

COUNTY *of*
CUMBERLAND

NORTH CAROLINA

2012
COMPREHENSIVE
ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2012



COUNTY OF CUMBERLAND
NORTH CAROLINA

Board of County Commissioners

Marshall Faircloth, Chairman

Jimmy Keefe, Vice Chairman
Jeannette M. Council
Charles Evans

Kenneth S. Edge
Billy R. King
Edward Melvin

Comprehensive Annual
Financial Report

For the Year Ended June 30, 2012

Prepared by:
Cumberland County Finance Department

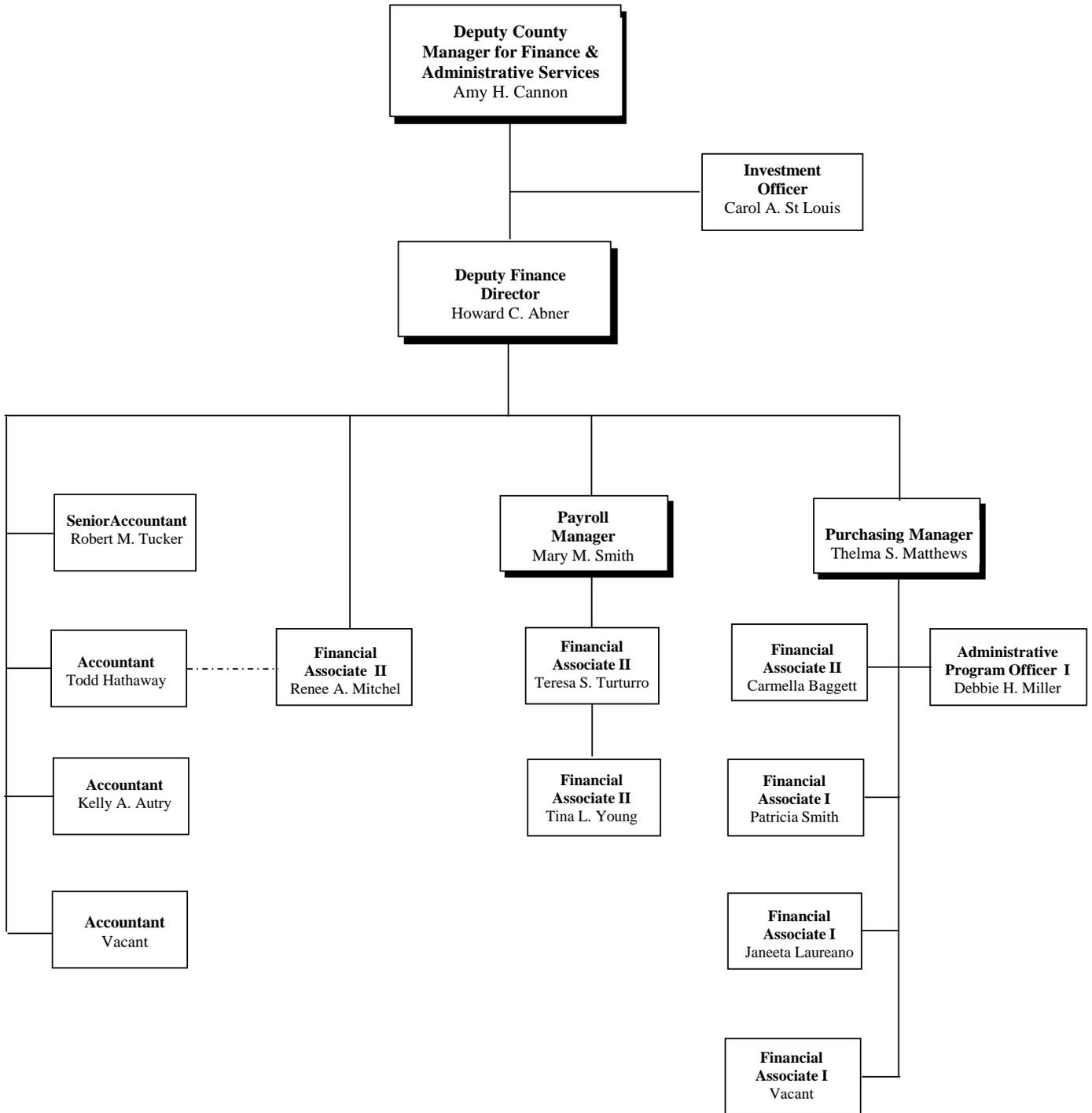
County Officials

County Manager
County Attorney
Deputy County Manager
Assistant County Manager

James E. Martin
Rick L. Moorefield
Amy H. Cannon, CPA
James E. Lawson

COUNTY OF CUMBERLAND, NORTH CAROLINA

Finance Department



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COUNTY of CUMBERLAND

Finance Department

November 16, 2012

The Honorable Marshall Faircloth, Chairman
The Honorable Jimmy Keefe, Vice Chairman
The Honorable Jeannette M. Council
The Honorable Kenneth S. Edge
The Honorable Charles Evans
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, 2012. 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.

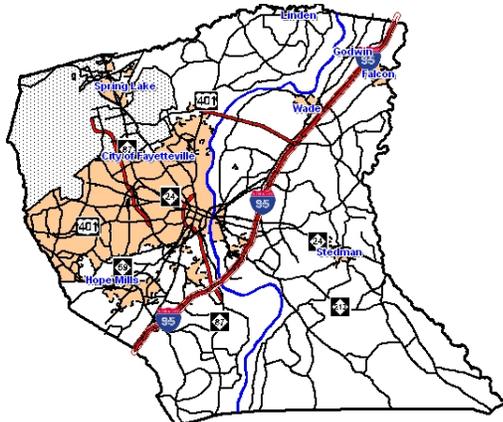
Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent 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 327,643 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 208,201 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.

Fort Bragg



Photo: FORSCOM/USARC Headquarters

The County is home to Fort Bragg which is the largest US Army post by population. Fort Bragg encompasses approximately 161,047 acres. Fort Bragg contributes to the area economy as well as to the international and cosmopolitan culture of the community

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. Since November 2005 when the Base Closure and Realignment Commission (BRAC) became law, Fort Bragg has undergone a major transformation.

The move of the U.S. Army Forces Command (FORSCOM) and the U.S. Army Reserve Command (USARC) from Fort McPherson, Georgia to Fort Bragg was completed in August 2011. With this transition, Fort Bragg is the headquarters for the Army's combat ready conventional forces, the Army Reserves, as well as the Army's special operations forces and the U.S. military's counterterrorist forces.

ECONOMIC CONDITIONS AND OUTLOOK

Military

Fort Bragg is 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.

ECONOMIC IMPACT
Table 1

Year	Economic Impact
2011	\$10,949,623,120
2010	\$12,942,818,883
2009	\$9,868,358,242
2008	\$9,687,398,244
2007	\$8,282,154,306

MILITARY PERSONNEL AT FORT BRAGG
Table 2

Year	Military Personnel	Payroll
2011	60,174	\$2,810,961,371
2010	60,394*	\$3,002,143,089*
2009	56,108	\$2,576,537,654
2008	59,216	\$2,526,560,488
2007	50,209	\$2,502,218,086

CIVILIAN EMPLOYMENT AT FORT BRAGG
Table 3

Year	Number of Employees	Payroll
2011	21,780	\$600,116,523
2010	11,891*	\$561,127,602*
2009	13,438	\$582,107,792
2008	11,506	\$504,296,348
2007	10,598	\$412,310,056

(*The FY 2010 Economic Impact Analysis for Pope Army Airfield 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.)

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 2011, Fort Bragg has received 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. For federal fiscal year 2012, Fort Bragg is scheduled to receive \$401 million. Major projects include: \$147 million for construction of several Special Operations facilities; \$59 million for hospital upgrades; \$54 million for 82d Aviation Company facilities; and \$42 million for an NCO academy.

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 (which is undergoing a multi-million dollar renovation) 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, 2012 totaled \$3,531,570,536. This represents a 4.61% increase from fiscal year 2011. For 2011, gross sales of \$343,938,856 realized by the commissaries and post exchanges located on Fort Bragg increased by 9.71% from fiscal year 2010.

TAXABLE SALES

Table 4

Year	Cumberland County	% Change	Fort Bragg Commissaries & Exchanges	% Change	Total	% Change
2012	\$3,531,570,536	4.61	Not Available	---	---	---
2011	\$3,375,817,327	9.71	\$343,938,856	9.43	\$3,719,756,183	9.69
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

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		2012 Certified		2015 Projected		2020 Projected	
	Population	% Change	Population	% Change	Population	% Change	Population	% Change	Population	% Change
Cumberland County	291,897	--	302,970	3.8%	327,643	8.1%	336,378	2.6%	340,797	5.6%
North Carolina	7,657,934	--	8,047,764	5.1%	9,669,244	20.1%	10,097,304	4.4%	10,616,077	7.1%

As shown in Table 6, the County's unemployment rate decreased from 10.2% in December to 9.9% in June. The state's unemployment rate decreased from 10.5% in December to 9.8% in June.

EMPLOYMENT
Table 6

Year	Total Civilian Labor Force	Number Employed	Number Unemployed	Cumberland County Unemployment Rate	State Unemployment Rate
2012 (6 mo)	143,619	129,290	14,329	9.9%	9.8%
2011	142,254	127,742	14,512	10.2%	10.5%
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%

Personal income in the Fayetteville metro area (area covers most of the County) grew 5.5% between 2009 and 2010. (Most recent statistical analysis by the U.S. Bureau of Economic Analysis) 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. In addition to the military, major employers include:

Local Government – The County and City of Fayetteville

County School System

Cape Fear Valley Health System

Wal-Mart Distribution Center and Retail Outlets

Goodyear Plant

Colleges and Universities – Fayetteville Tech, Fayetteville State, Methodist University

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 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.

The Fayetteville Metro area's housing market has continued to slow down in 2012. Residential sales through the first nine months of 2012 totaled 3,605 units versus 4,306 units in 2011. For sales through August 2012, Zillow.com reported that average price of a home had declined 4.2% versus the same period in 2011. The North Carolina statewide trend for home sales has been flat (-.6%) though other large markets such as Greensboro (-4.3%) and Winston Salem (-2.6%) have had similar declines in home sales.

As shown in Table 7, the number of new residential building permits for the first six months of 2012 is up 3.4% compared with the same period in 2011. The value of new residential permits is down 19.2% over the same period. The number of new non-residential permits in the first six months of 2012 is down 30.2% compared with the same period in 2011. The value of the new non-residential permits is down 88.7% over the same period.

BUILDING PERMITS
Table 7

Calendar Year	New Residential		New Non-Residential	
	Number	Value	Number	Value
2012 (6 mo)	992	\$ 116,387,949	53	\$ 24,433,708
2011	1930	\$ 241,609,901	124	\$ 66,131,097
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

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 2011-2012 School Year. For the fiscal year ended June 30, 2012, the County appropriated \$77,267,722 from General Fund revenues for school current operations. For the fiscal year ending June 30, 2013, 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, 2012, the actual sales taxes totaled \$8,479,847. For the fiscal year ending June 30, 2013, budgeted sales tax is \$7,960,135. 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 year 2010. The County received \$4,230,817 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2012. As of June 30, 2012, the County has received \$30,980,442 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	
2011-2012*	53	24,035	15	11,941	14	16,190	52,166
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

* Number of schools excludes special schools and academies.

Private and Parochial Schools

There are five independent schools and 21 religious schools in the County. The enrollment for the 2011-2012 school year was 4,025.

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 40,000 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 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, 2012 totaled \$9,163,305. The County also appropriated capital outlay funds in the amount of \$4,089,137. For the fiscal year ending June 30, 2013, the appropriations from the County to FTCC are \$9,163,305 for operating expenses and \$166,590 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 43 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, Seymour Johnson Air Force Base and Camp Lejeune.

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 80 fields of study (majors and concentrations) and four master’s degree programs. Undergraduate majors include communications, justice studies, business administration, education, and social work. The four master’s degree programs are; Master of Business Administration, Master of Justice Administration, Master of Education 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 51 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	5,162	4,592
Graduate	768	607
Methodist University		
Undergraduate	2,280	2,137
Graduate	196	178
Fayetteville Technical Community College		
Curriculum Students	15,776	8,334
Continuing Education Students	24,208	3,441

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 July 2012, four apartment complexes have been completed for a total of 404 units. Construction is ongoing for two more apartment complexes and a community resource

center. Additionally, Habitat for Humanity has completed eight houses in the area and has two more under construction.

In September, the County broke ground for the construction of a 316 bed expansion to the County's Detention Center. Construction is expected to be finished in October 2013. The project will cost about \$15 million and is being paid for without borrowing money.

State legislation passed in 2001, mandated that the public behavioral health systems be changed. Community mental health centers were mandated to develop local business plans to implement mental health reform. The legislation mandated that mental health centers divest of all Medicaid reimbursable services including psychiatric services.

Specifically, the legislation directed the County's Mental Health Local Management Entity to (LME) to be fully divested of all State/Medicaid reimbursable services by January 1, 2013. Durham Center and Wake County LME merged into one entity effective July 1, 2012. The County's LME has partnered with Durham and Johnston counties, with Durham designated as the "corporate" Managed Care Organization (MCO). Effective January 1, 2013, the MCO will assume responsibility for coordinating services for mental health clients in Cumberland County. Additionally, effective July 1, 2012, psychiatric services, previously provided by the Mental Health LME were transferred to the Health Department.

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 lapses 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, 2011. This was the seventeenth consecutive year

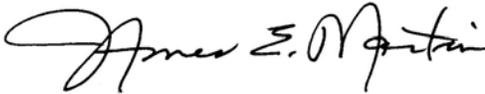
that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United 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, 2011

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.

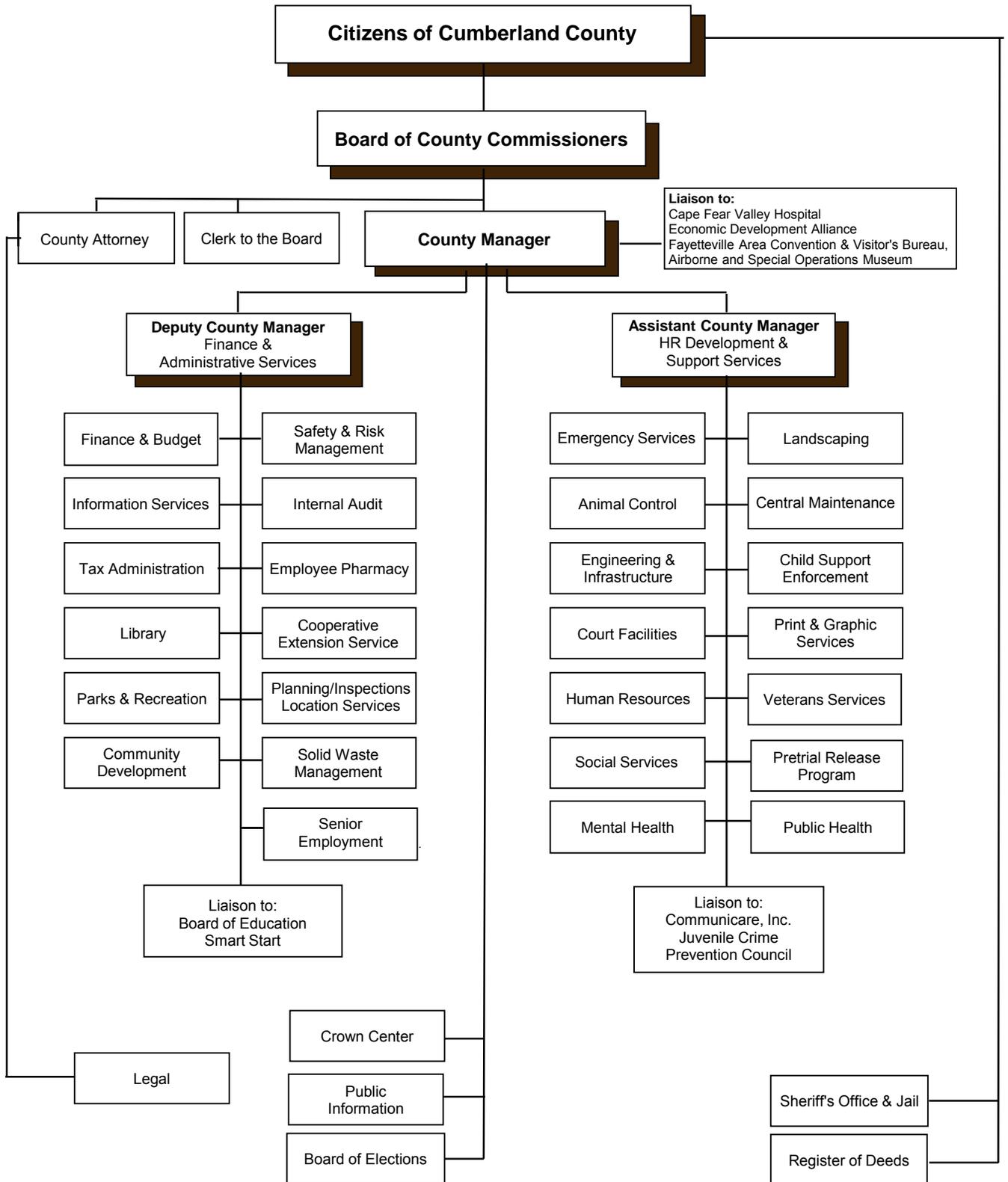


Linda C. Sandison

President

Jeffrey R. Emmer

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, 2012, 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 component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, 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 16, 2012 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 Analysis 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 basic financial statements as a whole. The introductory section, combining and individual fund statements and schedules, other supplemental financial data, statistical section, and the continuing disclosure information section, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules, other supplemental financial data, and the schedule of expenditures of federal and State awards has been subjected to the auditing procedures in the audit of the basic 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, 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 Bekart & Holland L.L.P.

Fayetteville, North Carolina
November 16, 2012

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, 2012. 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.

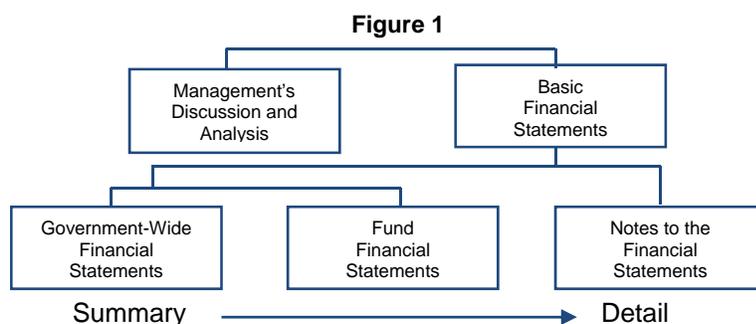
Financial Highlights

- The assets of Cumberland County exceeded its liabilities at the close of the fiscal year by \$167,650,940 (*net assets*). In accordance with North Carolina law, liabilities of the county include approximately \$53,925,000 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 (page C-5).
- The government's total net assets decreased by \$3,520,982, a decrease of 2.06%, due to decreases in both governmental and business activities net assets.
- As of the close of the current fiscal year, Cumberland County's governmental funds reported combined ending fund balances of \$132,523,405 a decrease of \$13,549,291 from the prior year. Approximately 59.1 percent of this total amount, or \$78,365,650, is available for spending at the government's discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, total fund balance for the General Fund was \$112,185,007 or 36.14% percent of total general fund expenditures excluding other financing uses for the fiscal year. Of this amount, \$34,633,541 or 30.87% is non-spendable, restricted or committed. Another \$46,507,704 or 41.46% is assigned leaving \$31,043,762 or 10.0% of total general fund expenditures as unassigned.
- Cumberland County's total outstanding debt decreased by \$21,802,476 (9.2%) during the current fiscal year. The County issued General Obligation Refunding Bonds in the amount of \$12,735,000 to refinance school bonds and Limited Obligation Refunding Bonds in the amount of \$37,755,000 to refinance debt on the Public Health Facility and Gray's Creek 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



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 \$167,650,940 as of June 30, 2012. The County’s net assets decreased by \$3,520,982 for the fiscal year ended June 30, 2012. Net assets are negatively affected by the fact that the County issues debt to fund the construction of capital assets that

CUMBERLAND COUNTY’S NET ASSETS
Table 1

	Government Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Assets						
Current and other	\$ 180,200,713	\$ 161,462,166	\$ 52,283,194	\$ 53,250,908	\$ 232,483,907	\$ 214,713,074
Capital	203,212,636	211,182,747	70,331,134	67,796,238	273,543,770	278,978,985
Total assets	<u>383,413,349</u>	<u>372,644,913</u>	<u>122,614,328</u>	<u>121,047,146</u>	<u>\$ 506,027,677</u>	<u>\$ 493,692,059</u>
Liabilities						
Long-term outstanding	262,904,303	258,452,341	49,977,842	49,444,312	312,882,145	307,896,653
Other	20,702,911	16,984,929	1,270,699	1,159,537	21,973,610	18,144,466
Total liabilities	<u>283,607,214</u>	<u>275,437,270</u>	<u>51,248,541</u>	<u>50,603,849</u>	<u>334,855,755</u>	<u>326,041,119</u>
Net assets:						
Invested in capital, net of related debt	145,718,565	144,858,779	36,170,451	32,823,195	181,889,016	177,681,974
Restricted	91,003,476	54,474,736	8,927,040	11,838,655	99,930,516	66,313,391
Unrestricted	(136,915,906)	(102,125,872)	26,268,296	25,781,447	(110,647,610)	(76,344,425)
Total net assets	<u>\$ 99,806,135</u>	<u>\$ 97,207,643</u>	<u>\$ 71,365,787</u>	<u>\$ 70,443,297</u>	<u>\$ 171,171,922</u>	<u>\$ 167,650,940</u>

become the assets of other governmental entities. The decrease in net assets is also due to the liability associated with providing postemployment healthcare benefits (OPEB) to retirees of the County. For FY2012, the net OPEB obligation (expense) of \$14,708,609 was allocated between the governmental activities functional areas and business-type activities. The net OPEB obligation at year end is \$68,335,300, a 27.4% increase. Of total net assets, one of the largest portions, \$177,681,974, 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, \$66,313,391, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a negative \$76,344,425.

