	1,161,950	655,072	1,000,000	1,175,000	1,175,000	1,175,000
Water and sewer industrial expansion	-	-	-	-	-	-	-	-	-	5,897,670
Economic development incentives	-	-	-	-	-	-	-	-	-	2,531,854
Renovations and maintenance	-	-	3,904,050	3,984,050	752,234	454,516	3,258,222	3,536,479	2,265,121	2,258,117
Jail expansion	-	-	-	-	-	-	-	-	-	6,274,760
Potential medicaid increase	-	-	-	-	-	1,500,000	-	-	-	-
Backup E911 system	-	-	-	-	-	73,004	-	-	-	-
Health department renovations	-	-	-	2,500,000	3,166,150	1,606,150	-	5,682,892	3,882,892	-
Courthouse/plaza renovations	-	-	-	-	2,704,163	2,622,136	262,793	-	-	-
Other purposes	1,898,633	2,979,503	2,018,754	-	3,065,833	1,351,235	876,004	-	-	-
Current year's expenditures	-	-	-	-	1,227,898	-	-	-	-	-
Technology	-	-	2,861,997	2,861,997	-	-	-	-	-	-
School buses	-	-	-	453,000	-	-	-	-	-	-
Unassigned	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	28,994,728
Total general fund	<u>\$50,074,424</u>	<u>\$56,666,502</u>	<u>\$ 81,315,228</u>	<u>\$ 90,598,845</u>	<u>\$ 98,634,757</u>	<u>\$ 98,111,884</u>	<u>\$ 97,716,760</u>	<u>\$ 96,085,532</u>	<u>\$ 96,263,043</u>	<u>\$ 111,501,350</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All other governmental funds										
Restricted:										
Stabilization by state statute	\$ 1,939,518	\$ 3,147,400	\$ 5,574,766	\$ 3,989,274	\$ 9,219,264	\$ 3,649,961	\$ 6,302,440	\$ 5,771,716	\$ 5,759,546	\$ 3,294,515
Inmates	207,604	180,831	284,724	310,054	231,064	180,841	54,648	23,566	23,566	125,212
Cemetery	34,535	34,082	34,251	36,913	36,477	36,553	39,125	41,139	42,296	42,540
School capital	-	-	-	-	-	-	-	-	-	19,091,481
Fire protection	-	-	-	-	-	-	-	-	-	299,841
Public safety	-	-	-	-	-	-	-	-	-	1,846,688
Economic and physical development	-	-	-	-	-	-	-	-	-	315,108
Human services	-	-	-	-	-	-	-	-	-	1,826,613
Cultural and recreational	-	-	-	-	-	-	-	-	-	4,354,582
Committed:										
Public safety	-	-	-	-	-	-	-	-	-	2,764,806
Assigned reported in other major funds										
Subsequent year's expenditures- Special revenue	-	-	-	-	-	2,800,000	3,021,881	-	-	-
Unassigned reported in other major funds										
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	-
Assigned reported in nonmajor funds										
Subsequent year's expenditures- Special revenue	3,083,036	3,941,127	3,958,056	4,190,146	4,538,462	370,325	-	3,155,966	5,182,510	1,588,147
Subsequent year's expenditures- capital projects	990,552	5,370,826	-	-	-	-	-	-	-	-
Other purposes	-	-	-	200,000	-	-	-	-	-	-
Unassigned reported in nonmajor funds										
Special revenue	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	(978,187)
Capital projects	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	<u>\$41,973,217</u>	<u>\$37,221,502</u>	<u>\$ 37,418,038</u>	<u>\$ 36,290,114</u>	<u>\$ 37,738,533</u>	<u>\$ 36,436,973</u>	<u>\$ 80,026,909</u>	<u>\$ 60,697,224</u>	<u>\$ 48,066,933</u>	<u>\$ 34,571,346</u>
Total all governmental funds	<u>\$92,047,641</u>	<u>\$93,888,004</u>	<u>\$118,733,266</u>	<u>\$126,888,959</u>	<u>\$136,373,290</u>	<u>\$134,548,857</u>	<u>\$177,743,669</u>	<u>\$156,782,756</u>	<u>\$144,329,976</u>	<u>\$ 146,072,696</u>

Note: All prior years have been restated/formated to comply with GASB 54 guidance that was effective for FY2011.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Ad valorem taxes	\$ 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	\$ 167,525,335
Other taxes	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	50,238,808
Unrestricted Intergovernmental	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	11,034,949
Restricted Intergovernmental	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	88,077,437
Licenses and permits	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	2,626,234
Sales and services	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	15,169,052
Investment earnings	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	323,232
Other general revenues	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	5,758,820
Total revenues	<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>	<u>\$ 340,753,867</u>
Expenditures										
General government	\$ 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	\$ 23,007,884
Public safety	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	52,273,973
Economic and physical development	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	15,566,827
Human services	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	107,562,119
Cultural and recreational	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	14,934,525
Education	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	105,744,251
Capital outlay	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	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	18,067,605
Interest and fees	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	8,259,775
Debt issuance costs	-	-	-	(268,699)	-	-	-	(846,413)	(320,367)	300,027
Total expenditures	<u>\$ 281,667,866</u>	<u>\$ 272,407,891</u>	<u>\$ 272,039,141</u>	<u>\$ 298,097,586</u>	<u>\$ 309,551,797</u>	<u>\$ 316,441,597</u>	<u>\$ 332,511,089</u>	<u>\$ 366,353,552</u>	<u>\$ 361,647,101</u>	<u>\$ 345,716,986</u>
Revenues over (under) expenditures	\$ (4,016,440)	\$ (7,831,641)	\$ 18,756,310	\$ 11,945,752	\$ 14,584,338	\$ 6,234,504	\$ 4,965,718	\$ (36,348,578)	\$ (20,515,906)	\$ (4,963,119)
Other financing sources (uses)										
Debt issuance	\$ 238,125	\$ 15,818,195	\$ -	\$ 9,862,080	\$ 4,300,000	\$ -	\$ 46,500,000	\$ 74,656,315	\$ 51,862,540	\$ 14,805,000
Refunding debt issuance	-	-	-	35,505,000	-	-	-	-	-	-
Premium on debt issuance	-	-	-	2,713,376	-	-	-	3,331,681	-	-
Discount on issuance of bonds	-	-	-	-	-	-	-	(29,238)	-	-
Payment to refund bond escrow agent	-	-	-	(37,659,214)	-	-	-	(55,622,909)	(36,414,948)	-
Lease purchase proceeds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	65,728	-	-	-	55,177	189,243	172,355	547,666	174,040	172,674
Transfers in	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	5,138,793
Transfers out	(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)	(13,410,628)
Payment from component unit	(73,847)	287,142	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>\$ (6,603,903)</u>	<u>\$ 9,672,004</u>	<u>\$ (8,311,601)</u>	<u>\$ (3,656,203)</u>	<u>\$ (5,100,007)</u>	<u>\$ (7,421,820)</u>	<u>\$ 38,229,094</u>	<u>\$ 15,387,665</u>	<u>\$ 8,063,126</u>	<u>\$ 6,705,839</u>
Net change in fund balances	<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>	<u>\$ 1,742,720</u>
Debt service as a percentage of noncapital expenditures	8.43%	7.93%	8.05%	7.34%	7.59%	7.24%	6.77%	7.69%	7.44%	7.62%

Beginning in FY 2011, Capital Outlay is no longer reported as a separate expenditure category, but is incorporated in the functional expenditure categories. Prior years are not restated.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

Sources of Governmental Funds Tax Revenues

Fiscal Year	Ad Valorem Tax	Sales Tax	Video Sales Tax ¹	Beer and Wine Tax ²	Other Tax ³	Room Occupancy Tourism Tax ⁴	Real Estate Transfer Tax	Dog and Cat Registration Tax	Prepared Food and Beverage Tax	Total Tax
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
2011	167,525,335	42,771,418	527,836	350,202	-	-	845,975	312,250	5,431,127	217,764,143

¹ Sales Tax on Video Programming Services was implemented in FY 2007.