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 \$53,925,000 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, influenced the total unrestricted governmental activities net assets:

- Continued diligence in the collection of current year property taxes by achieving a collection percentage of 99.06% for real and personal property and 82.01% for motor vehicles.
- Achieving an average 5-year overall tax collection rate including collection of all prior year taxes of 99.36%.
- Program revenues covered 28.7% of program expenses, decreasing from 32.1% last year.
- Program revenues totaled \$95,601,704 decreasing by \$10,992,480 from the previous year.
- Operating grants from the State and Federal government and charges for services decreased a total of \$7,497,580 to \$90,147,596. Continuing divestiture of Mental Health services resulted in decrease revenue of \$3,783,504.
- Capital Grants and contributions decreased \$3,494,900 to \$5,454,108 due to a \$3,335,869 decrease in the use of NC Education Lottery funds for school capital projects.
- General revenues, excluding transfers, totaled \$241,173,212 increasing by \$6,868,771 from the previous year.
- Property tax revenue increased \$4,010,743 due to growth in the tax base and continued high tax collection rate.
- Sales tax revenue increased \$2,683,597 to \$45,982,851 or 6.2% from the previous year due to increased sales from military personnel returning from overseas conflicts.
- Governmental activities expenses increased by \$541,127 to \$333,074,856 or 0.16%.

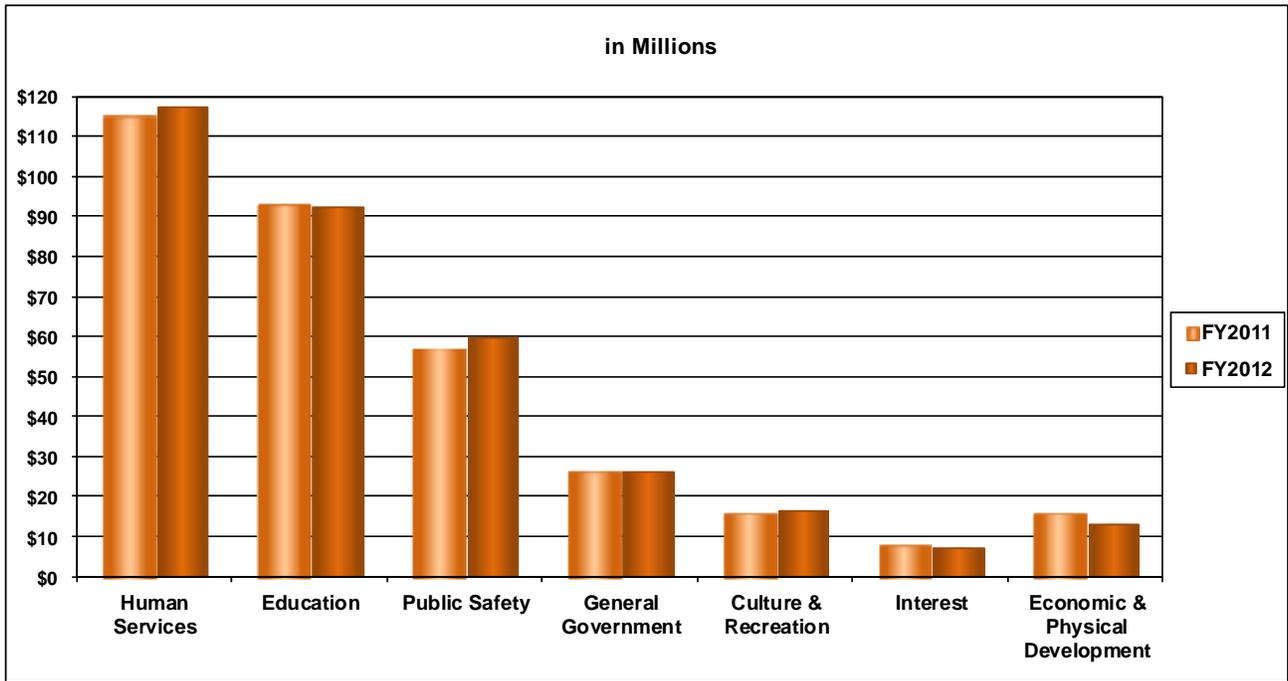
CUMBERLAND COUNTY'S CHANGES IN NET ASSETS
Table 2

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program revenues:						
Charges for services	\$ 18,617,168	\$ 19,801,124	\$ 6,613,925	\$ 6,383,635	\$ 25,231,093	\$ 26,184,759
Operating grants and contributions	79,028,008	70,346,472	591,983	456,766	79,619,991	70,803,238
Capital grants and contributions	8,949,008	5,454,108	-	-	8,949,008	5,454,108
General revenues:						
Property taxes	167,672,376	171,683,119	-	-	167,672,376	171,683,119
Other taxes	50,238,808	53,075,353	6,051,624	6,097,110	56,290,432	59,172,463
Grants and contributions not restricted to specific programs	10,313,488	10,614,999	-	-	10,313,488	10,614,999
Unrestricted investment earnings	307,459	212,121	193,799	73,141	501,258	285,262
Gain on sale of assets	13,644	119,708	1,499	4,967	15,143	124,675
Miscellaneous	5,758,666	5,467,912	151,531	92,861	5,910,197	5,560,773
Total revenues	<u>340,898,625</u>	<u>336,774,916</u>	<u>13,604,361</u>	<u>13,108,480</u>	<u>354,502,986</u>	<u>349,883,396</u>
Expenses:						
General government	26,113,873	26,438,229	-	-	26,113,873	26,438,229
Public safety	57,268,195	59,658,090	-	-	57,268,195	59,658,090
Economic and physical development	16,199,629	13,147,908	-	-	16,199,629	13,147,908
Human services	115,603,566	117,628,689	-	-	115,603,566	117,628,689
Culture and recreation	16,019,975	16,416,067	-	-	16,019,975	16,416,067
Education	93,248,232	92,463,573	-	-	93,248,232	92,463,573
Interest on long-term debt	8,080,259	7,322,300	-	-	8,080,259	7,322,300
Crown Center	-	-	9,348,450	9,227,595	9,348,450	9,227,595
Solid Waste	-	-	10,631,856	10,362,349	10,631,856	10,362,349
Kelly Hills Water and Sewer District	-	-	66,855	72,569	66,855	72,569
Norcross Water and Sewer District	-	-	560,100	667,009	560,100	667,009
Total expenses	<u>332,533,729</u>	<u>333,074,856</u>	<u>20,607,261</u>	<u>20,329,522</u>	<u>353,140,990</u>	<u>353,404,378</u>
Increase in net assets before transfers	8,364,896	3,700,060	(7,002,900)	(7,221,042)	1,361,996	(3,520,982)
Transfers	(8,061,835)	(6,298,552)	8,061,835	6,298,552	-	-
Change in net assets	<u>303,061</u>	<u>(2,598,492)</u>	<u>1,058,935</u>	<u>(922,490)</u>	<u>1,361,996</u>	<u>(3,520,982)</u>
Net assets - beginning	99,503,074	99,806,135	72,373,602	71,365,787	171,876,676	171,171,922
Prior period adjustment - CIP	-	-	(2,066,750)	-	(2,066,750)	-
Net assets - beginning as restated	<u>99,503,074</u>	<u>99,806,135</u>	<u>70,306,852</u>	<u>71,365,787</u>	<u>169,809,926</u>	<u>171,171,922</u>
Net assets - ending	<u>\$ 99,806,135</u>	<u>\$ 97,207,643</u>	<u>\$ 71,365,787</u>	<u>\$ 70,443,297</u>	<u>\$ 171,171,922</u>	<u>\$ 167,650,940</u>

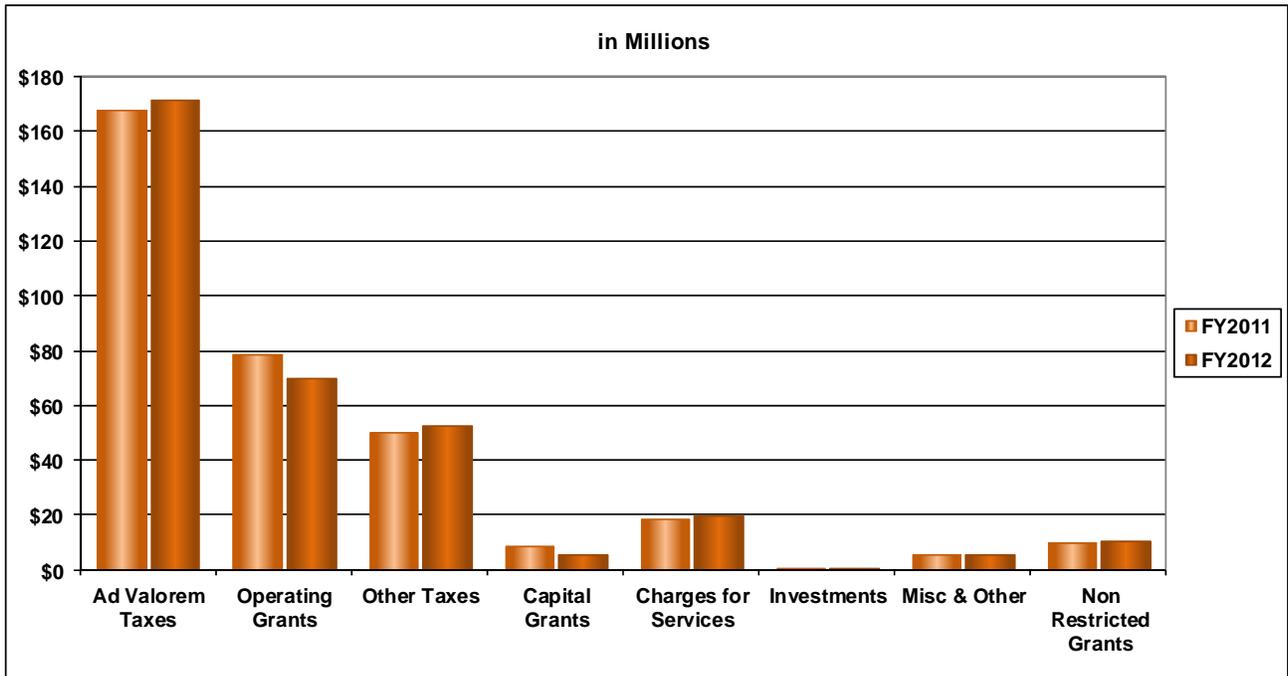
Governmental activities. Governmental activities decreased the County's net assets by \$2,598,492. Key elements of this decrease are as follows:

- Personnel expenditures decreased \$1,181,404. This was due to lapsed salaries created by vacant positions. In addition, only seven new positions were created along with no increases in medical insurance, workers compensation, or retirement rates.
- Operating expenses increased \$56,277,399 due to \$56,080,952 in charges resulting from debt refinancings. Other significant changes were: reduction of \$1,326,411 in WIA funds for college training; and a net increase in contracted and other services.
- Other charges and services increased \$1,125,816 (.8%). Current expense for county schools decreased \$658,749 as a result of the expiration of the inter-local funding agreement. The other significant changes for FY2012 included; \$1,135,826 increase for Social Services Foster Care and a reduction of \$1,043,383 in Child Care funding; and \$1,081,896 increase for public safety equipment.
- Capital outlay, excluding capital project funds, decreased a total of \$619,439 from FY2011. Due to budgetary constraints, the number of new and replacement vehicles was reduced resulting in a reduction of \$325,744; overall school capital outlay expenditures decreased \$831,682. Capital project expenditures were \$13,913,036 as construction continued on the New Century Middle School and renovations funded with Qualified School Construction Bonds.

GOVERNMENTAL ACTIVITIES EXPENSES
Figure 2



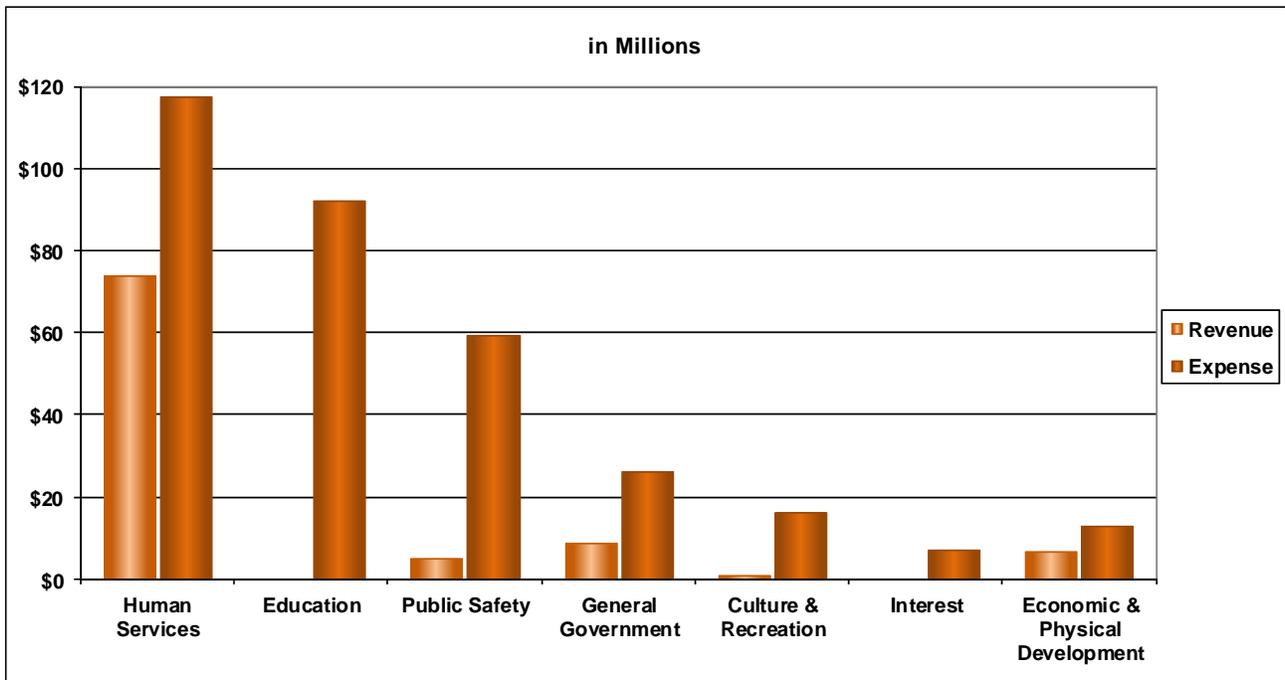
GOVERNMENTAL ACTIVITIES REVENUE
Figure 3



- Ad valorem taxes, Figure 3, increased \$4,010,743 due to growth in the tax base and continued high tax collection rate.
- Sales tax revenue increased \$2,683,597 to \$45,982,851 or 6.2% from the previous year due to increased sales from military personnel returning from overseas conflicts.
- Restricted Intergovernmental revenues decreased \$12,263,959 as a result of a \$3,335,870 decrease in lottery funds for school construction and capital expenses; a one-time \$3,359,699 Mental Health reserve for future payments to North Carolina that was recognized in FY2011; and a \$2,901,689 decrease in Workforce Development funds as the County divested services.
- Sales and services increased net assets by \$996,985.

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 32.1% of expenses at June 30, 2011 and 28.70% at June 30, 2012. The largest general revenue source for governmental activities was ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$171,683,119 amounted to 71.2% of the total general revenues excluding transfers. The second largest general revenue source was Other Taxes at \$53,075,353 or 22.0% of the governmental activities revenues excluding transfers. All other general revenue amounted to 16,414,740 or 6.8%.

GOVERNMENTAL ACTIVITIES - PROGRAM REVENUE & EXPENSES
Figure 4

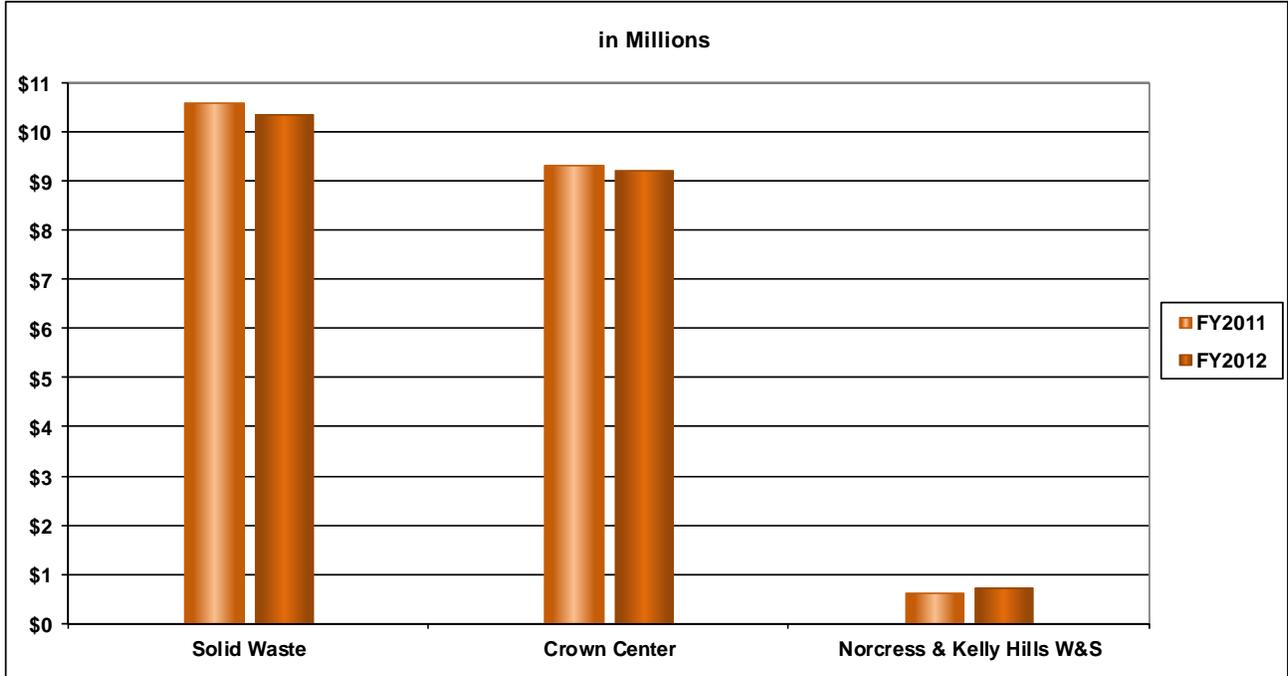


Business-type activities: Business-type activities, Figures 5 and 6 decreased Cumberland County’s net assets by \$922,490, accounting for 26.2% of the decline in the government’s net assets. Key elements of this decrease are as follows:

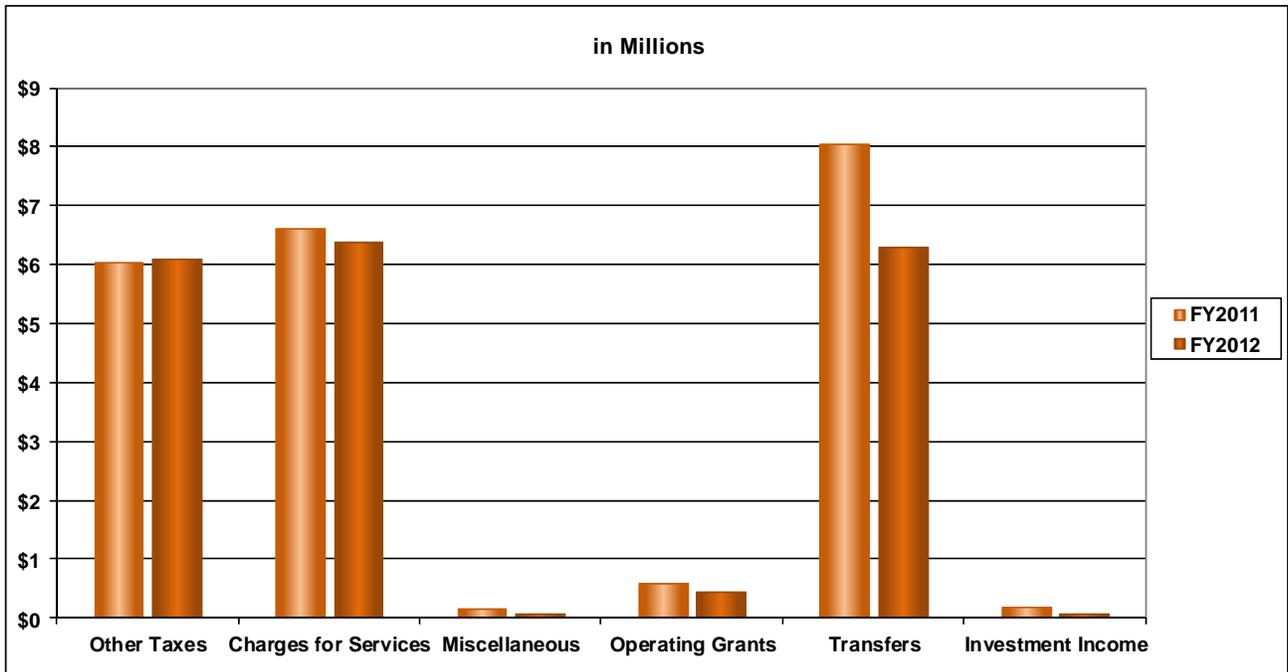
- The Crown Center increased net assets by \$818,493. The increase to net assets was a result of net transfers exceeding the net loss before transfers.