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

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

⁴ 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 ¹	Personal Property		Less: Tax Exempt Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Assessed Value as a Percentage of Actual Value ³
			Motor Vehicle	Other					
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%
⁴ 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%
⁴ 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%
2011	21,827,755	348,880	2,050,229	1,239,005	4,463,684	21,002,185	0.740	21,035,842	99.84%

¹ 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.

² Estimated actual taxable value reflects an increase in real and exempt property. Estimated Actual Taxable Value was computed by using Real Estate Assessment Sales Ratio Study Percentages from the North Carolina Department of Revenue.

³ 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.

⁴ 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
2002	\$ 0.925	\$ 0.050	\$ 0.100	\$ 0.0050	\$ 1.0800	\$ 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	0.0050	1.0800	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	0.0050	1.0350	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	0.0050	1.0350	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	0.0050	1.0350	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	0.0050	1.0350	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	0.0050	1.0350	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	0.0050	1.0150	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	0.0050	0.9210	0.456	0.100	0.390	0.660	0.205	0.150	0.195	0.150	0.300	0.240
2011	0.740	0.050	0.100	0.0125	0.9025	0.456	0.100	0.420	0.660	0.205	0.150	0.195	0.150	0.320	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 2011			Fiscal Year 2002		
	2010 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2001 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 300,829	1	1.43%	\$ 87,203	3	0.68%
Cross Creek Mall, LLC	129,011	2	0.61%			
Wal-Mart Stores, Inc.	125,395	3	0.60%	50,058	8	0.39%
Carolina Telephone Co.	83,784	4	0.40%	123,499	1	0.97%
Progress Energy Carolinas	69,015	5	0.33%			
Piedmont Natural Gas Co., Inc.	60,024	6	0.29%			
Purolator Filters, NA LLC	55,627	7	0.26%	61,719	7	0.48%
South River EMC	41,376	8	0.20%			
DAK Americas LLC	37,195	9	0.18%			
Cargill	32,070	10	0.15%			
E.I. Dupont De Nemours & Co.				80,345	4	0.63%
Black & Decker				88,220	2	0.69%
Carolina Power & Light Co.				66,562	6	0.52%
Cumberland Associates				69,043	5	0.54%
Fiber Industries						
Monsanto				42,799	10	0.34%
NC Natural Gas				48,952	9	0.38%
	<u>\$ 934,326</u>		<u>4.45%</u>	<u>\$ 718,400</u>		<u>5.62%</u>

Source: Cumberland County Tax Department

COUNTY OF CUMBERLAND, NORTH CAROLINA
Property Tax Levies and Collections - General Fund
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Total Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected	² Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Net Levy
2002	\$ 118,105,428	\$ 112,530,100	95.28%	\$ 4,053,410	\$ 116,583,510	98.71%
2003	118,669,185	112,620,429	94.90%	4,057,735	116,678,164	98.32%
2004	¹ 124,909,702	119,126,328	95.37%	4,335,491	123,461,819	98.84%
2005	127,699,476	122,645,671	96.04%	3,920,548	126,566,219	99.11%
2006	133,891,832	129,101,364	96.42%	3,684,250	132,785,614	99.17%
2007	138,486,845	133,857,005	96.66%	3,577,867	137,434,872	99.24%
2008	144,435,397	140,172,406	97.05%	3,268,635	143,441,041	99.31%
2009	144,914,639	140,776,733	97.14%	3,126,740	143,903,473	99.30%
2010	¹ 158,424,003	154,634,400	97.61%	2,664,967	157,299,367	99.29%
2011	155,671,269	151,707,302	97.45%	NA	151,707,302	97.45%

Source: Cumberland County Tax Department

¹ Denotes the year in which a revaluation was effective on the January 1st preceding the beginning of the fiscal year.

² Collections for FY 2002 include all collections through 9th prior year.
Collections for FY 2003 include all collections through 8th prior year.
Collections for FY 2004 include all collections through 7th prior year.
Collections for FY 2005 include all collections through 6th prior year.
Collections for FY 2006 include all collections through 5th prior year.
Collections for FY 2007 include all collections through 4th prior year.
Collections for FY 2008 include all collections through 3rd prior year.
Collections for FY 2009 include all collections through 2nd prior year.
Collections for FY 2010 include all collections through 1st prior year.

NA - Not Applicable

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 ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	Certificates of Participation	Capital Leases	Installment Purchase	General Obligation Bonds	Certificates of Participation	Capital Leases	Installment Purchase			
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	2.37%	796
2006	106,165,000	66,475,000	4,562,232	5,631,302	1,250,000	48,693,781	-	-	232,777,315	2.10%	743
2007	98,230,000	62,250,000	4,241,761	4,526,143	1,250,000	46,078,781	-	-	216,576,685	1.82%	692
2008	90,235,000	57,950,000	3,908,523	49,554,052	1,236,000	43,198,781	-	-	246,082,356	1.91%	777
2009	82,295,000	74,825,000	3,562,009	46,666,905	1,221,000	38,518,781	-	-	247,088,695	1.88%	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
2011	65,845,000	94,911,250	2,827,016	40,025,000	1,189,000	31,288,781	-	2,806,200	238,892,247	NA	731

(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

Fiscal Year	Total General Obligation Bonds	Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
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	0.64%	0.41%	260
2010	75,020,000	NA	0.36%	231
2011	67,034,000	NA	0.32%	205

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Computation of Legal Debt Margin
Last Ten Fiscal Years
(Dollars in Thousands)
Unaudited**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 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	\$ 2,037,270
Total net debt applicable to limit	<u>115,775</u>	<u>123,510</u>	<u>115,895</u>	<u>114,140</u>	<u>106,165</u>	<u>98,230</u>	<u>90,235</u>	<u>82,295</u>	<u>73,815</u>	<u>65,845</u>
Legal debt margin	<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>	<u>\$ 1,971,425</u>
Total net debt applicable to the limit as a percentage of debt limit	10.35%	10.82%	9.05%	8.73%	7.82%	7.01%	6.19%	5.45%	3.93%	3.23%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Property Value	\$ 21,002,185
Plus : Exempt Property	<u>4,463,684</u>
Total Assessed Value	<u>\$ 25,465,869</u>
Debt Limit (8% of total assessed value)	2,037,270
Debt applicable to limit:	
Total Bonded debt	67,034
Authorized and unissued debt	<u>31,931</u>
	98,965
Less: Statutory deductions	
Authorized and unissued debt	31,931
Revenue bonds	<u>1,189</u>
	33,120
Total amount of debt applicable to debt limit	65,845
Legal debt margin	<u>\$ 1,971,425</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Population ¹	Personal Income	Per Capita Income ²	Median Age ¹	School Enrollment ³	Unemployment Rate ⁴
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	NA	53,403	5.4%
2007	313,138	11,910,830,106	38,037	NA	53,912	5.3%
2008	316,662	12,916,959,642	40,791	NA	52,912	6.2%
2009	321,071	13,121,121,789	41,627	NA	53,162	9.2%
2010	324,225	NA	NA	NA	52,187	9.1%
2011	326,673	NA	NA	NA	53,361	10.3%

Sources:

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

NA: Information not available

COUNTY OF CUMBERLAND, NORTH CAROLINA

Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	Fiscal Year 2011			Fiscal Year 2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Cumberland County Schools	6,807	1	5.46%	7,342	1	6.60%
U.S. Department of Defense-DA Civilians	6,111	2	4.90%	4,569	2	4.11%
U.S. Department of Defense-Other Civilians	5,780	3	4.64%	4,321	3	3.89%
Cape Fear Valley Health System	5,200	4	4.17%	3,650	4	3.28%
Wal-Mart	3,570	5	2.86%	NA		
Goodyear Tire & Rubber Co.	2,920	6	2.34%	3,150	5	2.83%
Cumberland County Government	2,416	7	1.94%	2,464	6	2.22%
City of Fayetteville	1,500	8	1.20%	1,489	7	1.34%
U.S. Postal Service	1,312	9	1.05%	480		
Fayetteville Technical Community College	1,309	10	1.05%	1,150		1.03%
Purolator				1,310	8	1.18%
Black & Decker				1,300	9	1.17%
M.J. Soffe				1,200	10	1.08%
	<u>36,925</u>		<u>29.61%</u>	<u>32,425</u>		<u>28.73%</u>
Total Employment	<u>124,656</u>			<u>111,200</u>		

Sources:

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

COUNTY OF CUMBERLAND, NORTH CAROLINA
Full-Time County Government Employees by Function
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	206	224	234	236	234	239	245	245	238	239
Public Safety										
Sheriff	402	364	367	369	379	381	381	385	378	377
Detention Facility	129	173	182	181	187	187	188	187	190	188
Other	50	51	26	34	35	66	57	73	91	96
Human Services										
Public Health	262	212	224	226	233	240	233	239	247	251
Mental Health	426	448	455	469	407	373	215	218	208	145
Social Services	620	606	609	602	608	616	635	635	652	643
Other	25	21	22	22	23	22	7	7	73	76
Cultural & Recreation										
Library	148	145	154	162	169	176	176	175	195	191
Other	49	50	50							
Economic and Physical Development	101	97	104	110	108	108	116	105	106	102
Crown Center	32	36	40	41	39	41	41	41	40	40
Solid Waste	72	55	54	52	64	64	60	60	68	68
Total	2,522	2,482	2,521	2,504	2,486	2,513	2,355	2,370	2,486	2,416

Source: County Budget System (BRASS)

COUNTY OF CUMBERLAND, NORTH CAROLINA
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Number of persons voting in elections	58,723	18,963	97,792	32,258	47,466	35,785	18,385	128,873	53,454	69,644
Number of registered voters *	156,807	159,479	179,370	171,030	176,853	139,350	177,718	208,513	194,383	195,242
Number of birth certificates processed	7,206	7,202	7,535	8,051	7,943	8,242	8,046	8,800	8,547	8,502
Number of death certificates processed	2,441	2,428	2,506	2,355	2,533	2,511	2,790	2,715	2,657	2,862
Number of land record instruments	58,208	64,737	70,475	61,356	63,852	61,396	49,243	47,970	45,072	43,487
Number of marriage licenses issued	3,866	3,677	3,667	4,044	3,828	3,898	4,003	4,676	3,967	4,407
Number of pieces of mail handled	681,169	659,014	712,856	737,929	793,048	639,434	725,028	709,172	676,736	674,100
* List Maintenance every 4 years (non-voters removed)										
Public Safety										
Number of fire calls answered	13,516	9,432	9,515	9,904	7,562	9,459	11,056	11,585	18,135	15,113
Number fire permits issued	550	708	452	820	266	232	274	381	324	161
Number of emergency calls dispatched	60,046	60,761	60,832	58,446	NA	57,320	60,116	190,041*	221,147	367,109
Number of sheriff calls answered	91,840	87,623	87,454	94,698	144,381	137,576	144,689	152,069	145,879	189,149
Number of civil court papers handled	39,665	40,281	40,132	40,542	38,237	40,767	57,872	62,574	47,723	50,363
Average daily inmate population	392	485	464	504	518	532	536	541	563	586
Number of inmates admitted	9,762	9,996	9,202	9,983	10,640	9,833	11,257	12,044	12,128	12,280
Number of animals impounded (dogs and cats)	11,516	12,357	11,779	10,907	11,953	17,895	18,590	12,162	17,786	15,691
Number of animal investigations	13,862	14,895	15,018	14,482	15,767	16,014	14,240	17,223	19,555	15,093
*2009 consolidated emergency service and sheriff dispatchers										
Human Services										
Number of health dept. clinical services	25,707	27,550	30,523	32,143	31,010	29,399	31,282	33,515	47,721	32,918
Number of health dept. lab tests processed	38,955	38,081	40,181	43,057	39,165	28,286	59,007	67,919	28,279	33,339
Number of health dept. prescriptions filled	NA	6,781	17,995	29,302	38,119	35,252	36,619	35,635	39,856	40,566
Amount of health care provided with no compensatic	NA	NA	NA	\$1,361,831	\$1,568,571	\$1,616,979	\$1,788,131	\$2,029,511	\$1,895,768	\$1,997,502
Number of WIC Clients	45,420	42,552	40,212	38,496	36,456	142,916	150,370	168,342	168,114	171,260
Number of food stamp ave monthly households	10,179	11,713	13,016	13,928	15,623	16,167	18,972	20,926	24,071	28,644
Average active Medicaid family & children's cases	14,668	15,656	15,620	17,802	19,402	21,705	24,565	29,073	28,964	30,372
Average active Medicaid adult cases	3,983	4,089	4,448	4,654	4,941	5,205	5,445	5,482	5,820	6,174
Average TANF active cases	2,530	2,435	2,448	2,301	2,140	2,967	1,647	1,423	1,343	1,324
Number of protective services referrals	4,373	4,736	4,864	4,957	4,853	4,977	5,735	5,784	5,319	5,502
Number of veterans claims processed*	NA	1,214	2,364	2,845	2,692	5,233	2,377	5,882	3,978	2,454
Number of veterans served in office	NA	6,966	9,209	9,618	8,384	7,568	7,379	9,241	8,753	8,553
*all claims processed not just claims generating dollars										