- The Solid Waste Fund, on the other hand reported a decrease in net assets of \$1,395,113. Loss from operations was \$1,968,114 while non-operating revenue contributed \$573,001 to net assets. Operating revenues have declined over recent years due to haulers using out of county sites and increased recycling programs which reduce the amount of trash in the landfill.

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 \$132,523,405 a 9.3 percent decrease over last year. This increase is due to spending down \$14,068,970 of previously unexpended capital project funds from last year. The unassigned fund balance of \$30,269,799, which is not restricted, committed or assigned for specific purposes, makes up 22.8% of the total \$132.5 million. Another \$48,095,851 is assigned for specific purposes: (1) for subsequent years' expenditures-\$7,877,393; (2) for Tax/Finance Office software-\$1,175,000; (3) for water & sewer industrial expansion-\$6,236,961; (4) for mental health services-\$14,364,212; (5) for special purposes-\$9,025,135; (6) for economic development incentives-\$1,500,448; (7) for renovation and maintenance-\$1,641,942; and (8) expansion of the current jail-\$6,274,760. Committed fund balance includes \$443,426 for property revaluation per state statute and \$3,823,564 for public safety. Another \$144,603 of fund balance is in non-spendable form for inventories. The remainder of fund balance, \$49,746,162, 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, \$30,134,770, which includes \$4,181,946 to liquidate contracts and purchase orders of the prior period (encumbrances), and other restricted purposes of \$19,611,392.

The General Fund, including the consolidated County School Fund, is the primary operating fund of Cumberland County (**page E-1**). At the end of the current fiscal year, unassigned fund balance of the General Fund was \$31,043,762; assigned and committed fund balance was \$46,951,130 while total fund balance reached \$112,185,007. 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 10.0 percent of total General Fund expenditures excluding other financing uses; unassigned, assigned and committed fund balance was 15.14 percent while total fund balance represents 36.1 percent of that same amount.

Total General Fund actual revenues excluding other financing sources (**page E-3**) were \$311,489,534, decreasing \$671,458 or 0.22% from last year. Highlights of significant areas of change include:

- Ad valorem property tax revenues increased \$4,075,900 (2.62%) to \$159,676,201 due to growth in both the real property and motor vehicle tax bases.
- Other taxes increased by \$2,653,244 or 5.92% to \$47,460,925. This amount includes sales taxes from Fund 101 of \$36,878,222 and an additional \$8,479,847 from the County School Fund which is incorporated into the General Fund for reporting purposes. In total, sales taxes increased 6.05% due to a strong local economy bolstered by the military.
- Unrestricted Intergovernmental revenue increased \$532,875 (4.82%) due to an increase in ABC Store profits of \$333,016 and in increased municipal reimbursements due to the County's sales tax hold harmless agreement.
- Restricted Intergovernmental revenue decreased \$8,549,727 (11.01%) due primarily to: a one-time release of a \$3,248,375 Mental Health reserve for future payment to North Carolina recorded in the prior year; and a reduction of \$3,335,870 in lottery proceeds from the County School Fund.
- Licenses and permits decreased slightly by \$53,102 due to decreases in various inspection fees.
- Charges for services increased \$1,048,549 7.04%. This increase was spread out over many departments and no one area stood out.

- Investment income for the General Fund decreased \$75,318 to \$199,191 or 27.44% due to the historically low interest rates on idle funds.

General Fund actual expenditures excluding other financing uses and transfers were \$310,437,624 increasing \$1,514,591 or 0.49% from last year. Highlights of significant areas of change include:

- *Personnel expenditures* increased only \$21,779. For FY2012, the County reinstated a one-percent 401K contribution to employees that was previously suspended for two years. This action resulted in an increase of \$830,889. Additionally, the County increased its employee medical insurance contribution by a total of \$1,024,984. These increases were offset by a \$1,938,566 decline in salaries resulting from lapsed salaries due to vacant positions.
- *Basic operating expenditures* increased \$1,470,775 or 4.01%. The majority of the increase was the result of the Mental Health Department divesting itself of direct services and contracting the services out to private providers.
- *Other charges and services* increased \$407,742 or 0.33%. School current expense decreased \$658,749 due to the expiration of a funding agreement with the County's Board of Education. Consequently, FY2012 funding was held to the FY2011 budgeted funding amount. Social Services Foster Care expense increased \$1,135,826 as more individuals are enrolled in the program. These increases were offset by many other expenditures including a reduction of \$1,043,383 in Child Care costs.
- Capital outlay expenditures, which are reported with the functional expenditure categories, decreased \$522,248. Capital outlay decreases of \$831,592 in the County School Fund were offset by increases of \$309,344 for Fund 101 and Fund 112.

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 \$31,718 to \$1,658,510. The County has finished construction on the project and is in the process of closing out and spending the remaining project funds.

The Gray's Creek Middle School Building Fund's net assets, \$989,980, decreased \$128,368 as the County is finishing the construction on this project.

General Fund Budgetary Highlights: The General Fund, for budgetary comparisons, 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 \$70,706,255 or 22.63 percent of total budget.

- *Other Taxes* increased \$432,620 (1.2%) 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 \$6,601,681. 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 \$1,086,502, Foster Care \$616,507, and Crisis Intervention funds increased \$2,632,771. An additional \$829,845 increase in Sheriff's grants and \$727,737 in Mental Health programs accounted for most of the remainder of the increase.

- *Local sales & services revenues* increased \$1,309,823. The reduction of \$1,966,664 in various Mental Health fees was offset by increases in several other departments.
- *Other financing sources* increased \$62,334,629. Refinancing of outstanding debt issues resulted in \$56,018,808 of the increase. A Fund balance appropriated increase of \$6,315,821 accounted for all of the remaining increase. \$5,731,603 of this amount was appropriated to fund prior year obligations (encumbrances and unexpended grants) and to fund new initiatives; \$73,066 was from Mental Health reserves to fund additional services; \$67,802 from Health Department restricted revenue for additional services; and \$443,350 from designated maintenance and renovations one-time funds for repairs on the E. Newton health Center.

Total actual revenues for the General Fund, excluding the County School Capital Fund and other financing sources, exceeded the budgeted amount by \$1,691,611 or 0.57% (**page E-5**).

- *Ad Valorem taxes* collected exceeded the budget by \$2,310,663 (101.47%). This was due to conservative valuation estimates and higher than expected tax collections for both real property and motor vehicles.
- *Other taxes*: Total other taxes were \$1,699,190 above budget (104.56%). Sales tax collections accounted for \$1,657,126 of the increase. A stronger than expected economy bolstered by the military accounted for the increase.
- *Unrestricted intergovernmental* revenue was \$1,144,262 above budget by 11.88%. This increase was due to an increase in ABC Store profits of \$333,016 and in increased municipal reimbursements due to the County's sales tax hold harmless agreement
- *Restricted intergovernmental* revenues were \$4,924,619 below the budgeted amount of \$69,804,228 (-7.05%). The Mental Health Department under realized restricted revenue by \$941,755. Developmental Disabilities program accounted for \$749,837 of this amount. Unrealized revenue of \$1,683,520 in the Social Services Department is attributable to the Crisis Intervention and Child Care & Development programs. The Health Department's under realization of \$652,649 was spread over many clinical areas. The \$452,055 Golden Leaf Foundation Grant, \$556,856 Child Support Incentive, and \$263,793 USDA Rural Development Loan accounted for the remaining differences.
- *Licenses and permit* fees were \$491,123 above budget by 23.59% due to over realization of Register of Deeds fees and a significantly better than expected revenue realization in the Inspections Department.
- *Sales and services* fees were \$570,873 above budget. Many county departments contributed to the increase, but the majority of the increase occurred in the Sheriff's Office, Protective Services Agency and the Health Department.
- Miscellaneous revenue was just \$369,273 above budget due to small variances in many line items.

Total actual expenditures (**page E-5**), excluding the County School Fund and other financing uses, were less than the budgeted amount by \$21,390,138 resulting in an expenditure rate of 93.44% a slight decrease of 0.46% 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 \$5,279,399 (6.18%) less than budgeted.
- *Basic operating* expenditures were \$5,743,520 under budget. Of this amount, \$2,188,513 was for contracted services; \$1,204,347 was for unexpended "Viper" equipment; \$333,322 unspent in department supplies; and \$160,596 was for unspent maintenance and repair. While not included as expenditure, another \$932,538 is being reserved for outstanding encumbrances. The remaining \$1,856,742, excluding encumbrances, was unspent in many of the 100 line items.

- *Other charges & services* was \$3,831,395 under budget. Under spending of \$1,171,338 in the Crisis Intervention program, \$481,357 for Child Care and \$452,055 for the Overhills Sewer project accounted for the majority of under spending.
- While *capital outlay* was under spent by \$6,060,724, almost all of those funds will be re-budgeted next year.
- Lastly, *Debt service* was under spent by \$997,756 due to not spending budgeted debt principal and interest payments on FTCC debt as financing was not completed in FY2012 and interest payments on refunding bonds due to the timing of the refinancing.

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 enterprise funds decreased \$922,490 to \$70,443,297. Unrestricted net assets decreased \$486,849 to \$25,781,447. 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 \$9,366,978. This represents a decrease of \$345,870 from last year as expenses exceeded revenues. The six internal service funds had combined net assets of \$6,326,696, a decrease of \$1,061,480 from the prior year. A large decrease in net assets in the Group Insurance Fund of \$1,317,414 was due to the delay in implementing the cost-saving employee health program.

Capital Asset and Debt Administration

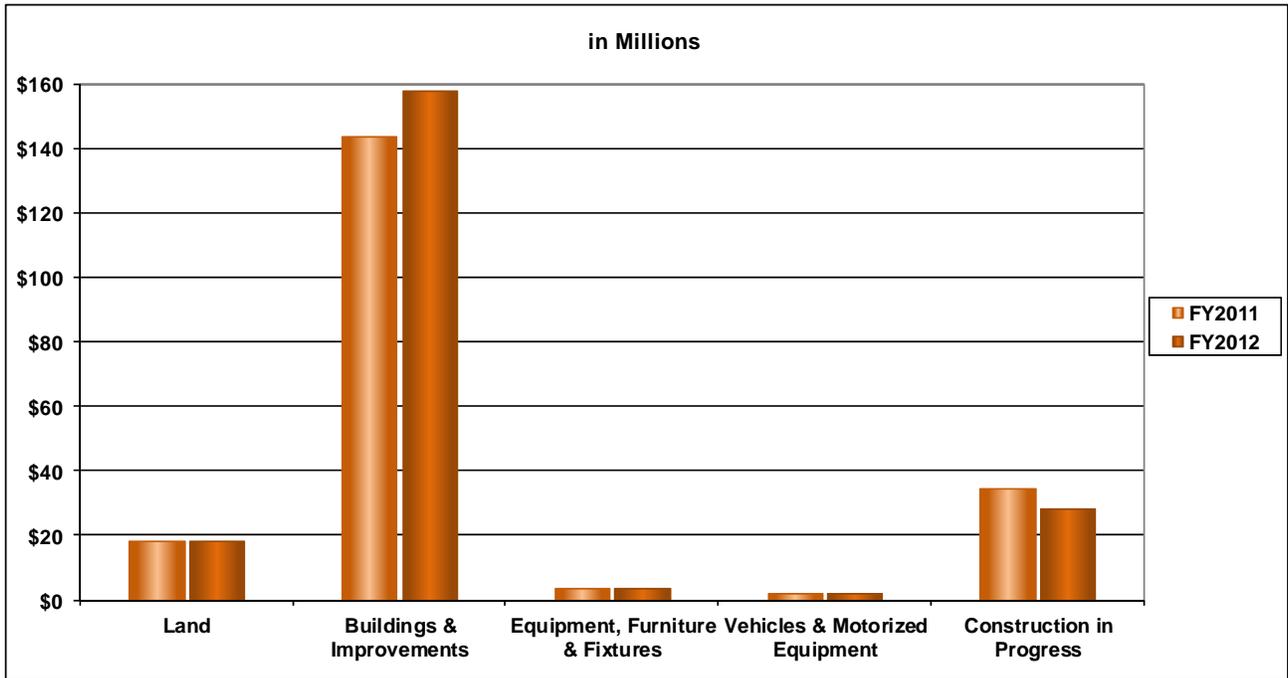
Capital Assets. Cumberland County's capital assets, Table 3, for its governmental and business-type activities as of June 30, 2012, totals \$278,969,002 (net of accumulated depreciation). Capital assets include land, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other equipment, 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 \$12,255,686 increase in buildings and improvements related primarily to completing construction on the New Century Middle School and projects funded by Qualified School Construction Bonds.

CUMBERLAND COUNTY'S CAPITAL ASSETS
Table 3

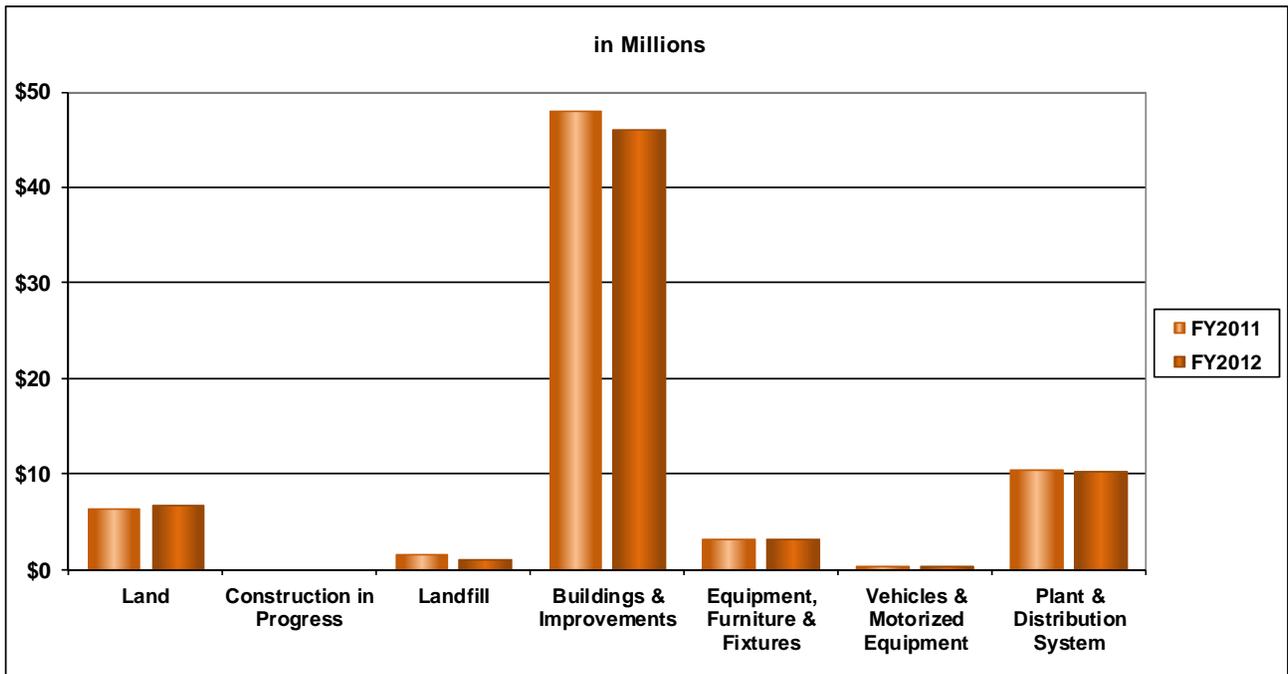
(net of depreciation)

	Government Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land	\$ 18,587,070	\$ 18,587,070	\$ 6,449,358	\$ 6,823,573	\$ 25,036,428	\$ 25,410,643
Construction in progress	34,454,158	28,598,386			34,454,158	28,598,386
Landfill			1,550,062	1,033,375	1,550,062	1,033,375
Buildings and improvements	143,950,692	158,227,673	48,099,048	46,077,753	192,049,740	204,305,426
Equipment, furniture and fixtures	3,847,291	3,758,171	3,228,641	3,291,765	7,075,932	7,049,936
Vehicles and motorized equipment	2,373,425	2,011,447	438,583	309,942	2,812,008	2,321,389
Plant and distribution system			10,565,442	10,259,830	10,565,442	10,259,830
Total net assets	<u>\$ 203,212,636</u>	<u>\$ 211,182,747</u>	<u>\$ 70,331,134</u>	<u>\$ 67,796,238</u>	<u>\$ 273,543,770</u>	<u>\$ 278,978,985</u>

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS
Figure 7



BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS
Figure 8



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

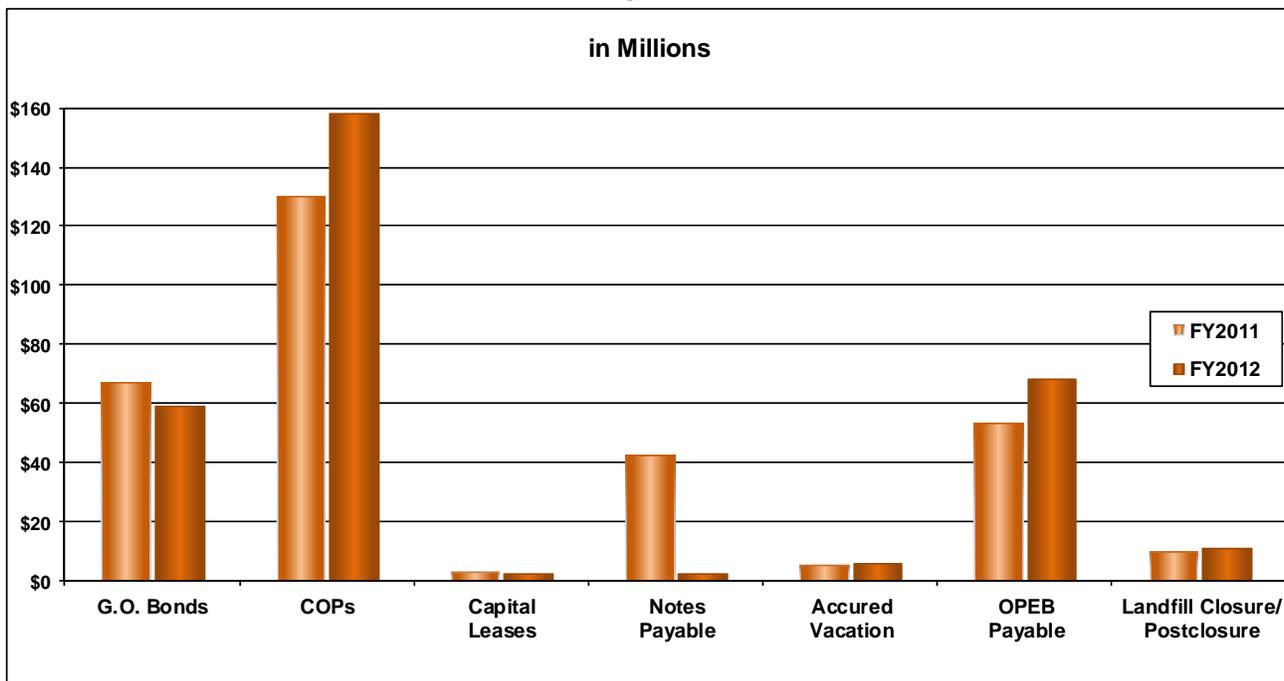
Long-Term Debt. As of June 30, 2012, Cumberland County had total bonded debt outstanding of \$59,332,062 all of which is backed by the full faith and credit of the County.

CUMBERLAND COUNTY'S OUTSTANDING DEBT
Table 4

	Government Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
General obligation bonds (net)	\$ 66,295,985	\$ 58,160,062	\$ 1,189,000	\$ 1,172,000	\$ 67,484,985	\$ 59,332,062
Capital leases	2,827,016	2,437,416	-	-	2,827,016	2,437,416
Certificates of participation (net)	97,171,814	127,104,045	33,153,252	31,465,360	130,325,066	158,569,405
Notes Payable	40,025,000	-	2,806,200	2,494,400	42,831,200	2,494,400
Accrued vacation	5,294,003	5,408,836	254,109	265,574	5,548,112	5,674,410
OPEB payable	51,290,485	65,341,982	2,336,206	2,993,318	53,626,691	68,335,300
Accrued closure and postclosure costs	-	-	10,239,075	11,053,660	10,239,075	11,053,660
Total debt	\$ 262,904,303	\$ 258,452,341	\$ 49,977,842	\$ 49,444,312	\$ 312,882,145	\$ 307,896,653

Cumberland County's total debt, Table 4, of \$307,896,659 decreased \$4,985,486 (1.6%) during the past fiscal year. The County issued General Obligation Bonds in the amount of \$12,375,000 to refinance outstanding debt on schools; and issued Limited Obligation Refunding COPS in the amount of \$37,755,000 to refinance outstanding debt on the Public Health Facility and the Gray's Creek Middle school. Additionally, the County paid down existing debt obligations while incurring \$14,708,609 of additional OPEB obligations.