COUNTY OF CUMBERLAND, NORTH CAROLINA
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Human Services (continued)										
Number of veterans served by telephone	NA	10,529	19,429	16,496	16,198	16,848	18,070	26,410	35,151	19,695
Number of mental health days of service (24 hrs)	69,121	67,758	66,784	70,219	81,879	48,481	45,092	31,795	46,620	69,943
Number of mental health outpatients served	7,253	7,239	7,361	8,055	8,607	6,337	6,410	6,785	5,785	6,265
Number of mental health inpatients served**	936	750	500	417	429	NA	NA	NA	NA	NA
Number of workforce development applicants	988	971	1,803	2,061	993	683	1,331	2,095	2,189	1,046
**clients no longer contracted with hospital										
Economic and Physical Development										
Number of inspections performed	31,211	37,659	NA	54,606	70,487	27,891	20,164	19,353	22,159	20,702
Number of building permits issued	1,574	1,407	2,024	2,169	NA	1,760	1,273	1,300	1,105	1,081
Culture and Recreation										
Number of library books	503,799	509,173	512,031	513,922	595,462	592,536	558,713	587,093	591,357	592,186
Number of materials circulated	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*	2,177,794*
Number of public visits	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	1,342,587
* includes books and audio visual materials										
Business Activities										
Number of civic center event days	378	335	335	326	328	309	348	326	316	291
Number in attendance	487,813	506,003	549,456	513,658	545,409	521,088	554,792	576,673	533,092	567,936
Number of solid waste tonnages processed	230,731	205,062	209,810	265,464	282,679	305,915	261,389	262,427	263,996	263,410

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fire										
Number of volunteer stations	21	21	21	21	19	20	20	20	20	20
Sheriff										
Number of stations	5	5	5	6	6	4	6	5	5	5
Number of patrol vehicles	NA	325	325	325	325	326	323	324	324	333
Detention facility beds	568	568	568	568	568	568	568	568	568	568
Culture and Recreation										
Number of libraries	8	8	8	8	8	8	8	8	8	9
Library collections	503,799	509,173	512,031	513,922	595,462	592,536	605,911	637,731	639,119	558,186*
E-book collections										10,384
Number of parks	2	2	3	3	3	3	3	3	3	3
Park acreage	174	174	189	189	189	185	185	185	170	170
Number of ball fields	14	33	103	107	67	64	63	63	65	65
Number of tennis courts	10	10	41	40	40	28	28	32	32	32
*Discarded outdated materials and foreign language collection										
Facilities and services not included in primary government										
Education:										
Number of schools	79	79	80	80	80	87	87	87	87	85
Number of students	51,725	52,223	53,089	53,326	52,565	53,078	52,912	53,162	52,187	52,400
Colleges & universities	2	2	2	2	2	2	2	2	2	2
Community colleges	1	1	1	1	1	1	1	1	1	1
Hospitals:										
Number of county hospitals	1	1	1	1	1	2	2	2	2	2
Number of patient beds	909	909	426	447	447	546	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. Limited continuing disclosure information is also 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, 2011

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 and funds restricted for Schools) for fiscal year ended June 30, 2011 were \$295,452,880. General Fund revenues are derived from various sources, including property taxes (52.7%), sales taxes, and intergovernmental revenues. The County's property tax rate is \$0.74 per \$100 of assessed value. A rate of \$.01 per \$100 of assessed value presently generates approximately \$2,073,000 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, 2011 is \$65,845,000 which is significantly less than the legal limit of approximately \$1.9 billion. Debt service payments represent 5.55% of total actual expenditures for FY 2011 and 5.91% of total budgeted expenditures for FY 2012. In fiscal year 2011, the County transferred \$683,000 from the General Fund to pay operating expenses of the Crown Center. In fiscal year 2012, the County did not budget any transfers from the General Fund to the Crown Center for either operating or 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, 2011 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2016:

Fiscal Year Ended June 30 (1)	Historical Receipts (2)
2007	\$ 4,516,271
2008	4,731,978
2009	5,055,501
2010	5,157,562
2011	5,381,695
Fiscal Year Ended June 30	Forecasted Receipts (3)
2012	\$ 5,544,629
2013	5,710,968
2014	5,882,297
2015	6,058,766
2016	6,240,529

- (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 \$43,930 to \$49,432 per year.
- (3) Forecasted receipts assume 3% annual growth in tax revenue and 0.0% growth in the cost of collection for FY 2012 and 3% thereafter.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2011

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, 2011 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2016:

<u>Fiscal Year Ended June 30</u>	<u>Historical Receipts (1)</u>
2007	\$ 847,749
2008	982,706
2009	1,003,177
2010	1,001,367
2011	1,186,416
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (2)</u>
2011	\$1,222,008
2013	1,258,668
2014	1,296,429
2015	1,335,321
2016	1,375,381

- (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, 2011

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

Debt Ratings

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.

Current Year Refunding of General Obligation Debt

In FY 2011, the County did not refund any 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, 2011, there is no outstanding prior year defeased general obligation debt.

Outstanding General Obligation Debt

	Principal Outstanding as of			
	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
General Obligation Bonds				
School	\$ 83,150,000	\$ 76,155,000	\$ 68,605,000	\$ 61,555,000
Community College Facilities	1,780,000	1,445,000	1,115,000	790,000
Library Facilities	5,305,000	4,695,000	4,095,000	3,500,000
Total G.O. Debt	\$ 90,235,000	\$ 82,295,000	\$ 73,815,000	\$ 65,845,000

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 (\$3,565,500) and the North Cumberland Regional Sewer System District (\$1,189,000).

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2011

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 \$1,971,425,000 as of June 30, 2011.

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>
2007	\$ 98,230,000	\$15,707,841,000	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
2011	65,845,000	21,002,185,000	0.31%	326,673	201.56

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

General Obligation Debt Service Requirements and Maturity Schedule

<u>Cumberland County</u>						
FY Ending June 30	<u>Schools</u>		<u>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 & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>
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>\$ 61,555,000</u>	<u>\$ 74,834,737</u>	<u>\$ 790,000</u>	<u>\$ 852,500</u>	<u>\$ 3,500,000</u>	<u>\$ 4,035,750</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2011

General Obligation Bonds Authorized and Unissued

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u> ⁽¹⁾
School Refunding	February 16, 1998	\$ 6,605,000
School Refunding	August 16, 2004	1,000
School Refunding	August 16, 2004	3,595,000
School Refunding	October 18, 2004	3,900,000
School Refunding	June 1, 2009	2,830,000
School Refunding	June 6, 2011	15,000,000
		<u>\$ 31,931,000</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 & Interest Repayment/Requirements</u>	<u>FY 2012 Principal And Interest Requirements</u>	<u>Balance June 30, 2011</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, 2004 at which time principal and interest payments stop until December 1, 2011 and continue through December 1, 2013. Total principal and interest payments range from \$0 to \$1,708,970; payable from Enterprise Fund.	\$ 1,555,000	\$ 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.	2,063,525	21,240,000

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2011

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY 2012 Principal and Interest Requirements	Balance June 30, 2011
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.	7,794,663	73,820,000
Certificates of Participation – Tax Credit Qualified School Construction Bonds Series 2009	15,900,000	Annual sinking fund (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	14,906,250
Certificates of Participation – Limited Obligation Qualified School Construction Bonds Series 2011A	14,805,000	Annual sinking fund (principal) payments of \$987,000 beginning December 15, 2010 and ending December 15, 2025 plus semi-annual interest payments of \$451,553 at a rate of 6.1%. Interest payments are eligible for a 5.49% federal rebate thus reducing the semiannual net interest cost to \$45,156; payable from General Fund.	1,890,105	14,805,000
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.	285,853	1,782,000
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.	164,293	1,024,200

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2011

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY 2012 Principal and Interest Requirements	Balance June 30, 2011
Capital Lease – SunTrust Leasing – Energy savings Equipment	4,537,080	Semi-annual payments of \$248,661 including interest of 3.945% beginning June 9, 2006 and ending June 9, 2017; payable from General Fund.	497,321	2,827,016
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.	1,726,225	17,500,000
Promissory Note – Public Health 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>2,320,605</u>	<u>22,525,000</u>
Total:	<u>\$ 249,778,861</u>		<u>\$ 19,490,090</u>	<u>\$ 171,858,247</u>

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COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2011

The County's payment obligations (principal & interest) at June 30, 2011 for the non-general obligation installment financing arrangements described in the preceding table 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
2012	\$ 1,555,000	\$ 2,063,525	\$ 7,794,663	\$ 8,076,902	\$ 19,490,090
2013	1,555,000	2,022,225	7,692,513	7,960,866	19,230,604
2014	1,555,000	1,975,025	7,578,862	7,844,829	18,953,176
2015	-	1,933,725	9,014,338	7,728,791	18,676,854
2016	-	1,886,525	8,905,213	7,612,755	18,404,493
2017	-	1,836,375	8,789,988	7,496,718	18,123,081
2018	-	1,794,338	8,684,063	7,132,021	17,610,422
2019	-	1,750,088	5,797,262	6,767,324	14,314,674
2020	-	1,703,625	5,689,762	6,651,286	14,044,673
2021	-	1,654,950	5,563,138	6,223,450	13,441,538
2022	-	1,604,062	5,447,387	6,122,785	13,174,234
2023	-	1,551,700	5,330,356	6,022,120	12,904,176
2024	-	1,498,600	5,213,600	5,921,455	12,633,655
2025	-	1,444,025	3,269,750	5,820,790	10,534,565
2026	-	1,387,237	-	5,169,198	6,556,435
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
	4,665,000	29,915,213	94,770,895	108,034,860	237,385,968
Amortization:					
Premium	-	114,021	4,545,794	-	4,659,815
Deferred Amt	-	-	(3,357,569)	-	(3,357,569)
	\$ 4,665,000	\$ 30,029,234	\$ 95,959,120	\$ 108,034,860	\$ 238,688,214

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.

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

In FY 2011, the County did not refund any non-general obligation debt.

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, 2011, there is no outstanding prior year defeased non-general obligation debt.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2011

Debt Outlook

In July 2011, the County issued \$12,735,000 of General Obligation Refunding Bonds to advance refund School General Obligation Bonds Series 2002 in the amount of \$10,375,000 with a call date of February 2012 and School General Obligation Bonds Series 2004 in the amount of \$3,275,000 with a call date of May 2014.

Also in July 2011, the County issued \$37,755,000 of Limited Obligation Refunding Certificates (COPS) Series 2011B. These bonds were issued to refund installment debt due to RBC Bank for the Public Health Center in the amount of \$22,525,000 and for Gray's Creek Middle School in the amount of \$17,500,000.

During fiscal year 2012, the County intends to borrow \$3,500,000 (private placement funds) to fund various small capital projects at Fayetteville Technical Community College.

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.

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 general obligation bond issue for the school system.

TAX INFORMATION

General Information

	<u>Fiscal Year Ended or Ending June 30,</u>		
	<u>2010</u>	<u>2011</u>	<u>2012⁽³⁾</u>
	(Amounts in thousands)		
Assessment Ratio ⁽¹⁾	100%	100%	100%
Real Property	\$ 17,049,602	\$ 17,369,429	\$ 17,868,091
Personal Property	1,360,181	1,427,030	1,308,671
Vehicles	1,889,779	1,856,846	2,142,918
Public Service Companies ⁽²⁾	<u>353,743</u>	<u>348,880</u>	<u>369,870</u>
Total Assessed Valuation	\$ 20,653,305	\$ 21,002,185	\$ 21,689,550
Assessed Valuation Per Capita	63.70	64.29	65.02
Rate per \$100	.766	.740	.740
County-wide Levy	\$ 158,204	\$ 155,416	\$ 160,503

(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) Valuation estimates as of October 31, 2011 for the fiscal year ending June 30, 2012. Population used for FY 2012 assessed valuation per capita is 333,592 as estimated by the Demographics Section of the NC Office of State Budget and Management.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2011

In addition to the County-wide levy, the following table lists the levies by the County on behalf of recreation district(s) and 19 special fire districts for the fiscal years ended or ending June 30.

	<u>2010</u>	<u>2011</u>	<u>2012</u> ⁽¹⁾
County-wide	\$ 158,204,320	\$ 155,416,165	\$ 160,502,670
Recreation District	3,566,923	3,685,432	3,761,391
Special Fire Districts	<u>6,407,456</u>	<u>7,026,335</u>	<u>6,369,215</u>
Total Levy	<u>\$ 168,178,699</u>	<u>\$ 166,127,932</u>	<u>\$ 170,633,276</u>

(1) Valuation estimates as of October 31, 2011 for the fiscal year ending June 30, 2012.

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>
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
2011	3,584,110	151,707,302	97.45

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

Ten Largest Taxpayers for Fiscal Year 2010-11 (Tax Year 2009-10)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2010 Assessed Valuation*</u>	<u>% of Total Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 300,829	1.43%
Cross Creek Mall, LLC	Retail Mall	129,011	0.61
Wal-Mart Stores, Inc.	Retail/Distribution	125,395	0.60
Carolina Telephone	Telephone Utility	83,784	0.40
Progress Energy Carolinas	Electric Utility	69,015	0.33
Piedmont Natural Gas	Gas Utility	60,024	0.29
Purolator Filters, NA LLC	Auto Filter Manufacturer	55,627	0.26
South River EMC	Electric Utility	41,376	0.20
DAK Americas, LLC	Textiles	37,195	0.18
Cargill	Soybean Processor	<u>32,070</u>	<u>0.15</u>
TOTAL		<u>\$ 934,326</u>	<u>4.45%</u>

* Amounts expressed in thousands.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Compiled Budget - Annually Budgeted Funds