OUTSTANDING DEBT
Figure 9



In September 2008, 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, 2012, the County had bonds authorized but unissued of \$19,196,000,000 and a legal debt margin of \$2,041,406,000.

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 rate for real and personal property increased from 98.93% to 99.05%. The overall tax collection rate including prior years' collections is 99.32% and the running five year average is 99.36%.
- In contrast to the national economy, taxable sales for Cumberland County, has increased steadily over the past five years; 0.19%, 3.36%, 8.18%, 9.71%, and 4.61% for 2012.
- The locally generated sales tax collection rate increased 6.05% over FY2011 and was significantly higher than the state average based on population.
- The local metro area's personal income growth ranked first among North Carolina's metro areas and nineteenth nationally.

Budget Highlights for the Fiscal Year Ending June 30, 2013

The County approved a \$304,072,055 General Fund budget, excluding the legally adopted County School Special Revenue Fund, for fiscal year 2013, which represents a \$12,686,484 (4.00%) decrease over fiscal year 2012 approved budget. For internal financial accounting, the FY2013 budget eliminates the Mental Health Internal Special Revenue Fund and consolidates mental health activities into one Mental Health General Fund Agency. Effective January 1, 2013, funding for the Mental Health agency ceases and mental health services will be provided by a State funded Managed Care Organization (MCO). The budget for the MCO was not included in the FY2013 adopted budget as contract details are not completed. Additionally, effective July 1, 2012, psychiatric services, previously provided by the Mental Health LME, are transferred to the County's Health Department.

- *Ad Valorem Taxes* have been budgeted at an increase of \$4,130,740 (2.62%). 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 \$1,964,959 (5.33%) due to an increase in the local economy.
- *Unrestricted Intergovernmental* revenue is projected to increase \$371,588 (3.86%). Increases in sales tax hold harmless reimbursements due to a higher projection of overall sales tax collections.
- *Restricted Intergovernmental* revenue has been budgeted at a net decrease of \$4,091,622 (6.47%) based on a FY2013 budget of \$59,110,925. Mental Health restricted revenue is projected to decrease \$6,626,259 (53.31%) as mental health services are only budgeted for half the year. Social Services revenues, on the other hand, are projected to increase \$1,220,084 (2.94%). The majority of that increase is due to Medical Assistance Administration, \$1,037,370 (22.60%).
- *Licenses and Fees* are projected to experience an overall increase of \$168,754 (8.11%) based on an adopted budget of \$2,250,763. The Register of Deeds fees are expected to increase \$131,422 while various other fees contribute an additional \$37,332 to the total increase.

- *Sales and Service* fees are projected to decrease \$444,994 (3.16%). In the Social Services Department, Indirect Costs of \$1,074,126 were previously classified as Sales & Services. For FY2013, this revenue source was reclassified as a restricted revenue. Mental Health revenue is projected to decrease \$3,074,746 (59.51%) as mental health services are only budgeted for half the year.
- *Miscellaneous Revenue* will decrease \$626,843 (13.50%) due to the continued low interest rates on investment of idle cash and a reduction of rental income of \$537,279.
- *Other Financing Sources* decreased a total of \$14,159,066 (48.96%). Because the Mental health Special Revenue fund was incorporated into the General fund, a transfer between funds of \$4,043,901 was eliminated for FY2013; fund balance appropriated was reduced \$7,575,998; and FY2012 had \$3,500,000 one-time revenue from installment financing.

Budgeted expenditures in the General Fund, excluding the legally adopted County School Special Revenue Fund, are \$304,072,055 which represents a decrease of \$12,686,484 (4.00%) over fiscal year 2012. As stated above, much of the change in expenditures are a direct result of restructuring of Mental Health.

- *Personal Services* decreased \$267,645 (0.22%) due to the reduction of 46 positions in mental health, addition of 60 new positions of which 41 were for the jail expansion and the remaining in various departments. In addition, the County implemented Phase I of a new classification and pay plan that provided for an across the board pay increase of 2% for current employees; elimination of longevity pay for new hires; reduction in position classifications and reclassification of employees based on their actual job duties; and the elimination of the law enforcement pay scale and conversion to countywide salary schedule.
- *Operating Expenditures* decreased \$5,682,037 (14.29%). Major changes include an \$8,169,021 reduction in Mental Health contracted services to include divestiture of psychiatric services to the County's Health Department.
- *Other Charges and Services* will increase \$3,347,282 (2.85%) to \$120,600,193. The major contributor to the increase was Social Services, \$2,042,987 for Foster Care and other programs.
- *Capital Outlay* expenditures decreased \$4,191,620 (73.87%). The capital expenditure decrease was due to a one-time expenditure in FY2012 for Fayetteville Technical Community College.
- *Debt Service* payments decreased \$613,160 (2.28%) due to the net effect of refunding various bond issues.

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, 2012

	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	\$ 76,799,542	\$ 10,484,999	\$ 87,284,541	\$ 3,638,973	\$ 474,638	\$ 1,261,207	\$ 333,901
Investments	29,587,292	29,984,495	59,571,787	-	-	-	691,931
Taxes receivable, net	4,339,597	133,992	4,473,589	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	3,397
Sales tax receivable	12,572,252	212,166	12,784,418	-	14,528	-	-
Due from other governments	10,061,092	57,182	10,118,274	-	170,880	-	182,024
Patient receivables, net	1,126,885	-	1,126,885	-	-	-	-
Other receivables, net	2,506,316	37,818	2,544,134	-	-	-	-
Internal balances	5,500	(5,500)	-	-	-	-	-
Due from component units	657,390	-	657,390	-	-	-	-
Inventories	144,603	93,558	238,161	2,368,431	-	-	10,604
Prepaid expenses	57,244	-	57,244	7,981	-	-	5,351
Restricted cash and cash equivalents	21,603,426	2,456,515	24,059,941	20,865	248,802	-	-
Restricted investments	536,198	9,540,857	10,077,055	-	-	-	-
Restricted accounts receivable	6	-	6	-	-	-	-
Capital assets:							
Nondepreciable	47,185,456	6,823,573	54,009,029	2,070,516	7,876,583	-	-
Depreciable, net	163,997,291	60,972,665	224,969,956	3,263,410	9,396,152	-	193,773
Other assets	1,464,823	254,826	1,719,649	-	-	-	-
Security deposits	-	-	-	4,501	-	-	-
Total assets	372,644,913	121,047,146	493,692,059	11,374,677	18,181,583	1,261,207	1,420,981
Liabilities							
Accounts and vouchers payable	9,157,167	696,910	9,854,077	2,302,713	24,658	504,603	93,891
Due to other governments	531,420	149,785	681,205	-	-	-	-
Accrued payroll	5,240,142	183,050	5,423,192	-	-	-	-
Accrued interest payable	1,437,124	125,292	1,562,416	-	37,881	-	-
Other payables	207,712	4,500	212,212	-	16,250	-	-
Due to primary government	-	-	-	657,390	-	-	-
Unearned revenue	411,364	-	411,364	-	-	-	-
Long-term liabilities:							
Due in less than one year	23,777,653	2,555,668	26,333,321	294,118	178,636	-	-
Due in more than one year	234,674,688	46,888,644	281,563,332	1,226,678	9,728,060	-	-
Total liabilities	275,437,270	50,603,849	326,041,119	4,480,899	9,985,485	504,603	93,891
Net assets							
Invested in capital assets net of related debt	144,858,779	32,823,195	177,681,974	3,813,130	7,366,039	-	193,773
Restricted for:							
Stabilization by State statute	30,134,770	-	30,134,770	-	-	-	-
Human services	1,878,210	-	1,878,210	-	-	-	-
Register of deeds	623,297	-	623,297	-	-	-	-
Inmates	135,440	-	135,440	841,916	-	-	-
Cemetery	42,565	-	42,565	-	-	-	-
Education	10,914,692	-	10,914,692	-	-	-	-
Public safety	2,430,481	-	2,430,481	-	-	-	-
Economic and physical development	457,800	-	457,800	-	171,591	-	-
Debt service	-	11,838,655	11,838,655	-	77,211	-	-
Claims	7,857,481	-	7,857,481	-	-	-	-
Unrestricted	(102,125,872)	25,781,447	(76,344,425)	2,238,732	581,257	756,604	1,133,317
Total net assets	\$ 97,207,643	\$ 70,443,297	\$ 167,650,940	\$ 6,893,778	\$ 8,196,098	\$ 756,604	\$ 1,327,090

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Activities
Year Ended June 30, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau	
					Governmental Activities	Business-type Activities	Total					
Governmental activities:												
General government	\$ 26,438,229	\$ 3,099,848	\$ 1,343,499	\$ 4,230,817	\$ (17,764,065)	\$ -	\$ (17,764,065)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	59,658,090	3,847,775	924,305	293,661	(54,592,349)	-	(54,592,349)	-	-	-	-	-
Economic and physical development	13,147,908	1,509,164	4,401,963	929,630	(6,307,151)	-	(6,307,151)	-	-	-	-	-
Human services	117,628,689	11,018,446	62,937,668	-	(43,672,575)	-	(43,672,575)	-	-	-	-	-
Cultural and recreational	16,416,067	325,891	739,037	-	(15,351,139)	-	(15,351,139)	-	-	-	-	-
Education	92,463,573	-	-	-	(92,463,573)	-	(92,463,573)	-	-	-	-	-
Interest on long-term debt	7,322,300	-	-	-	(7,322,300)	-	(7,322,300)	-	-	-	-	-
Total governmental activities	333,074,856	19,801,124	70,346,472	5,454,108	(237,473,152)	-	(237,473,152)	-	-	-	-	-
Business-type activities:												
Crown Center	9,227,595	2,466,218	-	-	-	(6,761,377)	(6,761,377)	-	-	-	-	-
Solid Waste	10,362,349	3,523,978	456,766	-	-	(6,381,605)	(6,381,605)	-	-	-	-	-
NORCRESS Water and Sewer District	667,009	391,357	-	-	-	(275,652)	(275,652)	-	-	-	-	-
Kelly Hills Water and Sewer District	72,569	2,082	-	-	-	(70,487)	(70,487)	-	-	-	-	-
Total business-type activities	20,329,522	6,383,635	456,766	-	-	(13,489,121)	(13,489,121)	-	-	-	-	-
Total primary government	\$ 353,404,378	\$ 26,184,759	\$ 70,803,238	\$ 5,454,108	(237,473,152)	(13,489,121)	(250,962,273)	-	-	-	-	-
Component unit:												
ABC Board	\$ 21,256,082	\$ 21,347,321	\$ -	\$ -	-	-	-	91,239	-	-	-	-
Eastover Sanitary District	1,255,371	79,974	-	-	-	-	-	-	(1,175,397)	-	-	-
Tourism Development Authority	5,034,850	5,059,181	-	-	-	-	-	-	-	24,331	-	-
Fayetteville Area Convention & Visitors Bureau	2,411,724	2,425,024	-	-	-	-	-	-	-	-	-	13,300
Total component unit	\$ 29,958,027	\$ 28,911,500	\$ -	\$ -	-	-	-	91,239	(1,175,397)	24,331	-	13,300
General revenues:												
Property taxes					171,683,119	-	171,683,119	-	-	-	-	-
Other taxes:												
Sales tax					45,982,851	-	45,982,851	-	-	-	-	-
Animal registration					312,494	-	312,494	-	-	-	-	-
Real estate transfer					793,061	-	793,061	-	-	-	-	-
Beer and wine					372,519	-	372,519	-	-	-	-	-
Solid waste					-	4,870,257	4,870,257	-	-	-	-	-
Food and beverage					5,614,428	-	5,614,428	-	-	-	-	-
Room and occupancy					-	1,226,853	1,226,853	-	-	-	-	-
Grants and contributions not restricted to specific programs					10,614,999	-	10,614,999	-	-	-	-	-
Unrestricted investment earnings					212,121	73,141	285,262	502	248	-	-	21,427
Gain on sale of capital assets					119,708	4,967	124,675	-	-	-	-	-
Miscellaneous					5,467,912	92,861	5,560,773	18,870	1,500,728	-	-	(4,305)
Transfers					(6,298,552)	6,298,552	-	-	-	-	-	-
Total general revenues and transfers					234,874,660	12,566,631	247,441,291	19,372	1,500,976	-	-	17,122
Change in net assets					(2,598,492)	(922,490)	(3,520,982)	110,611	325,579	24,331	-	30,422
Net assets - beginning					99,806,135	71,365,787	171,171,922	6,783,167	7,870,519	732,273	-	1,296,668
Net assets - ending					\$ 97,207,643	\$ 70,443,297	\$ 167,650,940	\$ 6,893,778	\$ 8,196,098	\$ 756,604	\$ -	\$ 1,327,090

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2012**

	General	Health Department Building Fund	Grays Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 68,657,921	\$ -	\$ 320,168	\$ 7,821,453	\$ 76,799,542
Investments	29,012,777	-	-	574,515	29,587,292
Taxes receivable, net	3,174,063	-	-	415,496	3,589,559
Sales tax receivable	12,426,652	940	-	144,609	12,572,201
Due from other governments	9,541,422	-	-	519,292	10,060,714
Patient receivables	1,126,885	-	-	-	1,126,885
Other receivables, net	2,374,365	-	-	100,083	2,474,448
Due from other funds	352,629	-	-	-	352,629
Due from component units	657,390	-	-	-	657,390
Inventories	144,603	-	-	-	144,603
Restricted assets:					
Cash and cash equivalents	396,153	1,657,570	670,812	11,521,244	14,245,779
Investments	-	-	-	36,364	36,364
Accounts receivable	-	-	-	6	6
Total assets	\$ 127,864,860	\$ 1,658,510	\$ 990,980	\$ 21,133,062	\$ 151,647,412
Liabilities and fund balances					
Liabilities:					
Accounts and vouchers payable	\$ 5,239,701	\$ -	\$ 1,000	\$ 2,537,109	\$ 7,777,810
Due to other governments	471,507	-	-	59,913	531,420
Accrued payroll	5,130,813	-	-	80,428	5,211,241
Other payables	204,636	-	-	3,076	207,712
Due to other funds	-	-	-	347,129	347,129
Deferred revenue	4,633,196	-	-	415,499	5,048,695
Total liabilities	15,679,853	-	1,000	3,443,154	19,124,007
Fund balances:					
Nonspendable:					
Inventories	144,603	-	-	-	144,603
Restricted:					
Stabilization by State Statute	28,676,134	940	-	1,457,696	30,134,770
Register of deeds	623,297	-	-	-	623,297
Inmates	-	-	-	135,440	135,440
Cemetery	-	-	-	42,565	42,565
School capital	-	-	989,980	5,178,631	6,168,611
County School	4,746,081	-	-	-	4,746,081
Fire protection	-	-	-	403,678	403,678
Public safety	-	-	-	2,026,803	2,026,803
Economic and physical development	-	-	-	457,800	457,800
Human services	-	1,657,570	-	220,640	1,878,210
Committed:					
Property revaluation	443,426	-	-	-	443,426
Public safety	-	-	-	3,823,564	3,823,564
Assigned:					
Subsequent year's expenditures	6,289,246	-	-	1,588,147	7,877,393
Tax/Finance office software	1,175,000	-	-	-	1,175,000
Water & sewer industrial expansion	6,236,961	-	-	-	6,236,961
Economic development incentives	1,500,448	-	-	-	1,500,448
Mental health services	14,364,212	-	-	-	14,364,212
Renovations and maintenance	1,641,942	-	-	-	1,641,942
Special purposes	9,025,135	-	-	-	9,025,135
Jail expansion	6,274,760	-	-	-	6,274,760
Unassigned	31,043,762	-	-	(926,288)	30,117,474
Total fund balances	112,185,007	1,658,510	989,980	17,689,908	132,523,405
Total liabilities and fund balances	\$ 127,864,860	\$ 1,658,510	\$ 990,980	\$ 21,133,062	\$ 151,647,412

A legally budgeted County School Fund is consolidated into the General Fund for Reporting Purposes.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
June 30, 2012

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

Ending fund balance - governmental funds \$ 132,523,405

Capital assets (excluding internal service fund capital assets of \$1,109) are not financial resources, and therefore, are not reported in the funds (see note 4). 211,181,638

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

Deferred Revenue	\$	4,637,331	
Accrued Tax Penalties		750,038	
Bond issue cost		1,464,823	
Prepaid Pension benefit		<u>57,244</u>	
			6,909,436

Internal service funds are used by management to charge the costs of group insurance, employee flexible benefits, workers' compensation, and general litigation costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 6,326,696

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	\$	(258,296,408)	
Accrued interest payable		<u>(1,437,124)</u>	
			(259,733,532)

Net assets of governmental activities \$ 97,207,643

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012**

	<u>General</u>	<u>Health Department Building Fund</u>	<u>Gray's Creek Middle School Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Ad valorem taxes	\$ 159,676,201	\$ -	\$ -	\$ 12,384,107	\$ 172,060,308
Other taxes	47,460,925	-	-	5,614,428	53,075,353
Unrestricted intergovernmental revenue	11,567,824	-	-	1,156	11,568,980
Restricted intergovernmental revenue	69,110,426	-	-	6,703,052	75,813,478
Licenses and permits	2,573,132	-	-	-	2,573,132
Sales and services	15,942,417	-	-	223,620	16,166,037
Interest earned on investments	199,191	438	386	13,133	213,148
Miscellaneous	4,959,418	-	-	519,986	5,479,404
Total revenues	311,489,534	438	386	25,459,482	336,949,840
Expenditures					
Current:					
General government	22,839,074	-	-	-	22,839,074
Public safety	45,405,693	-	-	8,488,185	53,893,878
Economic and physical development	5,817,126	-	-	6,738,047	12,555,173
Human services	106,917,774	27,180	-	1,799,125	108,744,079
Cultural and recreational	10,453,626	-	-	4,220,916	14,674,542
Education	92,463,573	-	128,754	12,956,917	105,549,244
Debt service:					
Principal payments	18,530,350	-	-	-	18,530,350
Interest and fees	7,639,054	-	-	-	7,639,054
Debt issuance costs	371,354	-	-	-	371,354
Total expenditures	310,437,624	27,180	128,754	34,203,190	344,796,748
Excess (deficiency) of revenues over (under) expenditures	1,051,910	(26,742)	(128,368)	(8,743,708)	(7,846,908)
Other financing sources (uses)					
Debt issuance	50,490,000	-	-	-	50,490,000
Premium on debt issuance	5,528,808	-	-	-	5,528,808
Sale of capital assets	229,536	-	-	10,449	239,985
Payment to refund bond escrow agent	(55,560,424)	-	-	-	(55,560,424)
Transfers in	105,627	-	-	1,059,600	1,165,227
Transfers out	(1,161,800)	-	-	(6,404,179)	(7,565,979)
Total other financing sources (uses)	(368,253)	-	-	(5,334,130)	(5,702,383)
Net change in fund balances	683,657	(26,742)	(128,368)	(14,077,838)	(13,549,291)
Fund balance - beginning	111,501,350	1,685,252	1,118,348	31,767,746	146,072,696
Fund balance - ending	\$ 112,185,007	\$ 1,658,510	\$ 989,980	\$ 17,689,908	\$ 132,523,405

A legally budgeted County School Fund is consolidated into the General Fund for Reporting Purposes.