For the Fiscal Year Ended June 30, 2011

(Unaudited)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Estimated revenues:			
Ad valorem taxes	\$ 154,830,775	\$ 10,935,104	\$ -
Other taxes	44,308,489	4,875,579	5,468,448
Unrestricted intergovernmental	10,573,499	25,620	-
Restricted intergovernmental	75,971,190	14,767,404	429,550
Licenses and permits	2,071,949	-	11,388
Sales and services	15,919,652	299,486	6,091,318
Interest earned on investments	507,974	20,238	357,459
Miscellaneous	4,477,420	466,875	6,987
Total estimated revenues	<u>308,660,948</u>	<u>31,390,306</u>	<u>12,365,150</u>
Appropriations:			
General government	27,929,051	10,000	-
Public safety	47,160,863	8,359,428	-
Economic and physical development	7,528,562	15,968,619	-
Human services	115,564,984	1,805,295	-
Cultural and recreation	10,660,775	4,160,232	-
Education	98,189,673	-	-
Salaries and employee benefits	-	-	5,876,357
Repairs and maintenance	-	-	1,620,692
Utilities	-	-	968,518
Administrative costs	-	-	7,232,939
Landfill closure and postclosure	-	-	1,053,105
Other operating	-	-	-
Capital outlay	-	-	3,771,260
Debt service:			
Principal retirement	18,067,605	-	4,096,800
Interest and fees	8,259,775	-	1,536,093
Debt issuance costs	30,000	-	-
Total appropriations	<u>333,391,288</u>	<u>30,303,574</u>	<u>26,155,764</u>
Estimated revenues over (under) appropriations	<u>(24,730,340)</u>	<u>1,086,732</u>	<u>(13,790,614)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	1,042,056	683,000
Special revenue funds	73,432	-	7,492,995
Enterprise funds	55,193	-	-
Capital projects	-	-	-
Transfers to other funds:			
General fund	-	(73,432)	(55,193)
Capital projects	(4,411,930)	-	-
Special revenue funds	(1,042,056)	-	-
Enterprise funds	(683,000)	(7,492,995)	-
Internal service funds	(210,000)	-	-
Proceeds of general long term debt	-	-	-
County contribution	-	-	-
Premium on debt issuance	-	-	-
Refunding escrow payment	-	-	-
Appropriated fund balances	30,948,701	5,437,639	5,669,812
Total other financing sources	<u>24,730,340</u>	<u>(1,086,732)</u>	<u>13,790,614</u>
Estimated revenues and other sources over appropriations and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Compiled for the Primary Government by the Cumberland County finance department from the FY 2011 budget at June 30, 2011.

The General Fund includes a legally budgeted County School Fund which is consolidated into the General Fund for reporting purposes to comply with GASB 54.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Compiled Budget - Annually Budgeted Funds
For the Fiscal Year Ending June 30, 2012
(Unaudited)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Estimated revenues:			
Ad valorem taxes	\$ 157,365,538	\$ 10,377,191	\$ -
Other taxes	44,264,081	5,139,134	5,776,863
Unrestricted intergovernmental	10,135,758	89,665	-
Restricted intergovernmental	68,775,735	7,794,786	482,298
Licenses and permits	2,082,009	-	13,188
Sales and services	14,061,721	194,602	6,935,146
Interest earned on investments	163,870	12,962	166,515
Miscellaneous	4,479,374	521,500	1,000
Total estimated revenues	<u>301,328,086</u>	<u>24,129,840</u>	<u>13,375,010</u>
Appropriations:			
General government	23,426,465	6,000	-
Public safety	46,282,475	7,832,184	-
Economic and physical development	6,723,914	6,971,507	-
Human services	107,890,762	1,682,537	-
Cultural and recreation	10,384,742	3,434,439	-
Education	94,826,126	-	-
Salaries and employee benefits	-	-	5,835,627
Repairs and maintenance	-	-	1,775,218
Utilities	-	-	1,037,762
Administrative costs	-	-	5,986,578
Landfill closure and postclosure	-	-	1,040,000
Other operating	160	-	-
Capital outlay	-	-	982,459
Debt service:			
Principal retirement	18,609,556	-	1,259,126
Interest and fees	8,266,320	-	2,460,247
Debt issuance costs	-	-	-
Total appropriations	<u>316,410,520</u>	<u>19,926,667</u>	<u>20,377,017</u>
Estimated revenues over (under) appropriations	<u>(15,082,434)</u>	<u>4,203,173</u>	<u>(7,002,007)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	690,314	-
Special revenue funds	74,434	-	6,407,200
Enterprise funds	55,193	-	-
Capital projects	-	-	-
Transfers to other funds:			
General fund	-	(74,434)	(55,193)
Capital projects	-	-	-
Special revenue funds	(690,314)	-	-
Enterprise funds	-	(6,407,200)	-
Internal service funds	(102,200)	-	-
Proceeds of general long term debt	3,500,000	-	-
County contribution	-	-	-
Premium on debt issuance	-	-	-
Refunding escrow payment	-	-	-
Appropriated fund balances	12,245,321	1,588,147	650,000
Total other financing sources	<u>15,082,434</u>	<u>(4,203,173)</u>	<u>7,002,007</u>
Estimated revenues and other sources over appropriations and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Compiled for the Primary Government by the Cumberland County finance department from the FY 2012 adopted budget ordinance at July 1, 2011.

The General Fund includes a legally budgeted County School Fund which is consolidated into the General Fund for reporting purposes to comply with GASB 54.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Fayetteville, North Carolina

Schedule of Expenditures of Federal and
State Awards for the Year Ended June 30, 2011
Report on Internal Control and Compliance

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

Board of County Commissioners
County of Cumberland, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the Eastover Sanitary District (the "District"), the Cumberland County Tourism Development Authority (the "Authority"), the Fayetteville Area Convention and Visitors Bureau (the "Bureau"), the Cumberland County ABC Board (the "Board), 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, 2011, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Board and the Bureau were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective 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.

Our consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness as item 2011-01.

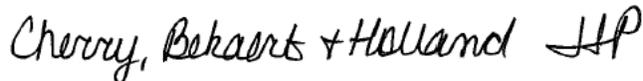
Compliance and Other Matters

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

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

This report is intended 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 18, 2011



**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, 2011. 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which is described in the accompanying schedule of findings and questioned costs as item 2011-02.

Internal Control Over Compliance

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, such 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.

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 response.

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, the Cumberland County ABC Board, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. 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.

Cherry, Bekaert + Holland LLP

Fayetteville, North Carolina
December 2, 2011



**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 are applicable to each of its major State programs for the year ended June 30, 2011. 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which is described in the accompanying schedule of findings and questioned costs as item 2011-02.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major State program to determine the 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.

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, the Cumberland County ABC Board, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. 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.

Cherry, Bekaert & Holland LLP

Fayetteville, North Carolina
December 2, 2011

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified X Yes 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 Yes X 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>
16.600	Federal Drug Forfeiture Program
93.667	Social Services Block Grant
93.667	SSBG- Other Services and Training
93.667	SSBG- Adult Day Care
	Community Based Programs Intellectual and Developmental Disabilities

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Energy Assistance Block Grant
93.568	Administration
93.568	Crisis Intervention Program
93.568	Energy Assistance Payments- Direct Benefit Payments
	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- ARRA
93.667	Social Services Block Grant
93.558	Temporary Assistance for Needy Families
93.714	TANF- Emergency Contingency
	WorkForce Investment Act Cluster
17.260	National Emergency Grant
17.258	WIA Adult Program
17.258	WIA Adult Program - ARRA
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
	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 – ARRA
93.659	Adoption Assistance – ARRA
93.659	Adoption Assistance – Direct Benefit Payments
	Temporary Assistance for Needy Families
93.558	Workfirst/Temporary Assistance for Needy Families
93.558	Workfirst/Temporary Assistance for Needy Families - ARRA
93.558	Workfirst/TANF- Direct Benefit Payments
93.714	TANF Subsidized Employment- ARRA
93.778	Medical Assistance Program
10.557	Special Supplemental Nutrition Program for Women, Infants & Children

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, 2011

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 Yes X 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 X Yes No

Identification of major State programs:

Program Name

State/County Special Assistance for Adults- Direct Benefit Payments
State Foster Care Benefits Program
Smart Start Administration
State Aid to Public Libraries

Rural Operation Assistance Program Cluster
Elderly and Disabled Transportation Assistance Program
Rural General Program
Work First Transitional/Employment Transportation Assistance

State match on federal programs, included in the list of major federal programs above for
Subsidized Child Care Cluster, Foster Care and Adoption Cluster, Temporary Assistance
for Needy Families, Medical Assistance and Social Services Block Grant.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2011

Section II. Financial Statement Findings

Material Weakness- Financial Reporting
Finding 2011-01

Criteria: Capital projects should be closed and should begin depreciating when the asset is placed in service in accordance with accounting principles generally accepted in the United States of America.