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, 2012

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

Net change in fund balances - total governmental funds \$ (13,549,291)

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	\$ 16,265,577	
Depreciation	<u>(8,221,675)</u>	8,043,902

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) to increase net assets. (72,834)

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

Accrued tax penalties	\$ 15,613	
Pension costs	17,667	
Deferred revenues	<u>(392,802)</u>	(359,522)

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	\$ 18,530,350	
Proceeds from refunding	(50,490,000)	
Refunding	53,675,074	
Premium/deferred from refunding	(3,705,604)	
Changes in premium/deferred	608,478	
Accrued interest payable	(93,098)	
Accrued vacation payable	(114,498)	
Bond issuance costs	8,186	
Other postemployment benefits	<u>(14,018,155)</u>	4,400,733

The net revenue of certain activities of the internal service fund is reported with governmental activities. (1,061,480)

Change in net assets of governmental activities \$ (2,598,492)

COUNTY OF CUMBERLAND, NORTH CAROLINA

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual
Year Ended June 30, 2012**

General Fund				
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 157,365,538	\$ 157,365,538	\$ 159,676,201	\$ 2,310,663
Other taxes	36,849,268	37,281,888	38,981,078	1,699,190
Unrestricted intergovernmental revenue	9,635,758	9,637,235	10,781,497	1,144,262
Restricted intergovernmental revenue	63,202,547	69,804,228	64,879,609	(4,924,619)
Licenses and permits	2,082,009	2,082,009	2,573,132	491,123
Sales and services	14,061,721	15,371,544	15,942,417	570,873
Interest earned on investments	163,870	163,870	194,716	30,846
Miscellaneous	4,479,374	4,505,397	4,874,670	369,273
Total revenues	287,840,085	296,211,709	297,903,320	1,691,611
Expenditures:				
Current:				
General government	23,426,465	26,880,681	22,839,074	4,041,607
Public safety	46,282,475	47,663,648	45,405,693	2,257,955
Economic and physical development	6,723,914	7,821,165	5,817,126	2,004,039
Human services	107,890,762	115,176,876	106,917,774	8,259,102
Cultural and recreational	10,384,742	10,813,022	10,453,626	359,396
Education	90,080,626	90,565,616	86,573,813	3,991,803
Debt service:				
Principal payments	18,609,556	18,919,556	18,530,350	389,206
Interest and fees	8,266,320	7,639,054	7,639,054	-
Debt issuance costs	-	458,384	371,354	87,030
Total expenditures	311,664,860	325,938,002	304,547,864	21,390,138
Revenues over (under) expenditures	(23,824,775)	(29,726,293)	(6,644,544)	(23,081,749)
Other financing sources (uses):				
Debt issuance	-	50,490,000	50,490,000	-
Proceeds from installment notes	3,500,000	3,500,000	-	(3,500,000)
Premium on debt issuance	-	5,528,808	5,528,808	-
Sale of capital assets	-	-	229,536	229,536
Payment to refund bond escrow agent	-	(55,560,424)	(55,560,424)	-
Transfers in	8,872,128	8,872,128	8,781,686	(90,442)
Transfers out	(792,674)	(1,665,361)	(1,161,800)	503,561
Appropriated fund balance	12,245,321	18,561,142	-	(18,561,142)
Total other financing sources (uses)	23,824,775	29,726,293	8,307,806	(21,418,487)
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	1,663,262	\$ 1,663,262
Fund Balances:				
Beginning of year, July 1			<u>103,536,991</u>	
End of year, June 30			<u><u>\$ 105,200,253</u></u>	
A legally budgeted County School Fund is consolidated into the General Fund for Reporting Purposes:				
Other taxes			\$ 8,479,847	
Unrestricted intergovernmental revenue			786,327	
Restricted intergovernmental revenue			4,230,817	
Interest earned on investments			4,475	
Miscellaneous			84,748	
Education			(5,889,760)	
Transfers out			(8,676,059)	
Fund Balance, Beginning of year			<u>7,964,359</u>	
			<u>6,984,754</u>	
Fund Balance, End of year			<u><u>\$ 112,185,007</u></u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Assets
Proprietary Funds
June 30, 2012

	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	\$ 5,462,234	\$ 4,782,043	\$ 27,025	\$ 213,697	\$ 10,484,999	\$ -
Investments	29,984,495	-	-	-	29,984,495	-
Taxes receivable, net	133,992	-	-	-	133,992	896
Sales tax receivable	171,266	34,098	-	6,802	212,166	51
Due from other governments	-	2,741	452	53,989	57,182	378
Other receivables, net	(123,255)	158,893	-	2,180	37,818	30,972
Inventories	93,558	-	-	-	93,558	-
Total current assets	35,722,290	4,977,775	27,477	276,668	41,004,210	32,297
Noncurrent assets						
Restricted:						
Cash and cash equivalents	407,574	2,048,941	-	-	2,456,515	7,357,647
Investments	9,382,164	158,693	-	-	9,540,857	499,834
Capital assets, net of accumulated depreciation	9,044,354	48,492,054	2,280,517	7,979,313	67,796,238	1,109
Debt issue costs	-	254,826	-	-	254,826	-
Total noncurrent assets	18,834,092	50,954,514	2,280,517	7,979,313	80,048,436	7,858,590
Total assets	54,556,382	55,932,289	2,307,994	8,255,981	121,052,646	7,890,887
Liabilities and net assets						
Current liabilities						
Accounts and vouchers payable	489,472	186,470	-	20,968	696,910	94,575
Due to other governments	-	149,785	-	-	149,785	-
Accrued payroll	97,428	85,622	-	-	183,050	28,901
Accrued interest payable	-	121,263	-	4,029	125,292	-
Other payables	4,500	-	-	-	4,500	-
Incurred but not reported	-	-	-	-	-	1,284,782
Current portion of long-term debt and accrued vacation	165,851	2,371,817	-	18,000	2,555,668	21,484
Due to other funds	-	5,500	-	-	5,500	-
Total current liabilities	757,251	2,920,457	-	42,997	3,720,705	1,429,742
Noncurrent liabilities						
Post closing liability	11,018,660	-	-	-	11,018,660	-
Long-term debt	-	31,709,387	-	1,154,000	32,863,387	-
Accrued vacation	6,887	6,392	-	-	13,279	1,131
Other postemployment benefits liability	1,840,841	1,152,477	-	-	2,993,318	133,318
Total noncurrent liabilities	12,866,388	32,868,256	-	1,154,000	46,888,644	134,449
Total liabilities	13,623,639	35,788,713	-	1,196,997	50,609,349	1,564,191
Net assets						
Invested in capital assets, net of related debt	9,044,354	14,691,011	2,280,517	6,807,313	32,823,195	1,109
Restricted net assets - debt service	9,789,738	2,048,917	-	-	11,838,655	-
Restricted net assets - claims	-	-	-	-	-	7,857,481
Unrestricted	22,098,651	3,403,648	27,477	251,671	25,781,447	(1,531,894)
Total net assets	\$ 40,932,743	\$ 20,143,576	\$ 2,307,994	\$ 7,058,984	\$ 70,443,297	\$ 6,326,696

COUNTY OF CUMBERLAND, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2012

	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	\$ 3,512,590	\$ 2,466,218	\$ 2,082	\$ 391,357	\$ 6,372,247	\$ -
Contributions	-	-	-	-	-	1,952,394
Other operating revenue	11,388	-	-	-	11,388	-
Contributions - Group health insurance	-	-	-	-	-	16,891,988
Solid Waste fees	4,870,257	-	-	-	4,870,257	-
Total operating revenues	8,394,235	2,466,218	2,082	391,357	11,253,892	18,844,382
Operating expenses						
Salaries and employee benefits	3,289,314	2,499,545	-	-	5,788,859	1,612,434
Repairs and maintenance	1,397,521	413,045	5,523	223,423	2,039,512	-
Utilities	102,824	812,404	-	152,865	1,068,093	-
Administrative costs	3,452,582	1,722,616	-	3,167	5,178,365	380,390
Depreciation	1,298,950	2,043,125	67,046	238,566	3,647,687	957
Landfill closure and postclosure care costs	821,158	-	-	-	821,158	-
Employee pharmacy	-	-	-	-	-	50,822
Employee clinic	-	-	-	-	-	63,328
Group health insurance	-	-	-	-	-	17,900,379
Employee wellness program	-	-	-	-	-	16,474
Total operating expenses	10,362,349	7,490,735	72,569	618,021	18,543,674	20,024,784
Operating income (loss)	(1,968,114)	(5,024,517)	(70,487)	(226,664)	(7,289,782)	(1,180,402)
Nonoperating revenue (expense)						
Interest earned on investments	71,959	53,910	-	-	125,869	7,929
Motel occupancy tax	-	1,226,853	-	-	1,226,853	-
Gain (loss) on disposal of capital assets	4,412	555	-	-	4,967	-
Miscellaneous	39,864	-	-	269	40,133	8,793
Grant revenue	456,766	-	-	-	456,766	-
Interest expense	-	(1,736,860)	-	(48,988)	(1,785,848)	-
Total nonoperating revenue (expense)	573,001	(455,542)	-	(48,719)	68,740	16,722
Income (loss) before transfers and contributions	(1,395,113)	(5,480,059)	(70,487)	(275,383)	(7,221,042)	(1,163,680)
Transfers in	-	6,353,745	-	-	6,353,745	102,200
Transfers out	-	(55,193)	-	-	(55,193)	-
Change in net assets	(1,395,113)	818,493	(70,487)	(275,383)	(922,490)	(1,061,480)
Total net assets - beginning	42,327,856	19,325,083	2,378,481	7,334,367	71,365,787	7,388,176
Total net assets - ending	\$ 40,932,743	\$ 20,143,576	\$ 2,307,994	\$ 7,058,984	\$ 70,443,297	\$ 6,326,696

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	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	\$ 8,375,513	\$ 2,535,043	\$ 2,082	\$ 391,357	\$ 11,303,995	\$ -
Other operating revenue	564,871	-	-	-	564,871	-
Cash received from contributions	-	-	-	-	-	19,196,699
Cash paid to employees	(2,871,906)	(2,236,708)	-	-	(5,108,614)	(32)
Cash paid for goods and services	(5,037,290)	(3,071,789)	-	(357,572)	(8,466,651)	(366,474)
Cash received for goods and services	-	-	(5,488)	-	(5,488)	29,613
Cash paid for claims	-	-	-	-	-	(19,400,334)
Net cash provided by (used in) operating activities	<u>1,031,188</u>	<u>(2,773,454)</u>	<u>(3,406)</u>	<u>33,785</u>	<u>(1,711,887)</u>	<u>(540,528)</u>
Noncapital financing activities						
Transfers in	-	6,353,745	-	-	6,353,745	102,200
Transfers out	-	(55,193)	-	-	(55,193)	-
Operating grants	456,766	-	-	-	456,766	-
Net cash provided (used) by noncapital financing activities	<u>456,766</u>	<u>6,298,552</u>	<u>-</u>	<u>-</u>	<u>6,755,318</u>	<u>102,200</u>
Capital and related financing activities						
Acquisition and construction of capital assets	(1,089,206)	(23,585)	-	-	(1,112,791)	-
Other financing transactions	39,864	-	-	-	39,864	-
Proceeds from sales of capital assets	4,412	555	-	-	4,967	-
Principal paid on long-term debt	-	(1,989,233)	-	(17,000)	(2,006,233)	-
Interest paid on bonds	-	(1,740,203)	-	(49,046)	(1,789,249)	-
Motel occupancy tax	-	1,226,853	-	-	1,226,853	-
Miscellaneous	-	-	-	269	269	8,793
Net cash provided (used) by capital and related financing activities	<u>(1,044,930)</u>	<u>(2,525,613)</u>	<u>-</u>	<u>(65,777)</u>	<u>(3,636,320)</u>	<u>8,793</u>
Investing activities						
Proceeds from sale of investments	-	6,271	-	-	6,271	500,041
Purchase of investments	(886,152)	-	-	-	(886,152)	(288)
Investment earnings	71,959	53,910	-	-	125,869	7,929
Net cash provided (used) in investing activities	<u>(814,193)</u>	<u>60,181</u>	<u>-</u>	<u>-</u>	<u>(754,012)</u>	<u>507,682</u>
Net increase in cash and cash equivalents	<u>(371,169)</u>	<u>1,059,666</u>	<u>(3,406)</u>	<u>(31,992)</u>	<u>653,099</u>	<u>78,147</u>
Cash and cash equivalents						
Beginning of year	<u>6,240,977</u>	<u>5,771,318</u>	<u>30,431</u>	<u>245,689</u>	<u>12,288,415</u>	<u>7,279,500</u>
End of year	<u>\$ 5,869,808</u>	<u>\$ 6,830,984</u>	<u>\$ 27,025</u>	<u>\$ 213,697</u>	<u>\$ 12,941,514</u>	<u>\$ 7,357,647</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (1,968,114)	\$ (5,024,517)	\$ (70,487)	\$ (226,664)	\$ (7,289,782)	\$ (1,180,402)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,298,950	2,043,125	67,046	238,566	3,647,687	957
Landfill closure and post closure care costs	821,158	-	-	-	821,158	-
Change in assets and liabilities						
(Increase) decrease in accounts receivable	(7,334)	-	-	-	(7,334)	(896)
(Increase) decrease in other receivables	553,483	98,576	35	210	652,304	353,278
(Increase) decrease in inventories	(82,602)	-	-	14,867	(67,735)	2,052
Increase (decrease) in accounts payable and accrued liabilities	421,764	108,812	-	-	530,576	259,546
Increase (decrease) in accrued landfill	(6,573)	-	-	-	(6,573)	-
Increase (decrease) in compensated absences payable	22	550	-	-	572	942
Increase (decrease) in deferred revenue	-	-	-	6,806	6,806	6,084
Increase (decrease) in contract retainage	434	-	-	-	434	17,911
Total adjustments	<u>2,999,302</u>	<u>2,251,063</u>	<u>67,081</u>	<u>260,449</u>	<u>5,577,895</u>	<u>639,874</u>
Net cash provided by (used in) operating activities	<u>\$ 1,031,188</u>	<u>\$ (2,773,454)</u>	<u>\$ (3,406)</u>	<u>\$ 33,785</u>	<u>\$ (1,711,887)</u>	<u>\$ (540,528)</u>
Noncash investing, capital, and financing activities:						
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents						
Unrestricted	\$ 5,462,234	\$ 4,782,043	\$ 27,025	\$ 213,697	\$ 10,484,999	\$ -
Restricted	407,574	2,048,941	-	-	2,456,515	7,357,647
Total	<u>\$ 5,869,808</u>	<u>\$ 6,830,984</u>	<u>\$ 27,025</u>	<u>\$ 213,697</u>	<u>\$ 12,941,514</u>	<u>\$ 7,357,647</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012**

	<u>Pension Trust Fund</u>	
	<u>Special Separation Allowance Fund</u>	<u>Agency Funds</u>
Assets		
Taxes receivable	\$ -	\$ 4,797,100
Due from other governments	-	22,260
Restricted cash and cash equivalents	218,285	684,920
Restricted investments - U.S. Government Agencies	<u>1,428,570</u>	<u>-</u>
Total assets	<u>1,646,894</u>	<u>\$ 5,504,280</u>
Liabilities		
Accounts and vouchers payable	-	\$ 5,479,046
Due to other governments	-	25,234
Accrued payroll	<u>12,056</u>	<u>-</u>
Total liabilities	<u>12,095</u>	<u>\$ 5,504,280</u>
Net assets		
Net assets held in trust for pension benefits	<u>\$ 1,634,799</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2012**

	Pension Trust Fund
	Special Separation Allowance Fund
Additions	
Employer contributions	\$ 452,236
Interest earned on investments	4,030
Total additions	<u>456,266</u>
Deductions	
Benefits	<u>304,575</u>
Total deductions	<u>304,575</u>
Change in net assets	151,691
Total net assets - beginning	<u>1,483,108</u>
Total net assets - ending	<u>\$ 1,634,799</u>

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COUNTY OF CUMBERLAND, NORTH CAROLINA

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

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, 2012

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. 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. It is presented as if it were a proprietary fund. 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. In addition, the County levies the occupancy tax which is the major source of revenue for the Bureau.	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, 2012

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. Non-operating 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, 2012

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 School Fund; West Regional Library Fund; New Century Elementary School Fund; Qualified School Construction Bonds (QSCB) Projects Fund; Southpoint Water Project.

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, 2012

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 three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

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 non-operating 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 non-operating 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, 2012

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, 2012

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 creating new positions 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).

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

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. Money in the Tax Revaluation Organization is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

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, 2011.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

6. Inventories and Prepaid Items (continued)

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.

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 and are accounted for using the purchases method.

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, 2012

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 20 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 a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

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 (a) not in spendable form or (b) 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 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 restricted by revenue source to pay for computer and imaging technology for 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 is restricted by revenue source 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.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

10. Net Assets/Fund Balances (continued)

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 public safety purposes.

Assigned Fund Balance

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

Subsequent Year's Expenditures - 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/Finance Software - portion of the total fund balance assigned by management for future purchase of tax and/or financial 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.

Mental Health Services - portion of total fund balance assigned by management for mental health services.

Special Purposes - portion of total fund balance assigned by management for future operational purposes.

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, 2012

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	\$112,185,007
Less:	
Inventories	144,603
Restricted	5,369,378
Stabilization by State Statute	28,676,134
Committed	443,426
Assigned	40,218,458
Appropriated fund balance in FY2013 budget	6,289,246
10% fund balance policy	<u>31,043,762</u>
Remaining fund balance	<u>\$ -</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

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

Fund Type	Encumbrances
General Fund	\$3,244,840
Other Governmental funds	937,106
Enterprise funds	<u>589,561</u>
Total	<u>\$4,771,507</u>

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. 65, "Items Previously Reported as Assets and Liabilities." GASB Concepts Statement No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

GASB Statement No. 66, "Technical Corrections 2012." Statement 66 amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

This Statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

E – Upcoming Pronouncements (continued)

service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

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.

The County has a Board approved policy to address custodial credit risk of deposits collateralized under 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, 2012, the County's deposits had a carrying amount of \$109,377,553 and a bank balance of \$111,009,339. Of the bank balance, \$32,200,192 was covered by federal depository insurance and \$78,809,147 was covered by collateral under the Pooling Method. Included in the County's deposits is cash of \$723,440 and \$1,261,207 for the District and the TDA, respectively. The County had \$15,188 in the petty cash and change funds.

At June 30, 2012, the ABC Board's deposits had a carrying amount of \$3,638,138 and a bank balance of \$3,521,542. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,271,542 was covered by collateral under the Pooling Method. The ABC Board has petty cash of \$21,700.

At June 30, 2012, the Bureau's deposits had a carrying amount of \$333,901 and a bank balance of \$450,749. Of the bank balance, \$450,749 was covered by federal depository insurance. Total investments at June 30, 2012 include a 22-month Certificate of Deposit for \$128,665 maturing on January 29, 2014, plus interest; a 20-month Certificate of Deposit for \$112,609 maturing February 24, 2014, plus interest; a 26-month Certificate of Deposit for \$227,267 maturing November 21, 2013, plus interest; and a 15-month Certificate of Deposit for \$223,390 maturing on October 21, 2013, plus interest.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

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

B – Investments - County

As of June 30, 2012 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	\$ 7,567,258	\$ -	\$ 7,567,258	\$ -
US Government Agencies	40,492,983	2,013,683	22,981,199	15,498,101
Commercial Paper	6,998,379	6,998,379	-	-
NC Capital Management Trust -- Cash Portfolio	11,476,221	N/A	N/A	N/A
NC Capital Management Trust -- Term Portfolio	9,382,164	N/A	N/A	N/A
Total	<u>\$ 75,917,005</u>	<u>\$ 9,012,062</u>	<u>\$ 30,548,457</u>	<u>\$ 15,498,101</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 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, 2012, 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, 2012. 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. The County has a board adopted policy to address custodial credit risk. 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. The County uses the Pooling Method of collateralization when purchasing Certificates of Deposit.

Concentration of Credit Risk: It is the County's policy that no more than 50% of the total investment portfolio may be invested in commercial paper and bankers acceptances. In addition no more than 6% of the total investment portfolio will be invested in any one company's commercial paper or financial institution's bankers acceptances. More than 5% of the County's investments are in Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Fannie Mae (FNMA). These investments represent 22%, 20%, 18%, and 7% of total investments, respectively.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

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

C – Reconciliation to Cash and Investments

Total per Footnote:

	County	ABC Board	District	TDA	Bureau
Total investments	\$ 75,917,005	\$ -	\$ -	\$ -	\$ 691,931
Cash (demand deposits)	107,392,906	3,638,138	723,440	1,261,207	333,901
Petty cash	15,188	21,700	-	-	-
Total cash and investments	<u>183,325,099</u>	<u>3,659,838</u>	<u>723,440</u>	<u>1,261,207</u>	<u>1,025,832</u>
Less: investments	(71,077,412)	-	-	-	(691,931)
Total cash and equivalents	<u>\$ 112,247,687</u>	<u>\$ 3,659,838</u>	<u>\$ 723,440</u>	<u>\$ 1,261,207</u>	<u>\$ 333,901</u>

Total per Statement of Net Assets:

Cash and cash equivalent - unrestricted	\$ 87,284,541	\$ 3,638,973	\$ 474,638	\$ 1,261,207	\$ 333,901
Cash and cash equivalent - restricted	24,059,941	20,865	248,802	-	-
Cash and cash equivalent - pension trust fund	218,285	-	-	-	-
Cash and cash equivalent - agency funds	684,920	-	-	-	-
Total cash and equivalents	<u>\$ 112,247,687</u>	<u>\$ 3,659,838</u>	<u>\$ 723,440</u>	<u>\$ 1,261,207</u>	<u>\$ 333,901</u>
Investments - unrestricted	\$ 59,571,787	\$ -	\$ -	\$ -	\$ 691,931
Investments - restricted	10,077,055	-	-	-	-
Investments - restricted - pension trust fund	1,428,570	-	-	-	-
Total investments	<u>\$ 71,077,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 691,931</u>

Note 3 - Receivables - Allowance for Doubtful Accounts

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent account analysis and subsequent cash receipts. The allowance at June 30, 2012 is as follows:

Taxes receivable - General Fund	\$ 3,174,063
Sales taxes receivable - General Fund	12,426,652
Patient receivable - General Fund	1,126,885
Total receivables	<u>\$ 16,727,600</u>

Note 4 - Capital Assets

	Beginning Balances	Increases & Adjustments	Decreases & Adjustments	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,587,070	\$ -	\$ -	\$ 18,587,070
Construction in progress	34,454,158	15,726,963	21,582,735	28,598,386
Total capital assets not being depreciated	<u>53,041,228</u>	<u>15,726,963</u>	<u>21,582,735</u>	<u>47,185,456</u>
Capital assets being depreciated:				
Buildings and improvements	211,883,652	20,563,701	-	232,447,353
Equipment, furniture and fixtures	17,864,436	956,346	141,831	18,678,951
Vehicles	10,984,514	611,104	1,061,293	10,534,325
Total capital assets being depreciated	<u>240,732,602</u>	<u>22,131,151</u>	<u>1,203,124</u>	<u>261,660,629</u>
Less accumulated depreciation for:				
Buildings and improvements	67,932,960	6,286,720	-	74,219,680
Equipment, furniture and fixtures	14,017,145	1,008,252	104,617	14,920,780
Vehicles	8,611,089	927,660	1,015,871	8,522,878
Total accumulated depreciation	<u>90,561,194</u>	<u>\$ 8,222,632</u>	<u>\$ 1,120,488</u>	<u>97,663,338</u>
Total capital assets being depreciated, net	<u>150,171,408</u>			<u>163,997,291</u>
Governmental activity capital assets, net	<u>\$ 203,212,636</u>			<u>\$ 211,182,747</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 4 - Capital Assets (continued)

Total governmental activities capital assets include internal service fund capital assets with a book value of \$1,109.

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2012 was as follows:

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

General government	\$ 2,243,152
Public safety	2,707,029
Human services	1,703,160
Economic and physical development	509,758
Cultural and recreational	1,058,576
Internal Service	<u>957</u>
Total depreciation expense	<u><u>\$ 8,222,632</u></u>

Business-type activities:

Cumberland County Solid Waste

Capital assets not being depreciated:

	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Land	\$ 2,946,196	\$ 374,215	\$ -	\$ 3,320,411
Total capital assets not being depreciated	<u>2,946,196</u>	<u>374,215</u>	<u>-</u>	<u>3,320,411</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	7,753,689	684,700		8,438,389
Vehicles	2,523,224	30,291		2,553,515
Total capital assets being depreciated	<u>28,472,684</u>	<u>714,991</u>	<u>-</u>	<u>29,187,675</u>

Less accumulated depreciation for:

Landfill	9,782,254	516,687		10,298,941
Buildings and building improvements	4,439,253	220,673		4,659,926
Furniture, fixtures and equipment	5,858,633	402,659		6,261,292
Vehicles	2,084,642	158,931		2,243,573
Total accumulated depreciation	<u>22,164,782</u>	<u>\$ 1,298,950</u>	<u>\$ -</u>	<u>23,463,732</u>

Total capital assets being depreciated, net

Cumberland County Solid Waste capital assets, net

	<u>6,307,902</u>			<u>5,723,943</u>
	<u><u>\$ 9,254,098</u></u>			<u><u>\$ 9,044,354</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 4 - Capital Assets (continued)

Primary Government (continued)

	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Cumberland County Crown Center				
Capital assets not being depreciated:				
Land	\$ 3,503,162	\$ -	\$ -	\$ 3,503,162
Capital assets being depreciated:				
Buildings and building improvements	72,566,785	10,000		72,576,785
Furniture, fixtures and equipment	4,115,720	13,586		4,129,306
Vehicles	54,629		(14,366)	40,263
Total capital assets being depreciated	<u>76,737,134</u>	<u>23,586</u>	<u>(14,366)</u>	<u>76,746,354</u>
Less accumulated depreciation for:				
Building and building improvements	26,891,937	1,810,624		28,702,561
Furniture, fixtures and equipment	2,782,137	232,501		3,014,638
Vehicles	54,629	-	(14,366)	40,263
Total accumulated depreciation	<u>29,728,703</u>	<u>\$ 2,043,125</u>	<u>\$ (14,366)</u>	<u>31,757,462</u>
Total capital assets being depreciated, net	<u>47,008,431</u>			<u>44,988,892</u>
Cumberland County Memorial Auditorium capital assets,	<u>\$ 50,511,593</u>			<u>\$ 48,492,054</u>
Kelly Hills Water and Sewer District				
Capital assets being depreciated:				
Plant and distribution systems	\$ 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 systems	328,935	67,046	-	395,981
Total accumulated depreciation	<u>328,935</u>	<u>67,046</u>	<u>-</u>	<u>395,981</u>
Total capital assets being depreciated, net	<u>2,347,563</u>			<u>2,280,517</u>
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 2,347,563</u>			<u>\$ 2,280,517</u>
NORCRESS Water and Sewer District				
Capital assets being depreciated:				
Plant and distribution systems	\$ 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 systems	1,305,744	238,566		1,544,310
Total accumulated depreciation	<u>1,305,744</u>	<u>\$ 238,566</u>	<u>\$ -</u>	<u>1,544,310</u>
Total capital assets being depreciated, net	<u>8,217,879</u>			<u>7,979,313</u>
NORCRESS Water District capital assets, net	<u>8,217,879</u>			<u>7,979,313</u>
Business-type activities capital assets, net	<u>\$ 70,331,133</u>			<u>\$ 67,796,238</u>

Construction contracts of approximately \$35,133,485 exist for various renovation and construction projects for the County. At June 30, 2012, the remaining commitment on these contracts approximated \$5,643,788. Construction contracts of approximately \$2,338,415 exist for various renovation and construction projects for the Eastover Sanitary District. At June 30, 2012, the remaining commitment on these contracts approximated \$180,527.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 4 - Capital Assets (continued)

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	\$ 855,000	\$ -	\$ 2,070,516
Total capital assets not being depreciated	<u>1,215,516</u>	<u>855,000</u>	<u>-</u>	<u>2,070,516</u>
Capital assets being depreciated:				
Buildings and improvements	4,558,458		855,000	3,703,458
Leasehold improvements	921,253	66,621		987,874
Furniture and equipment	954,958	32,271		987,229
Vehicles	302,874	37,800	16,354	324,320
Total capital assets being depreciated	<u>6,737,543</u>	<u>136,692</u>	<u>871,354</u>	<u>6,002,881</u>
Less accumulated depreciation	<u>(2,462,652)</u>	<u>(312,173)</u>	<u>(35,354)</u>	<u>(2,739,471)</u>
Total capital assets being depreciated, net	<u>4,274,891</u>	<u>\$ (175,481)</u>	<u>\$ 836,000</u>	<u>3,263,410</u>
ABC capital assets, net	<u>\$ 5,490,407</u>			<u>\$ 5,333,926</u>

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

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
<i>Eastover Sanitary District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 7,353,297	\$ 523,286	\$ -	\$ 7,876,583
Total capital assets not being depreciated	<u>7,353,297</u>	<u>523,286</u>	<u>-</u>	<u>7,876,583</u>
Capital assets being depreciated:				
Water lines	11,474,676	-	-	11,474,676
Total capital assets being depreciated	<u>11,474,676</u>	<u>-</u>	<u>-</u>	<u>11,474,676</u>
Less accumulated depreciation	<u>(1,588,542)</u>	<u>(489,982)</u>	<u>-</u>	<u>(2,078,524)</u>
Total capital assets being depreciated, net	<u>9,886,134</u>	<u>\$ (489,982)</u>	<u>\$ -</u>	<u>9,396,152</u>
Total capital assets being depreciated, net	<u>\$ 17,239,431</u>			<u>\$ 17,272,735</u>

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

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Capital assets being depreciated:				
Furniture and fixtures	\$ 23,859	\$ -	\$ -	\$ 23,859
Equipment	217,476	34,171	(24,134)	227,513
Software	73,469	1,406	-	74,875
Capital improvements	139,156	-	-	139,156
Total capital assets being depreciated	<u>453,960</u>	<u>35,577</u>	<u>(24,134)</u>	<u>465,403</u>
Less accumulated depreciation	<u>(244,051)</u>	<u>(47,409)</u>	<u>19,830</u>	<u>(271,630)</u>
Total capital assets being depreciated, net	<u>209,909</u>	<u>\$ (11,832)</u>	<u>\$ (4,304)</u>	<u>193,773</u>
Bureau capital assets, net	<u>\$ 209,909</u>			<u>\$ 193,773</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

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.

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, 2011 the Separation Allowance's membership consisted of:

Retirees receiving benefits	23
Active plan members	<u>304</u>
Total	<u><u>327</u></u>

Summary of Significant Accounting Policies

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

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

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 5 - Pension Plan Obligations (continued)

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

Contributions (continued)

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 19 years.

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	\$	434,187
Interest on net pension obligation		(1,979)
Adjustment to annual required contribution		2,361
Annual pension cost		<u>434,569</u>
Contributions made		<u>(452,236)</u>
Increase (decrease) in net pension obligation		(17,667)
Net pension obligation beginning of year		<u>(39,577)</u>
Prepaid pension benefit end of year	\$	<u><u>(57,244)</u></u>

Three Year Trend Information

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Prepaid)
2010	\$ 335,904	100.11%	\$ (39,717)
2011	452,376	99.97%	(39,577)
2012	434,569	104.07%	(57,244)

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 38.27% funded. The actuarial accrued liability for benefits (AAL) was \$4,693,233 and the actuarial value of the assets was \$1,796,333 resulting in an unfunded actuarial accrued liability (UAAL) of \$2,896,900. The covered payroll (annual payroll of active employees covered by the plan) was \$14,345,735 and the ratio of the UAAL to the covered payroll was 20.19%.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 5 - Pension Plan Obligations (continued)

B – Local Governmental Employees’ Retirement System

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, 2012, 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, 2012 and 2011, 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.

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 6.97%, 7.05%, and 6.98%, 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 9.61% and 9.62% 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, 2012, 2011 and 2010 were \$6,055,109, \$5,730,413 and \$4,122,934 respectively. The ABC Board’s contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$200,913, \$189,087 and \$147,975 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 5 - Pension Plan Obligations (continued)

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

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, 2012 were \$1,077,285 which consisted of \$722,059 from the County and \$355,226 from the law enforcement officers.

Article 12E of G.S. Chapter 143 requires the ABC Board to contribute each month an amount equal to five percent of each officer's salary. Effective October 1, 1997, the Board's voluntary contribution for employees not engaged in law enforcement was increased to five percent. All amounts contributed are vested immediately. Also, employees participating may make voluntary contributions to the plan.

For the year ended June 30, 2012, contributions for law enforcement officers were \$21,956 which consisted of \$16,064 from the ABC Board and \$5,892 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2012 were \$132,984 which consisted of \$88,333 from the ABC Board and \$44,651 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. The Registers of Deeds' Supplemental Pension Fund 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 the Registers of Deeds' Supplemental Pension Fund. 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

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, 2012, the County's required and actual contributions were \$30,586.

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 ten

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 5 - Pension Plan Obligations (continued)

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

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, 2011 the date of the latest actuarial valuation:

Retired Members	594
General Employees	2,020
Law Enforcement Members	<u>302</u>
Total	<u>2,916</u>

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 21.05% of annual covered payroll. For the current year the County contributed \$4,115,323 or 4.63% 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	\$ 18,529,502
Interest on Net OPEB Obligation	2,145,068
Adjustment to Annual Required Contribution	<u>(1,850,638)</u>
Annual OPEB Cost	18,823,932
Employer Contributions Made	<u>(4,115,323)</u>
Increase (decrease) in net OPEB obligation	14,708,609
Net OPEB Obligation Beginning of Year	<u>53,626,691</u>
Net OPEB Obligation End of Year	<u>\$ 68,335,300</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 5 - Pension Plan Obligations (continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2012 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$16,733,440	26.68%	\$39,040,122
2011	18,074,105	19.30%	53,626,691
2012	18,823,932	21.86%	68,335,300

Funding Status and Funding Progress

As of December 31, 2011, 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 \$209,956,517. The covered payroll (annual payroll of active employees covered by the plan) was \$88,874,753 and the ratio of the UAAL to the covered payroll was 236.2%. 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, 2011 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: 9.50% to 5.00% Pre-Medicare and 7.00% to 5.00% Post-Medicare. Both rates included a 3.00% 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, 2011 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 5 - Pension Plan Obligations (continued)

F - Other Employment Benefits (continued)

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.

For the fiscal year ended June 30, 2012 the County made contributions to the State for death benefits of \$86,481. The County's required contributions for employees not engaged in law enforcement, Crown Center employees and law enforcement officers, represented .09 percent, .10 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, 2012 and 2011, 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 \$11,053,660 reported as landfill closure and postclosure care liability at June 30, 2012 consists of a closed landfill with estimated costs of \$1,412,296, a Construction & Demolition (C&D) landfill with estimated costs of \$2,158,637 and the subtitle D landfill with estimated costs of \$7,482,727. 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 34.46% and 52.77%, respectively of the total estimated capacity. The County will recognize the remaining estimated post-closure costs of \$242,895 for the old unlined landfill and the cost of closure and post-closure care of \$4,104,676 and \$6,697,557 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 2012. The life expectancy of the C & D landfill is estimated at 17.92 years and the subtitle D landfill at 13.92 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, 2012

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	\$ 3,174,063	\$ -
Taxes receivable net of allowance - Other Governmental Funds	415,496	-
Deferred revenue - General Fund	1,034,559	-
Deferred revenue - Other Governmental Funds	13,213	-
Prepaid taxes not yet earned - General Fund	411,364	411,364
	<u>\$ 5,048,695</u>	<u>\$ 411,364</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, 2012 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, 2012 and 2011 were as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2011-12	\$ 1,136,547	\$ 16,834,343	\$ (16,686,108)	\$ 1,284,782
2010-11	1,736,588	14,465,161	(15,065,202)	1,136,547

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 8 - Risk Management (continued)

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

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.

Alcohol Beverage Control Board (ABC) – 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 commercial property, general liability, auto liability, workers' compensation and employee health coverage. The ABC Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations

A – Summary of Long-term Obligations

The following is a summary of the County's long-term debt obligations (principal) at June 30, 2012:

Name of Debt Issue	Issue Date	Purpose of Debt Issue	Interest Rates	Issue Amount	Principal 6/30/12
General Obligation Bonds					
Series 2004 (1)	11/9/2004	Schools	4.0 - 5.0%	\$ 5,075,000	\$ 400,000
Refunding Series 2004	11/23/2004	Refund Schools Refund Community College Refund County Library	3.0 - 5.0%	26,360,000 3,185,000 5,960,000 <u>35,505,000</u>	19,225,000 460,000 2,905,000 <u>22,590,000</u>
Sanitary Sewer Series 2005	8/22/2005	NORCRESS Sewer	4.125%	1,250,000	1,172,000
Refunding Series 2009	7/8/2009	Refund Schools	2.5 - 5.0%	34,670,000	21,235,000
Refunding Series 2011	7/12/2011	Refund Schools	2.0 - 5.0%	<u>12,735,000</u>	<u>12,605,000</u>
				<u>\$ 89,235,000</u>	<u>\$ 58,002,000</u>
Certificates of Participation & Limited Obligation Bonds					
COPS Series 1995A (2)	1/1/1995	Crown Coliseum	5.25 - 6.80%	\$ 53,003,781	\$ 916,455
COPS Series 2009A	3/25/2009	New Century Elementary School West Regional Library	3.0 - 5.125%	17,139,835 5,285,165 <u>22,425,000</u>	15,331,858 4,728,142 <u>20,060,000</u>
COPS Refunding Series 2009B	5/13/2009	Refund Crown Coliseum Refund DSS Building Refund Detention Facility	2.0 - 5.0%	37,090,000 20,930,000 31,470,000 <u>89,490,000</u>	29,425,000 14,795,000 24,790,000 <u>69,010,000</u>
COPS Tax Credit Series 2009 (QSCB)	12/1/2009	Schools Projects	1.25%	15,900,000	13,912,500
LOBS Series 2011A (QSCB) (3)	1/26/2011	New Century Middle School	6.1%	14,805,000	13,818,000
LOBS Refunding Series 2011B	7/14/2011	Refund Public Health Facility Refund Gray's Creek Middle School	2.0 - 5.0%	21,125,000 16,630,000 <u>37,755,000</u>	19,710,000 15,540,000 <u>35,250,000</u>
				<u>\$ 233,378,781</u>	<u>\$ 152,966,955</u>
Capital Leases					
SunTrust Leasing	12/9/2004	Energy Savings Projects	3.945%	<u>\$ 4,537,080</u>	<u>\$ 2,437,416</u>
Installment Financing Notes					
Build America Bonds (ARRA) (4)	5/14/2010	Crown Center Renovations	3.2045%	\$ 1,980,000	\$ 1,584,000
Recovery Zone Econ Dev Bonds (ARRA) (4)	5/14/2010	Crown Center Renovations	2.7115%	1,138,000	910,400
				<u>\$ 3,118,000</u>	<u>\$ 2,494,400</u>
Total				<u>\$ 330,268,861</u>	<u>\$ 215,900,771</u>

(1) \$3,275,000 was advance refunded on July 12, 2011 leaving an unrefunded balance of \$600,000.

(2) \$45,200,000 was advance refunded on July 2, 1998 leaving an unrefunded balance of \$7,803,781.

(3) Interest rate shown is the gross interest rate. The effective rate is less after federal interest rebate.

(4) The interest rate shown is the effective rate after federal interest rebate.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

B - General Obligation Bonds

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, 2012 are comprised of the following individual issues:

Governmental Activities:

\$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%.

400,000

\$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%.

22,590,000

\$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%.

21,235,000

\$12,735,000 General Obligation Refunding Bonds, Series 2011

Serial bonds payable annually from February 1, 2012 through August 1, 2022 in amounts ranging from \$130,000 to \$2,405,000; interest ranges from 2.0% to 5.0%.

12,605,000

56,830,000

Bond premium

3,925,177

Deferred amount on defeasance

(2,595,115)

\$ 58,160,062

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 from \$14,000 to \$52,000; interest of 4.125%

\$ 1,172,000

At June 30, 2012, the County had bonds authorized but unissued of \$19,196,000 and a legal debt margin of \$2,041,406,000.

C - Certificates of Participation and Limited Obligation Bonds

Certificates of participation and other limited obligation bonds outstanding for the year ended June 30, 2012 are as follows:

Governmental Activities:

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

Due in annual installments ranging from \$1,180,000 to \$1,185,000, from December 1, 2010 through December 1, 2028. Interest is paid semiannually at rates ranging from 3.0% to 5.125%.

\$ 20,060,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

C - Certificates of Participation and Limited Obligation Bonds (continued)

\$27,235,000 Current Interest Serial 2009B Refunding Certificates

Due in annual installments ranging from \$115,000 to \$4,295,000, from December 1, 2009 through December 1, 2023. Interest is paid semiannually at rates ranging from 2.0% to 5.0%. 14,420,000

\$13,295,000 Current Interest Serial 2009B Refunding Certificates

Due in annual installments ranging from \$275,000 to \$3,050,000, from December 1, 2011 through December 1, 2022. Interest is paid semiannually at rates ranging from 2.5% to 4.0%. 13,295,000

\$11,870,000 Current Interest Serial 2009B Refunding Certificates

Due in annual installments ranging from \$900,000 to \$2,575,000, from December 1, 2012 through December 1, 2016. Interest is paid semiannually at rates ranging from 3.0% to 4.0%. 11,870,000

\$15,900,000 Current Interest Serial 2009 QSCB Tax Credit Certificates

Due in annual installments of \$993,750 from December 15, 2010 to December 15, 2025. Interest is paid semiannually at the rate of 1.25%. 13,912,500

\$14,805,000 Current Interest Serial 2011A QSCB Limited Obligation Bonds

Due in annual installments of \$987,000 from November 1, 2011 to November 1, 2026. Interest is paid semiannually at the rate of 6.10% prior to a federal interest subsidy of 5.49%. 13,818,000

\$37,755,000 Current Interest Serial 2011B Limited Obligation Refunding Bonds

Due in annual installments ranging from \$450,000 to \$2,505,000, from November 1, 2011 through November 1, 2028. Interest is paid semiannually at rates ranging from 2.0% - 5.0%. 35,250,000

	122,625,500
Premium	5,788,697
Deferred amount on defeasance	<u>(1,310,152)</u>
	<u>\$ 127,104,045</u>

Business-type Activities:

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

Maturing in installments of \$1,555,000 from December 1, 2011 through December 1, 2013. Interest is paid at maturity at rates ranging from 6.7% to 6.8%. \$ 916,455

\$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%. 18,025,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

C - Certificates of Participation and Limited Obligation Bonds (continued)

\$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 semiannually 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 semiannually at rates ranging from 3.0% to 4.0%. 2,905,000

	30,341,455
Premium	1,700,598
Deferred amount on defeasance	(2,587,489)
Accreted Interest on 1995A Certificates	2,010,796
	<u>\$ 31,465,360</u>

D - 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 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:

\$4,537,080 Capital Lease Obligation

Payable in semiannual installments of \$284,661 beginning on June 9, 2006 and ending on June 9, 2017; interest at 3.945%. \$ 2,437,416

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, 2012, the value of the capital assets associated with this lease is \$3,383,385.