Condition: The Solid Waste Cell project should have been closed out of construction in progress in a prior period, since the asset was already placed in service.

Context: The audit testing included a review of all open projects in construction in progress.

Effect: A prior period adjustment was recorded to transfer the Solid Waste Cell project out of Construction in Progress and record accumulated depreciation and depreciation expense totaling \$2,066,750 to beginning net assets.

Cause: The in service date for the asset was not added to the capital assets system.

Recommendation: The County should review all projects on an annual basis and determine whether those projects are complete and in service.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2011

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

Non-material noncompliance- Special Tests and Provisions

Finding 2011-02

Criteria: Families who are income eligible for child care services are required to pay a portion of the cost of child care through parental fees. The parental fees must be used to reduce the amount the local government pays for each child receiving services from the provider. The Subsidized Child Care Services manual states the following:

Parental Fees (Chapter 8):

"To determine the parental fee, the child care worker will multiply the family's gross monthly countable income by the appropriate fee percentage, up to a maximum income limit."

Condition: During our testing, we noted 1 instance in which the parent fee was incorrectly calculated.

Questioned Costs: \$230.40. This amount was determined by totaling the difference between the amount paid by the County and the amount which should have been paid during the 4 months the error occurred.

Context: The audit sampled 40 case files. Of the 40 files sampled, we noted one instance of an incorrect calculation of the parent fee.

Effect: The parent's portion of the child care cost was too low, causing the County to pay and request a higher reimbursement from the state than should have been allowed.

Cause: Oversight during the case file evaluation process.

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 parent fees are properly assessed.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2011

Section IV. State Award Findings and Questioned Costs

See finding 2010-02 described in Section III.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Corrective Action Plan

Year Ended June 30, 2011

Section II. Financial Statement Findings

Finding #: 2011-01

Name of Contact Person: Amy Cannon

Corrective Action Plan: Management has modified Step 48 of its annual audit checklist to specifically add a review of the status of "Construction in Progress" to determine if the project or a portion of the project is in service and should be capitalized.

Proposed Completion Date: Immediately

Section III. Federal Award Findings and Questioned Costs

Finding #: 2011-02

Name of Contact Person: Richard Everett, Lynn Pippin

Corrective Action Plan: Supervisors will complete "quality assurance" record reviews to ensure program compliance. Each case manager will have five case records checked quarterly beginning January 2012.

Provide training to Case Managers bi-monthly to share findings from record reviews and share policy and/or procedure changes effective January 2012.

Proposed Completion Date: The plan described above will begin in January 2012 and will be ongoing.

Section IV. State Award Findings and Questioned Costs

See Corrective Action for finding 2010-02 as stated above.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Prior Year Audit Findings

Year Ended June 30, 2011

Finding #: 2010-01

Status: Corrected

Finding #: 2010-02

Status: Corrected

Finding #: 2010-03

Status: Corrected

Finding #: 2010-04

Status: Corrected

Finding #: 2010-05

Status: Corrected

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2011

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
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Consumer Service</u>					
Passed-through N.C. Dept. of Agriculture:					
Food Distribution	10.550		\$ 3,895	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>Food Stamp Cluster:</u>					
Food Stamp Incentive Retention	10.551		85,456	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program -ARRA	10.561		11,392	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		2,980,480	-	2,624,315
Total Food Stamp Cluster			3,077,328	-	2,624,315
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		2,235,241	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		9,437,440	-	-
AGRI-SFP Food Program Meal	10.559		520	-	-
Water and Waste Disposal Systems for Rural Communities	10.760		584,614	-	-
Total U.S. Dept. of Agriculture			15,339,038	-	2,624,315
<u>U.S. Department of Housing and Urban Development</u>					
<u>Community Planning and Development</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Department of Administration:					
Emergency Shelter Grants Program	14.231		10,718	-	-
Direct Program:					
Community Development Block Grants/Entitlement Grants	14.218		1,308,592	-	-
Supportive Housing Program	14.235		77,357	-	-
HOME Investment Partnerships Program	14.239		438,129	-	-
Economic Development Initiative - Special Projects	14.251		22,137	-	-
Total U.S. Dept. of Housing and Urban Development			1,856,933	-	-
<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		20,948	-	-
Federal Drug Forfeiture Program	16.600		154,094	-	-
Bulletproof Vest Partnership Program	16.607		3,342	-	-
Edward Byrne Memorial Formula Grant Program - ARRA	16.804		355,550	-	-
Edward Byrne Memorial Competitive Grant Program	16.808		66,124	-	-
<u>Office of Community Oriented Policing Services</u>					
Direct Program:					
Public Safety Partnerships and Community Policing Grants - ARRA	16.710		145,162	-	-
Total U.S. Dept. of Justice			745,220	-	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2011

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		\$ 1,057,560	\$ -	\$ -
<u>WorkForce Investment Act Cluster</u>					
Direct Program:					
National Emergency Grant	17.260		1,503,230	-	-
Passed-through the N.C. Department of Commerce:					
Division of Employment and Training:					
WIA Adult Program	17.258		734,432	-	-
WIA Adult Program - ARRA	17.258		49,202	-	-
WIA Youth Activities	17.259		390,510	-	-
WIA Dislocated Workers	17.260		257,133	-	-
			<u>3,992,067</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		400,368	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants					
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.505		61,227	-	-
	20.513		301,897	-	-
			<u>763,492</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Transportation					
<u>Institute of Museum and Library Services</u>					
Passed-through N.C. Dept. of Cultural Resources:					
Grants to States	45.310		89,181	-	-
U.S. Department of Energy					
Direct Program:					
Energy Efficiency & Conservation Block Grant - ARRA	81.128		392,648	-	-
<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		6,240,771	-	6,331,810
Workfirst/Temporary Assistance for Needy Families (TANF) - ARRA	93.558		2,126,417	-	-
WorkFirst/TANF - Direct					
Benefit Payments	93.558		2,039,204	(3,024)	(627)
N.C. Child Support Enforcement Section	93.563		2,894,636	-	724,532
Refugee Assistance	93.566		5,283	-	-
Energy Assistance Block Grant:					
Administration	93.568		260,097	-	-
Crisis Intervention Program	93.568		1,811,693	-	-
Energy Assistance Payments-Direct Benefit Payments	93.568		2,636,192	-	187
Child Welfare Services - State Grants					
Adoption Subsidy - Direct Benefit Payments	93.645		-	1,308,533	351,221
Child Welfare Services - State Grants					
Permanency Planning - Families for Kids	93.645		234,464	-	1,640,627
SSBG - Other Services and Training	93.667		1,377,041	136,757	1,841,469
LINKS (formerly Independent Living Grant)	93.674		124,630	25,311	-
TANF Subsidized Employment - ARRA	93.714		49,731	-	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2011