E - Installment Financing Obligations

Installment notes payable at June 30, 2012 are comprised of the following:

Business-type Activities:

\$1,980,000 Build America Bonds

Payable in ten annual installments of \$198,000 beginning May 14, 2011 and ending May 14, 2020. Interest is paid semiannually at 4.93% prior to 35% federal rebate of total interest paid. \$1,584,000

\$1,138,000 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 semiannually at 4.93% prior to 45% federal rebate of total interest paid. 910,400

	<u>\$2,494,400</u>
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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

F - Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations as of June 30, 2012:

	Balance				Balance	Current
	June 30, 2011	Additions	Refundings	Payments	June 30, 2012	Portion of
						Long-term
						Liabilities
Governmental activities:						
General obligation bonds	\$ 65,845,000	\$ 12,735,000	\$ 13,650,000	\$ 8,100,000	\$ 56,830,000	\$ 7,715,000
Premium	2,471,237	2,063,319	74	609,305	3,925,177	600,105
Deferred amount on defeasance	(2,020,252)	(960,437)	-	(385,574)	(2,595,115)	(379,508)
Capital lease obligations	2,827,016	-	-	389,600	2,437,416	405,122
COPS & limited obligation bonds	94,911,250	37,755,000	-	10,040,750	122,625,500	9,885,750
Premium	2,822,256	3,465,489	-	499,048	5,788,697	507,706
Deferred amount on defeasance	(561,692)	(862,767)	-	(114,307)	(1,310,152)	(116,406)
Installment notes	40,025,000	-	40,025,000	-	-	-
Accrued vacation	5,294,003	5,144,138	-	5,029,305	5,408,836	5,159,884
OPEB liability	51,290,485	17,982,967	-	3,931,470	65,341,982	-
Total governmental activities	\$ 262,904,303	\$ 77,322,709	\$ 53,675,074	\$ 28,099,597	\$ 258,452,341	\$ 23,777,653

	Balance				Balance	Current
	June 30, 2011	Additions	Refundings	Payments	June 30, 2012	Portion of
						Long-term
						Liabilities
Business-type activities:						
COPS & limited obligation bonds	\$ 31,288,781	\$ -	\$ -	\$ 947,326	\$ 30,341,455	\$ 930,519
Premium	1,837,559	-	-	136,961	1,700,598	136,961
Deferred amount on defeasance	(2,795,877)	-	-	(208,388)	(2,587,489)	(208,388)
Accreted Interest on 1995A COPS	2,822,789	230,681	-	1,042,674	2,010,796	1,079,481
General obligation bonds	1,189,000	-	-	17,000	1,172,000	18,000
Installment notes	2,806,200	-	-	311,800	2,494,400	311,800
Accrued landfill closure and postclosure costs	10,239,075	821,158	-	6,573	11,053,660	35,000
Accrued vacation	254,109	252,867	-	241,402	265,574	252,295
OPEB liability	2,336,206	840,965	-	183,853	2,993,318	-
Total business-type activities	\$ 49,977,842	\$ 2,145,671	\$ -	\$ 2,679,201	\$ 49,444,312	\$ 2,555,668

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.

Employer contributions made to liquidate the net OPEB obligation for governmental funds are typically funded from the Retiree Insurance Fund.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

F - 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 post-closure costs):

	General Obligation Bonds		Certificates of Participation and Limited Obligation Bonds		Capital Leases		Notes Payable		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:										
2013	\$ 7,715,000	\$ 2,435,438	\$ 9,885,750	\$ 4,979,206	\$ 405,122	\$ 92,200	\$ -	\$ -	\$ 18,005,872	\$ 7,506,844
2014	7,750,000	2,142,687	9,900,750	4,704,505	421,262	76,060	-	-	18,072,012	6,923,252
2015	7,635,000	1,828,763	9,925,750	4,421,406	438,044	59,277	-	-	17,998,794	6,309,446
2016	7,510,000	1,555,613	9,985,750	4,105,293	455,495	41,826	-	-	17,951,245	5,702,732
2017	7,360,000	1,238,912	10,020,750	3,802,781	473,642	23,679	-	-	17,854,392	5,065,372
2018-2022	18,695,000	1,644,637	39,343,750	14,806,188	243,851	4,810	-	-	58,282,601	16,455,635
2023-2027	165,000	3,300	28,553,000	7,327,486	-	-	-	-	28,718,000	7,330,786
2028-2032	-	-	5,010,000	203,055	-	-	-	-	5,010,000	203,055
	<u>56,830,000</u>	<u>10,849,350</u>	<u>122,625,500</u>	<u>44,349,920</u>	<u>2,437,416</u>	<u>297,852</u>	<u>-</u>	<u>-</u>	<u>181,892,916</u>	<u>55,497,122</u>
Premium	3,925,177	-	5,788,697	-	-	-	-	-	9,713,874	-
Deferred Defeasance	(2,595,115)	-	(1,310,152)	-	-	-	-	-	(3,905,267)	-
(Total net of amortization)	<u>\$ 58,160,062</u>	<u>\$ 10,849,350</u>	<u>\$ 127,104,045</u>	<u>\$ 44,349,920</u>	<u>\$ 2,437,416</u>	<u>\$ 297,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,701,523</u>	<u>\$ 55,497,122</u>
Business-type Activities:										
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	21,000	45,251	2,250,000	1,016,125	-	-	311,800	61,487	2,582,800	1,122,863
2018-2022	116,000	212,685	12,835,000	3,514,200	-	-	935,400	92,230	13,886,400	3,819,115
2023-2027	143,000	186,739	9,170,000	639,812	-	-	-	-	9,313,000	826,551
2028-2032	175,000	154,646	-	-	-	-	-	-	175,000	154,646
2033-2037	214,000	115,500	-	-	-	-	-	-	214,000	115,500
2038-2042	260,000	67,650	-	-	-	-	-	-	260,000	67,650
2043-2047	168,000	13,860	-	-	-	-	-	-	168,000	13,860
2048-2052	-	-	-	-	-	-	-	-	-	-
	<u>1,172,000</u>	<u>985,215</u>	<u>30,341,455</u>	<u>12,162,120</u>	<u>-</u>	<u>-</u>	<u>2,494,400</u>	<u>553,382</u>	<u>34,007,855</u>	<u>13,700,717</u>
Premium	-	-	1,700,598	-	-	-	-	-	1,700,598	-
Deferred Defeasance	-	-	(2,587,489)	-	-	-	-	-	(2,587,489)	-
Accrued Interest 1995A COPS	-	-	2,010,796	-	-	-	-	-	2,010,796	-
(Total net of amortization)	<u>\$ 1,172,000</u>	<u>\$ 985,215</u>	<u>\$ 31,465,360</u>	<u>\$ 12,162,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,494,400</u>	<u>\$ 553,382</u>	<u>\$ 35,131,760</u>	<u>\$ 13,700,717</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

G - 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, 2012, there were no industrial revenue bonds outstanding.

H - Defeasance of Debt

Current Year Defeasance of Debt

On July 12, 2011, the County issued \$12,735,000 General Obligation Refunding Bonds, Series 2011 for the purpose of providing funds, together with other available funds, to advance refund \$13,650,000 of outstanding general obligation bonds as follows:

Current Interest School G.O. Bonds Series 2002	\$ 10,375,000
Current Interest School G.O. Bonds Series 2004	<u>3,275,000</u>
	<u>\$ 13,650,000</u>

Interest on the General Obligation Refunding Bonds is payable semiannually on February 1 and August 1, commencing February 1, 2012, at rates ranging from 2% to 5%. The maturity of the Refunding Bonds is August 1, 2022. The County completed the advance refunding to reduce its total debt service payments over 12 years by \$1,486,376 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,170,299.

Proceeds have been used to purchase U.S. government securities that were placed in trust with Regions Bank. 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. Gains and losses from debt refundings must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains or losses related to the debt refundings are to be used in determining the carrying value of the new debt issued to finance debt refundings. The carrying value of the current year general obligation refunding bonds has been adjusted (net of amortization) for the deferred amounts on defeasance of (\$870,903) and premium of \$1,854,037.

The County retains the responsibility of paying debt service on the portion of the original debt that was not defeased. The balance of the original debt not defeased and remaining on the County's books as a liability at June 30, 2012 is \$0 for School General Obligation Bonds Series 2002 and \$400,000 for School General Obligation Bonds Series 2004.

On July 14, 2011, the County issued \$37,755,000 of Limited Obligation Refunding Bonds (LOBS) Series 2011B for the purpose of providing funds, together with other available funds, to current refund \$40,025,000 of outstanding installment debt as follows:

Public Health Facility Installment Debt	\$ 22,525,000
Gray's Creek Middle School Installment Debt	<u>17,500,000</u>
	<u>\$ 40,025,000</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

H - Defeasance of Debt (continued)

Current Year Defeasance of Debt (continued)

Interest on the Limited Obligation Bonds Refunding Bonds is payable semiannually on May 1 and November 1, commencing November 1, 2012, at rates ranging from 2% to 5%. The maturity of the Refunding Bonds is November 1, 2028. The County completed the current refunding to reduce its total debt service payments over 16 years by \$2,803,427 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,528,332.

For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities. Gains and losses from debt refundings must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains or losses related to the debt refundings are to be used in determining the carrying value of the new debt issued to finance debt refundings. The carrying value of the current year limited obligation refunding bonds has been adjusted (net of amortization) for the deferred amounts on defeasance of (\$814,503) and premium of \$3,266,374.

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, 2012, 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 (\$1,724,212) and premium of \$2,071,140. The carrying value of prior years' refunding certificates of participation has been adjusted (net of amortization) for the deferred amounts on defeasance of (\$3,083,138) and premium of \$4,222,921. At June 30, 2012, there is no prior year refunding limited obligation bonds to amortize.

I - 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 \$2,010,796 at June 30, 2012.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

J – ABC Board Notes Payable

The ABC Board has two unsecured notes payable to the County for the purchase of buildings and land and a secured note from Branch Bank & Trust (BB&T) to purchase a building. The building serves as collateral for the note. The ABC Board's notes payable at June 30, 2012 are as follows:

\$275,000 Cumberland County Note

Note payable in quarterly installments, in the amount of \$4,583 plus interest of prime less 2%. \$ 155,834

\$380,000 Cumberland County Note

Note payable in quarterly installments of \$9,190 including interest at a fixed rate of 5.25% 284,586

\$1,300,000 BB&T Note

Note payable in annual installments of \$279,740 including interest at a fixed rate of 2.49%. 1,052,630

Total 1,493,050

Less current portion (294,118)

Noncurrent portion \$ 1,198,932

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

<u>Fiscal Year</u>	<u>Principal</u>
2013	\$ 294,118
2014	301,622
2015	309,348
2016	317,301
2017	45,750
2018-2022	<u>224,911</u>
	<u>\$ 1,493,050</u>

The following is a summary of changes in the ABC Board's long-term obligations as of June 30, 2012:

	<u>Balance</u>				<u>Balance</u>	<u>Current</u>
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Payments</u>		<u>June 30, 2012</u>	<u>Portion</u>
						<u>of Long-term</u>
						<u>Liabilities</u>
Notes payable	\$ 1,779,876	\$ -	\$ 286,826	\$	1,493,050	\$ 294,118
OPEB liability	-	36,114	8,368	\$	27,746	-
	<u>\$ 1,779,876</u>	<u>\$ 36,114</u>	<u>\$ 295,194</u>	<u>\$</u>	<u>1,520,796</u>	<u>\$ 294,118</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

K – Eastover Sanitary District – General Obligation Bonds

The general obligation bonds of the District, used 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 2012. Principal payments amounted to \$57,500 during fiscal year 2012.

The District's general obligation bonds payable at June 30, 2012 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%.

\$ 2,515,000

\$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%.

	<u>993,000</u>
Total	3,508,000
Less current portion	<u>(59,500)</u>
Noncurrent portion	<u>\$ 3,448,500</u>

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>
2013	\$ 59,500	\$ 157,199
2014	62,500	154,534
2015	65,500	151,734
2016	68,500	148,799
2017	71,500	145,729
2018-2022	408,500	677,654
2023-2027	508,500	577,520
2028-2032	633,000	452,857
2033-2037	780,500	297,764
2038-2042	850,000	114,150
	<u>\$ 3,508,000</u>	<u>\$ 2,877,940</u>

L - 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. On August 1, 2011, the District issued new revenue bonds to satisfy the bond anticipation notes. The District will service the new revenue 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, 2012

Note 9 - Long-term Obligations (continued)

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

The District's revenue bonds payable at June 30, 2012 are comprised of the following individual issues:

\$4,971,000 Revenue Water Bonds, Series 2011A

Serial bonds payable annually from June 1, 2012 through June 1, 2051 in amounts ranging from \$0 to \$256,000; interest is paid annually at rate of 4.25%.

\$ 4,971,000

\$1,206,000 Revenue Water Bonds, Series 2011B

Serial bonds payable annually from June 1, 2012 through June 1, 2051 in amounts ranging from \$0 to \$53,000; interest is paid annually at rate of 3.25%.

	<u>1,206,000</u>
Total	6,177,000
Less current portion	<u>-</u>
Noncurrent portion	<u>\$ 6,177,000</u>

On September 28, 2007, the District borrowed \$250,000 from the County to help fund a sewer project. Terms of the note included annual payments of \$25,000 including interest at 5.29% beginning one year after completion of construction and a final payment due on September 1, 2012. In June 2012, the County agreed to refinance the loan. The County accepted a payment of \$125,000 including interest on September 1, 2012 and refinanced the remaining balance of \$102,560 at 2.5% for 59 months.

The District's installment financing notes payable at June 30, 2012 are as follows:

\$250,000 Cumberland County Refinanced Note

Payable in annual installments of \$22,067 including interest at a fixed rate of 2.5% beginning September 1, 2013 and ending August 1, 2017.

Total	\$ 221,696
Less current portion	<u>(119,136)</u>
Noncurrent portion	<u>\$ 102,560</u>

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>
2013	\$ 119,136	\$ 256,327
2014	91,503	253,027
2015	93,991	249,649
2016	97,490	246,175
2017	101,003	242,569
2018-2022	472,573	1,156,969
2023-2027	551,000	1,057,828
2028-2032	672,000	937,232
2033-2037	818,000	789,882
2038-2042	998,000	610,002
2043-2047	1,220,000	390,002
2048-2052	<u>1,164,000</u>	<u>121,000</u>
	<u>\$ 6,398,696</u>	<u>\$ 6,310,662</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 9 - Long-term Obligations (continued)

M - Eastover Sanitary District - Long-term Obligation Activity

The following is a summary of changes in the District's long-term obligations as of June 30, 2012:

	Balance			Balance	Current
	June 30, 2011	Additions	Payments	June 30, 2012	Portion
					of Long-term
					Liabilities
USDA general obligation bonds	\$ 3,565,500	\$ -	\$ 57,500	\$ 3,508,000	\$ 59,500
Bond anticipation notes - Water II	6,177,000	-	6,177,000	-	-
USDA revenue bonds	-	6,177,000		6,177,000	-
County note - Sewer I project	234,460		12,764	221,696	119,136
Total	\$ 9,976,960	\$ 6,177,000	\$ 6,247,264	\$ 9,906,696	\$ 178,636

N - Eastover Sanitary District – Upcoming Debt Obligation

The District has signed a contract with the City of Dunn, North Carolina that provides for the City of Dunn to become the primary water supplier to the District upon completion of a new water line from the City of Dunn to the District's northern boundary. The major terms of the agreement are that the City of Dunn will fund the cost of construction of the water line; the District will purchase a minimum of 300,000 gallons per day; and the District will repay the City of Dunn for the actual final cost of construction in monthly installments over 20 years at 4.0% interest. Construction is expected to be completed in November 2012 and the total cost of construction is expected to be about \$2,600,000. The District's payments will begin one month following completion of the water line and are currently expected to be approximately \$16,000 per month or \$192,000 annually.

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, 2012 is as follows:

	Payable Fund			
	Nonmajor Governmental	Cumberland County Crown Center	Fiduciary	Total
Receivable Fund				
General Fund	\$ 347,129	\$ 5,500		\$ 352,629

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 10 - Interfund Balances and Activity (continued)

Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2012 are summarized below:

	Transfer in:				Total
	General	Nonmajor Governmental	Cumberland County Crown Center	Internal Service	
Transfer out:					
General	\$ -	\$ 1,059,600		\$ 102,200	\$ 1,161,800
Nonmajor governmental	50,434	-	6,353,745	-	6,404,179
Crown Center	55,193	-	-	-	55,193
Total Transfers out	<u>\$ 105,627</u>	<u>\$ 1,059,600</u>	<u>\$ 6,353,745</u>	<u>\$ 102,200</u>	<u>\$ 7,621,172</u>

Transfers between the major funds, other non-major 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 has \$460,000 in bonds outstanding at June 30, 2012 related to the Community College.

The County contributed \$9,163,305 and \$142,786 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2012. In addition, during the fiscal year, the County made debt service payments of \$369,500 on the general obligation refunding bonds. 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, 2012. Complete financial statements for the community college may be obtained from the Fayetteville Technical Community College's administrative offices at 2201 Hull Road, Fayetteville, North Carolina 28303.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 12 - Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 216,529,267	\$ 124,351,713
TANF	4,041,743	(4,369)
Special Assistance for Adults	-	2,128,779
Energy Assistance	(517)	-
Adoption Subsidy	-	1,229,004
WIC Food Vouchers	9,969,812	-
Adoption Assistance	1,273,555	340,485
	<u>\$ 231,813,860</u>	<u>\$ 128,045,612</u>

Note 13 - Leases

A - Lessor Arrangements

Operating Lease

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

Remaining payments are as follows:

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

The Bureau leases the Cape Fear and Yadkin Valley Passenger Train Depot from the City of Fayetteville for \$11,180 per year for 25 years, ending June 30, 2028, and month-to-month thereafter. The lease includes no provision for increases in rent. Minimum future rental payments under non-cancellable leases having terms in excess of one year as of June 30, 2012 for each of the next five years and in the aggregate are:

<u>Fiscal Year Ended</u>	
2013	\$ 11,180
2014	11,180
2015	11,180
2016	11,180
2017	11,180
Thereafter	122,980
	<u>\$ 178,880</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 13 - Leases (continued)

A - Lessor Arrangements (continued)

Management Leases

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:

Fiscal Year	Health
End	System
2013	\$ 3,065,000
2014	3,065,000
2015	3,065,000
2016	3,065,000
2017	3,065,000
2018-2022	15,325,000
2023-2027	15,325,000
2028	3,065,000
	<u>\$ 49,040,000</u>

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

Note 13 - Leases (continued)

B - Lessee Arrangements

The ABC Board leases real property for three store locations under operating leases expiring in various years through the year 2016. Total rent expense, including amounts for common area maintenance, under leases for the years ended June 30, 2012 and June 30, 2011 was \$154,468 and \$145,023, respectively.

At June 30, 2012, future minimum lease payments under all leases are as follows:

Fiscal Year Ended	
2013	\$ 132,352
2014	89,640
2015	82,966
2016	74,298
	<u>\$ 379,256</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, 2012 was \$10,000.

Note 14 - Contingent Liabilities

Federal and State Assisted Programs

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

Claims and judgments

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

Arbitrage

The County's bond issues are subject to federal arbitrage regulations, and the County has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. At June 30, 2012, the County has no arbitrage liability. Although future amounts to be paid, if any, are not presently determinable, the County believes that arbitrage payables have been adequately provided for in the accompanying financial statements.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2012

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

During FY2013 the County intends to borrow \$3,600,000 (private placement funds) to fund various small capital projects at Fayetteville Technical Community College.

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Calendar Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
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%
2011	1,796,333	4,693,233	2,896,900	38.27%	14,345,735	20.19%

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
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%
2012	434,187	104.16%

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	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 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%
2011	-	209,956,517	209,956,517	0.00%	88,874,853	236.20%

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 17,786,721	16.37%
2009	15,986,983	26.10%
2010	16,586,495	26.92%
2011	17,859,761	19.53%
2012	18,529,502	22.21%

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	12/31/2011
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	9.50% to 5.00%
Post-Medicare trend rate	7.00% to 5.00%
Year of Ultimate trend rate	2018
* Includes inflation at	3.00%
Cost-of-living adjustments	N/A

GENERAL FUND

COUNTY OF CUMBERLAND, NORTH CAROLINA

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COUNTY OF CUMBERLAND, NORTH CAROLINA

**Comparative Balance Sheets
General Fund**

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 68,657,921	\$ 48,958,131
Investments	29,012,777	45,922,965
Taxes receivable, net	3,174,063	3,084,426
Sales tax receivable	12,426,652	12,152,845
Due from other governments	9,541,422	9,896,335
Patient receivables	1,126,885	1,210,828
Other receivables, net	2,374,365	2,409,489
Due from other funds	352,629	686,204
Due from component units	657,390	155,242
Inventories	144,603	179,163
Prepays	-	24,900
Restricted assets		
Cash and cash equivalents	<u>396,153</u>	<u>3,830,797</u>
Total assets	<u><u>\$ 127,864,860</u></u>	<u><u>\$ 128,511,325</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts and vouchers payable	\$ 5,239,701	\$ 6,132,917
Due to other governments	471,507	616,633
Accrued payroll	5,130,813	4,632,598
Other payables	204,636	589,251
Deferred revenues	<u>4,633,196</u>	<u>5,038,576</u>
Total liabilities	<u>15,679,853</u>	<u>17,009,975</u>
Fund balance		
Nonspendable:		
Inventories	144,603	179,164
Restricted:		
Stabilization by State statute	28,676,134	30,902,011
Register of deeds	623,297	498,743
County school	4,746,081	5,796,008
Committed:		
Property revaluation	443,426	416,927
Assigned:		
Subsequent year's expenditures	6,289,246	12,245,321
Tax office software	1,175,000	1,175,000
Water & sewer industrial expansion	1,500,448	5,897,670
Economic development incentives	6,236,961	2,531,854
Mental health services	14,364,212	14,331,047
Renovations and maintenance	1,641,942	2,258,117
Jail expansion	6,274,760	6,274,760
Special purposes	9,025,135	-
Unassigned	<u>31,043,762</u>	<u>28,994,728</u>
Total fund balance	<u>112,185,007</u>	<u>111,501,350</u>
Total liabilities and fund balance	<u><u>\$ 127,864,860</u></u>	<u><u>\$ 128,511,325</u></u>

A legally budgeted County School Fund is consolidated into the General Fund for Reporting Purposes.