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>
Foster Care and Adoption Cluster:					
Foster Care Caseworker Visits	93.556		\$ 41,454	\$ -	\$ 8,542
Title IV-E Foster Care	93.658		2,442,885	1,077,396	1,049,972
Title IV-E Foster Care - ARRA	93.658		19,218	-	-
Adoption Assistance - ARRA	93.659		41,367	-	-
Adoption Assistance - Direct Benefit Payments	93.659		1,353,305	308,896	308,896
Total Foster Care and Adoption Cluster			3,898,229	1,386,292	1,367,410
 Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		50,137	84,696	19,626
 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		721,195	-	-
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		5,557,665	-	-
Child Care and Development Fund - Mandatory	93.596		2,608,670	-	-
Child Care and Development Fund - Match	93.596		2,586,223	1,406,401	-
Child Care and Development Block Grant - ARRA	93.713		69,312	-	-
Total Child Care Development Fund Cluster			11,543,065	1,406,401	-
 Social Services Block Grant					
Temporary Assistance for Needy Families	93.667		10,141	-	-
TANF - Emergency Contingency	93.558		1,896,694	-	-
	93.714		855,863	-	-
TANF - MOE			-	1,995,432	-
Smart Start			-	(69,122)	-
State Appropriations			-	1,113,115	-
Total Subsidized Child Care Cluster			14,305,763	4,445,826	-
Foster Care Title IV-E	93.658		(187,986)	(82,800)	-
 <u>Substance Abuse and Mental Health Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
Projects for Assistance in Transition from Homelessness (PATH)	93.150		173,542	-	-
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		142,441	42,081	-
-Treatment Alternatives for Women	93.959		135,571	-	-
-Substance Abuse Training	93.959		1,250	-	-
-Substance Abuse - Substance Abuse Prevention	93.959		320,663	-	-
-Treatment Accountability for Safer Communities	93.959		209,121	319,564	-
 <u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778		226,801,646	89,283,163	444

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Social Services:					
Medical Assistance Program Administration	93.778		\$ 4,012,773	\$ 427,303	\$ 3,321,592
Health Choice	93.767		160,629	10,206	42,325
Centers for Disease Control and Prevention passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069		92,613	-	-
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116	4552	32,202	-	-
Family Planning Services	93.218		194,627	-	-
Immunization Program/Aid to County Funding	93.268	5715	162,544	-	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		325,827	-	184
Communicable Disease Expansion Budget	93.940		238	-	-
Temporary Assistance for Needy Families	93.558		36,622	-	-
Statewide Health Promotion Program	93.991	5503	25,571	-	-
Medical Assistance Assistance Program	93.778		160,153	61,789	-
Maternal and Child Health Services Block Grant	93.994		534,837	292,544	-
 Total U.S. Dept. of Health and Human Services			<u>271,785,144</u>	<u>97,738,241</u>	<u>15,640,800</u>
 Department of Homeland Security Passed-through N.C. Dept. of Crime Control and Public Safety:					
Division of Emergency Management:					
Emergency Management Performance Grants	97.042		60,210	-	2,427,580
Direct:					
Disaster Grants - Public Assistance	97.036		50,268	-	-
Assistance to Firefighters Grant	97.044		10,749	-	-
 Total U.S. Dept. of Transportation			<u>121,227</u>	<u>-</u>	<u>2,427,580</u>
 Human Services:					
Division of Medical Assistance:					
Medicaid At-Risk			61,008	-	-
 Total Federal awards			<u>295,145,958</u>	<u>97,738,241</u>	<u>20,692,695</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2011

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
State Awards:					
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
State/County Special Assistance for Adults - Direct Benefit Payments			\$ -	\$ 2,140,416	\$ 2,140,534
State Foster Care Benefits Program			-	1,998,987	1,998,980
Energy Assistance - CP&L Energy Program			-	31,233	-
Temporary Assistance for Needy Families Incentives			-	9,872	-
Special Links			-	14,497	-
AFDC Incentives			-	1,223	-
Adult Protective Services			-	11,311	330,619
Smart Start Administration			-	313,939	257,365
Family Violence Prevention Grant			-	25,929	-
Division of Child Development:					
Smart Start Motherread			-	147,132	-
Smart Start - Mental Health			-	248,050	-
Division of Public Health:					
General		4110	-	278,032	-
Risk Reduction/Health Promotion			-	3,025	-
Communicable Disease			-	25,762	-
Tuberculosis			-	85,122	-
Women's Preventative Health			-	3,941	-
Breast and Cervical Cancer Control		4536	-	20,400	-
AIDS-State			-	25,000	-
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
General Program Services			-	5,293,866	-
Community Services Mental Health - Child			-	670,616	-
Community Services Mental Health - Adult			-	1,365,072	-
Community Services Mental Health - Other			-	32	-
Community Services Developmental Disabilities - Child			-	300,571	-
Community Services Developmental Disabilities - Adult			-	1,600,228	-
Community Services Developmental Disabilities - Other			-	12,000	-
Community Services Substance Abuse - Child			-	34,594	-
Community Services Substance Abuse - Adult			-	922,738	-
Criminal Justice			-	3,444	-
Crisis Services			-	1,765,921	-
Long Term Vocation Support			-	19,214	-
Psych Supplemental Services			-	2,625	-
Total N. C. Department of Health and Human Services			-	17,374,792	-
<u>N.C. Dept. of Environment & Natural Resources</u>					
Division of Environmental Health:					
Environmental Health			-	40,171	-
Division of Pollution Prevention and Environmental Assistance:					
Solid Waste Management Trust Fund:					
Community Waste Reduction & Recycling Grant			-	18,000	-
Division of Water and Soil Conservation:					
Agriculture Cost Share Program			-	25,708	35,134
Soil and Water District Projects			-	3,960	69,088
Total N.C. Department of Environment & Natural Resources			-	87,839	104,222

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2011

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. Rural Economic Development Center</u> Unsewered Communities Grant			\$ -	\$ 38,338	\$ -
<u>N.C. Department of Veteran's Affairs</u> Veteran's Services Grant			-	2,000	289,023
<u>Department of Juvenile Justice & Delinquency Prevention</u> Juvenile Crime Prevention Program			-	990,092	639,674
<u>N.C. Dept. of Cultural Resources</u> State Aid to Public Libraries			-	431,182	8,873,477
<u>N.C. Dept. of Transportation</u> Rural Operating Assistance Program Cluster: Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	178,559	-
Rural General Program			-	153,080	-
Work First Transitional/Employment Trans. Assistance			-	122,142	-
Total Rural Operating Assistance Program Cluster			-	453,781	-
Human Services Transportation Program			-	67,394	-
Total N.C. Department of Transportation			-	521,175	-
<u>N.C. Dept. of Administration</u> Domestic Violence Program			-	74,497	-
<u>N.C. Dept. of Corrections</u> Criminal Justice Partnership Program			-	206,694	1,517
Total State awards			-	19,726,609	9,907,913
Total Federal and State awards			\$ 295,145,958	\$ 117,464,850	\$ 30,600,608

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2011

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the County of Cumberland and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2. Subrecipients

Of the federal and State expenditures presented in the schedule, the County of Cumberland provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Highway Planning and Construction	20.205	\$ 400,368	\$ -
Supportive Housing Program	14.235	77,357	-
Juvenile Crime Prevention Program		-	990,092

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.