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Ad valorem taxes				
Current year	\$ 141,167,972	\$ 142,582,837	\$ 1,414,865	\$ 139,048,296
Prior years	1,070,230	1,359,092	288,862	1,265,227
Penalties and interest	1,334,914	1,441,509	106,595	1,376,025
Motor vehicle - current	10,982,971	11,740,884	757,913	11,216,035
Motor vehicle - prior	2,163,906	1,850,029	(313,877)	2,000,340
Other	645,545	701,850	56,305	694,378
Total ad valorem taxes	157,365,538	159,676,201	2,310,663	155,600,301
Other taxes				
Dog registration fees	386,742	312,494	(74,248)	312,250
Real estate transfer	800,000	793,061	(6,939)	845,975
Beer and wine	285,240	372,519	87,279	350,202
Sales	35,221,096	36,878,222	1,657,126	34,798,722
Other	588,810	624,782	35,972	527,836
Total other taxes	37,281,888	38,981,078	1,699,190	36,834,985
Unrestricted intergovernmental revenues				
Federal	82,000	88,448	6,448	152,965
State government	126,581	130,249	3,668	279,362
Fayetteville	6,147,116	7,088,630	941,514	6,556,335
Municipalities	1,324,238	1,225,352	(98,886)	1,179,571
Other governmental	1,957,300	2,248,818	291,518	1,856,980
Total unrestricted intergovernmental revenues	9,637,235	10,781,497	1,144,262	10,025,213
Restricted intergovernmental revenues				
Federal	1,826,799	1,405,684	(421,115)	1,072,644
NC health programs	5,413,332	4,760,683	(652,649)	4,894,917
NC mental health programs	13,840,833	12,916,200	(924,633)	17,004,440
NC social services programs	43,017,668	41,291,193	(1,726,475)	41,594,241
NC library programs	655,413	590,416	(64,997)	706,614
NC other restricted revenue	3,527,109	3,080,059	(447,050)	3,650,060
Other restricted revenue	1,523,074	835,374	(687,700)	1,170,551
Total restricted intergovernmental revenues	69,804,228	64,879,609	(4,924,619)	70,093,467

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues (continued)				
Licenses and permits				
Inspection department permits	\$ 449,000	\$ 731,348	\$ 282,348	\$ 806,543
Marriage licenses	70,833	98,650	27,817	110,175
Register of Deeds fees	1,440,620	1,627,478	186,858	1,556,759
Miscellaneous permits	121,556	115,656	(5,900)	152,757
Total licenses and permits	2,082,009	2,573,132	491,123	2,626,234
Sales and services				
Health department fees	3,742,749	4,005,594	262,845	3,833,586
Library fees	270,150	325,891	55,741	347,121
Mental health department fees	5,908,703	5,646,134	(262,569)	5,318,472
Sheriff department fees	2,754,116	3,053,393	299,277	2,683,717
Social services fees	1,190,639	1,178,933	(11,706)	1,093,360
Other department fees	1,496,787	1,732,472	235,685	1,617,612
Total sales and services	15,363,144	15,942,417	579,273	14,893,868
Interest earned on investments	163,870	194,716	30,846	267,641
Miscellaneous				
Miscellaneous	334,005	654,977	320,972	950,266
Rent, land, and buildings	4,171,392	4,219,693	48,301	4,160,905
Total miscellaneous	4,505,397	4,874,670	369,273	5,111,171
Total revenues	296,203,309	297,903,320	1,700,011	295,452,880

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Expenditures				
Current				
General government				
Governing body	\$ 486,950	\$ 484,571	\$ 2,379	\$ 483,452
Administration	1,982,652	1,731,418	251,234	1,564,878
Court facilities	202,888	94,299	108,589	53,990
Information services	2,119,895	1,917,912	201,983	1,807,046
Elections	1,159,968	1,026,372	133,596	675,724
Finance	1,129,852	1,072,144	57,708	1,069,559
Legal	852,715	619,287	233,428	675,715
Register of Deeds	2,263,998	1,871,517	392,481	2,017,321
Tax Assessor	4,860,332	4,605,474	254,858	4,059,180
Print & graphics shop	209,612	209,215	397	222,190
Public building	1,083,964	763,617	320,347	2,241,905
Communications center	1,520,739	1,435,292	85,447	129,763
Carpenter shop	204,948	203,703	1,245	197,955
Public buildings - equipment maintenance	1,110,473	1,108,423	2,050	1,065,116
Public buildings - janitorial	672,126	581,293	90,833	651,171
Central maintenance	533,638	500,691	32,947	500,495
Landscaping and grounds	684,750	607,746	77,004	589,748
Property revaluation	401,234	374,736	26,498	536,810
General government - other	5,399,947	3,631,364	1,768,583	4,465,267
Total general government	26,880,681	22,839,074	4,041,607	23,007,285
Public safety				
Emergency services	4,150,944	2,609,860	1,541,084	2,728,659
Sheriff	22,767,395	22,725,046	42,349	22,175,216
Jail	12,010,889	11,752,565	258,324	11,465,565
School law enforcement-local	3,360,755	3,360,737	18	3,244,262
Sheriff's grants	1,048,300	682,346	365,954	830,327
Animal services	2,353,062	2,346,887	6,175	2,369,068
Public safety other	1,311,215	1,308,411	2,804	849,623
Cumberland day reporting center	208,289	170,615	37,674	208,211
Criminal justice unit	363,830	360,409	3,421	347,077
Community correction - probation	88,969	88,817	152	84,828
Total public safety	47,663,648	45,405,693	2,257,955	44,302,836

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Economic and physical development				
Planning and inspections department	\$ 3,260,097	\$ 2,951,019	\$ 309,078	\$ 2,808,483
Engineering	297,627	295,938	1,689	275,323
NC cooperative extension service	556,997	483,439	73,558	460,294
Soil conservation district	112,731	75,839	36,892	73,048
Soil conservation cost share	62,417	61,750	667	60,842
Economic physical development - other	410,000	410,000	-	410,000
Industrial park	69,821	6,087	63,734	50,232
Location services	436,359	413,689	22,670	414,588
Economic incentives	1,636,240	1,048,570	587,670	1,398,124
Water & sewer industrial expansion	812,213	-	812,213	59,256
Public utilities	166,663	70,795	95,868	115,670
Total economic and physical development	7,821,165	5,817,126	2,004,039	6,125,860
Human services				
Mental Health				
Child and youth contracts	5,175,019	5,175,629	(610)	4,362,571
Family preservation	122,548	122,548	-	367,371
Smart Start	298,034	237,478	60,556	295,283
Mental Health - CBA in-home	53,288	49,245	4,043	-
Child outpatient	1,231,654	977,348	254,306	1,020,331
Adult homeless	205,127	192,815	12,312	181,441
Juvenile crime prevention	178,088	175,550	2,538	181,544
NC treatment alternative to street crime	-	-	-	41,626
Substance abuse contracts	1,689,143	1,688,626	517	1,795,843
Detoxification	2,701,273	2,204,943	496,330	473,826
Smart Start daycare	-	-	-	2
Developmental disabled contracts	2,807,026	2,730,107	76,919	2,047,194
Adult contracts	2,049,795	1,943,035	106,760	2,530,634
Crisis stabilization	-	-	-	599,255
Adult periodic	1,351,835	1,193,904	157,931	1,214,851

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Mental Health (continued)				
Child respite	\$ -	\$ -	\$ -	\$ 370,928
Mental health department	1,097,047	684,582	412,465	620,817
Medical services	2,613,598	2,079,815	533,783	2,195,474
Claims management	254,051	231,852	22,199	237,077
Medical records	315,097	258,984	56,113	265,589
Management information systems	1,154,383	804,078	350,305	751,251
Personnel	164,884	151,697	13,187	144,574
Medicaid contracts	75,000	74,789	211	624,156
Managed care	429,658	210,562	219,096	120,138
RCE - TASC - Community partnership	-	-	-	504,569
Business management and accounting	509,379	489,556	19,823	496,090
Provider relations and support	199,360	192,474	6,886	191,844
Access line screening triag - referral	862,904	735,590	127,314	788,456
Service management	733,352	531,700	201,652	648,736
Consumer affairs and customer service	382,475	358,361	24,114	354,317
Quality improvement and outcome evaluation	776,760	659,128	117,632	669,307
CTSP court order evaluation	130,343	85,576	44,767	93,018
Adult homeless	4,466	3,079	1,387	2,680
Subtotal - mental health	27,565,587	24,243,051	3,322,536	24,190,793

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Health				
Health - administration	\$ 1,901,046	\$ 1,769,664	\$ 131,382	\$ 1,565,070
Laboratory	298,600	284,374	14,226	273,715
Pharmacy	614,500	593,645	20,855	585,157
C. C. Jail health program	1,728,420	1,599,323	129,097	1,510,511
Management support	285,214	284,591	623	368,266
NC environmental health	1,299,256	1,223,224	76,032	1,220,055
Immunization clinic	228,708	213,684	15,024	209,436
School health program	982,348	903,949	78,399	923,527
C.C. wellness program	45,183	28,244	16,939	42,677
Child health clinic	665,812	582,107	83,705	717,538
Dental clinic	343,449	332,839	10,610	258,607
Health promotion	306,631	293,495	13,136	340,829
Maternal health clinic	631,151	572,384	58,767	485,135
Medical records	230,592	209,402	21,190	216,282
Childhood lead poison prevention	936	-	936	-
Breast/cervical cancer	146,001	105,432	40,569	106,541
Child service coordination	570,903	528,800	42,103	467,160
Child fatality prevention	4,969	16,365	(11,396)	3,478
Chest TB clinic	123,430	120,231	3,199	114,004
Family planning clinic	861,669	767,429	94,240	771,497
NC general communicable disease	221,994	206,425	15,569	223,086
CDC tuberculosis project	68,034	56,099	11,935	68,271
NC AIDS	66,034	65,946	88	63,252
Adult health clinic	937,999	867,028	70,971	863,842
School health	513,505	484,199	29,306	486,696
WIC - clinic services	2,723,248	2,318,515	404,733	2,235,243
Health - other	85,711	85,711	-	83,136
Regional bioterrorism response team	-	-	-	432,287
Smart start - Infants	17,910	15,533	2,377	3,451
Bioterrorism preparedness and response	90,200	73,334	16,866	76,764
STD clinic	665,385	659,653	5,732	591,280
South Central partnership	12,000	11,000	1,000	-
Maternal care coordination	736,551	436,122	300,429	364,662
Health express	579,296	446,664	132,632	443,798
Diabetes education clinic	123,250	52,400	70,850	-
Community transformation grant	183,920	16,484	167,436	-
Subtotal - health	18,293,855	16,224,295	2,069,560	16,115,253
Welfare				
Social services department	37,787,802	35,595,834	2,191,968	34,811,642
Social services - other	26,522,755	26,021,958	500,797	26,014,977
Grant - FV care center	395,148	375,652	19,496	355,737
Welfare - other	469,352	369,318	100,034	313,697
Subtotal - welfare	65,175,057	62,362,762	2,812,295	61,496,053

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Other human services				
Veterans' services	\$ 324,489	\$ 323,649	\$ 840	\$ 291,022
Spring Lake Resource Center - Admin	554,543	554,934	(391)	494,983
Spring Lake Resource Center	3,200	3,118	82	3,200
Child support enforcement	3,251,745	3,205,965	45,780	3,111,723
Subtotal - other human services	4,133,977	4,087,666	46,311	3,900,928
Total human services	115,168,476	106,917,774	8,250,702	105,703,027
Cultural and recreational				
Library	9,771,519	9,558,337	213,182	9,304,660
Library foreign language	-	-	-	42,189
Law library	86,524	86,524	-	84,953
Motherread	-	-	-	147,031
Stadium maintenance	155,650	120,869	34,781	153,017
Culture recreation other	296,617	294,357	2,260	296,578
Library - grants	412,070	303,029	109,041	179,985
Library - Smart Start - Raise a Reader	90,642	90,510	132	-
Total cultural and recreational	10,813,022	10,453,626	359,396	10,208,413
Education				
Public schools - current	77,267,722	77,267,722	-	77,655,962
Community colleges - current	9,163,305	9,163,305	-	8,841,568
Community colleges - capital outlay	4,134,589	142,786	3,991,803	29,350
Total education	90,565,616	86,573,813	3,991,803	86,526,880
Debt service				
Principal payments	19,241,467	18,852,261	389,206	18,067,605
Interest and fees	7,317,143	7,317,143	-	8,259,775
Debt issue costs	458,384	371,354	87,030	-
Total debt service	27,016,994	26,540,758	476,236	26,327,380
Total expenditures	325,929,602	304,547,864	21,381,738	302,201,681
Revenues over (under) expenditures	(29,726,293)	(6,644,544)	23,081,749	(6,748,801)

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Other financing sources (uses)				
Sale of capital assets	\$ -	\$ 229,536	\$ 229,536	\$ 170,195
Bond proceeds	53,990,000	50,490,000	(3,500,000)	-
Premium on debt issuance	5,528,808	5,528,808	-	-
Payment to escrow agent	(55,560,424)	(55,560,424)	-	-
Transfers in	8,872,128	8,781,686	(90,442)	8,041,081
Transfers out	(1,665,361)	(1,161,800)	503,561	(3,291,238)
Fund balance appropriated	18,561,142	-	(18,561,142)	-
Total other financing sources (uses)	29,726,293	8,307,806	(21,418,487)	4,920,038
Revenues and other financing sources (uses) over expenditures	\$ -	1,663,262	\$ 1,663,262	(1,828,763)
Fund balance				
Beginning of year - July 1		103,536,991		105,365,754
End of year - June 30		<u>\$ 105,200,253</u>		<u>\$ 103,536,991</u>
Reconciliation to H-1:				
General Fund - ending fund balance - June 30		\$ 105,200,253		\$ 103,536,991
County School Fund - ending fund balance - June 30 (H-10)		6,984,754		7,964,359
		<u>\$ 112,185,007</u>		<u>\$ 111,501,350</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, 2012
(With Comparative Totals for June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Other taxes	\$ 7,414,813	\$ 8,479,847	\$ 1,065,034	\$ 7,972,696
Unrestricted intergovernmental revenue	500,000	786,327	286,327	1,009,736
Restricted intergovernmental revenue	5,573,188	4,230,817	(1,342,371)	7,566,686
Interest earned on investments	-	4,475	4,475	6,868
Miscellaneous	-	84,748	84,748	152,126
Total revenues	<u>13,488,001</u>	<u>13,586,214</u>	<u>98,213</u>	<u>16,708,112</u>
Expenditures				
Education				
School capital outlay I	4,612,900	3,127,198	1,485,702	3,009,531
School capital outlay II	3,464,000	2,391,451	1,072,549	3,132,398
School capital outlay III	546,000	371,111	174,889	579,423
Total expenditures	<u>8,622,900</u>	<u>5,889,760</u>	<u>2,733,140</u>	<u>6,721,352</u>
Revenues over expenditures	<u>4,865,101</u>	<u>7,696,454</u>	<u>2,831,353</u>	<u>9,986,760</u>
Other financing sources (uses)				
Transfers (out)	(8,742,501)	(8,676,059)	66,442	(10,524,386)
Appropriated fund balance	3,877,400	-	(3,877,400)	-
Total other financing sources (uses)	<u>(4,865,101)</u>	<u>(8,676,059)</u>	<u>(3,810,958)</u>	<u>(10,524,386)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(979,605)</u>	<u>\$ (979,605)</u>	<u>(537,626)</u>
Fund balances				
Beginning of year - July 1		<u>7,964,359</u>		<u>8,501,985</u>
End of year - June 30		<u>\$ 6,984,754</u>		<u>\$ 7,964,359</u>

CAPITAL PROJECT FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA

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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, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 186,401	\$ -	\$ 438	\$ 186,839
Total revenues	<u>-</u>	<u>186,401</u>	<u>-</u>	<u>438</u>	<u>186,839</u>
Expenditures					
Capital outlay					
Health Department Building	27,986,300	26,487,449	-	27,180	26,514,629
Total expenditures	<u>27,986,300</u>	<u>26,487,449</u>	<u>-</u>	<u>27,180</u>	<u>26,514,629</u>
Revenues over (under) expenditures	<u>(27,986,300)</u>	<u>(26,301,048)</u>	<u>-</u>	<u>(26,742)</u>	<u>(26,327,790)</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>\$ 1,685,252</u>	<u>\$ -</u>	<u>(26,742)</u>	<u>\$ 1,658,510</u>
Fund balance					
Beginning of year - July 1				1,685,252	
End of year - June 30				<u>\$ 1,658,510</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, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 214,922	\$ -	\$ 386	\$ 215,308
Miscellaneous	-	321,014	-	-	321,014
Total revenues	-	535,936	-	386	536,322
Expenditures					
NC school bond project	19,969,874	19,387,462	-	128,754	19,516,216
Debt service	30,126	30,126	-	-	30,126
Total expenditures	20,000,000	19,417,588	-	128,754	19,546,342
Revenues over (under) expenditures	(20,000,000)	(18,881,652)	-	(128,368)	(19,010,020)
Other financing sources (uses)					
Debt issuance	20,000,000	20,000,000	-	-	20,000,000
Total other financing sources	20,000,000	20,000,000	-	-	20,000,000
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,118,348</u>	<u>\$ -</u>	(128,368)	<u>\$ 989,980</u>
Fund balance					
Beginning of year - July 1				1,118,348	
End of year - June 30				<u>\$ 989,980</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,821,453	\$ -	\$ -	\$ 7,821,453
Investments	574,515	-	-	574,515
Taxes receivable, net	415,496	-	-	415,496
Sales tax receivable	82,211	62,398	-	144,609
Due from other governments	519,292	-	-	519,292
Other receivables, net	100,083	-	-	100,083
Restricted assets:				
Cash and cash equivalents	161,233	11,353,816	6,195	11,521,244
Investments	-	-	36,364	36,364
Accounts receivable	-	-	6	6
Total assets	\$ 9,674,283	\$ 11,416,214	\$ 42,565	\$ 21,133,062
Liabilities and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ 844,301	\$ 1,692,808	\$ -	\$ 2,537,109
Due to other governments	59,913	-	-	59,913
Accrued payroll	80,428	-	-	80,428
Other payables	3,076	-	-	3,076
Due to other funds	337,328	9,801	-	347,129
Deferred revenue	415,499	-	-	415,499
Total liabilities	1,740,545	1,702,609	-	3,443,154
Fund balances:				
Restricted:				
Stabilization by State Statute	1,395,298	62,398	-	1,457,696
Inmates	135,440	-	-	135,440
Cemetery	-	-	42,565	42,565
School capital	-	5,178,631	-	5,178,631
Fire protection	403,678	-	-	403,678
Public safety	2,026,803	-	-	2,026,803
Economic and physical development	457,800	-	-	457,800
Human services	220,640	-	-	220,640
Cultural and recreational	2,622,419	658,813	-	3,281,232
Committed:				
Public safety	-	3,823,564	-	3,823,564
Assigned:				
Subsequent year's expenditures	1,588,147	-	-	1,588,147
Unassigned	(916,487)	(9,801)	-	(926,288)
Total fund balances	7,933,738	9,713,605	42,565	17,689,908
Total liabilities and fund balances	\$ 9,674,283	\$ 11,416,214	\$ 42,565	\$ 21,133,062

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ 11,122,549	\$ 1,261,558	\$ -	\$ 12,384,107
Other taxes	5,614,428	-	-	5,614,428
Unrestricted intergovernmental revenue	1,156	-	-	1,156
Restricted intergovernmental revenue	6,703,052	-	-	6,703,052
Sales and services	223,620	-	-	223,620
Interest earned on investments	4,976	8,132	25	13,133
Miscellaneous	519,986	-	-	519,986
Total revenues	<u>24,189,767</u>	<u>1,269,690</u>	<u>25</u>	<u>25,459,482</u>
Expenditures				
Current:				
Public safety	7,785,385	702,800	-	8,488,185
Economic and physical development	6,728,246	9,801	-	6,738,047
Human services	1,799,125	-	-	1,799,125
Cultural and recreational	3,977,398	243,518	-	4,220,916
Education	-	12,956,917	-	12,956,917
Total expenditures	<u>20,290,154</u>	<u>13,913,036</u>	<u>-</u>	<u>34,203,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,899,613</u>	<u>(12,643,346)</u>	<u>25</u>	<u>(8,743,708)</u>
Other financing sources (uses)				
Sale of capital assets	10,449	-	-	10,449
Transfers in	559,600	500,000	-	1,059,600
Transfers out	<u>(6,404,179)</u>	<u>-</u>	<u>-</u>	<u>(6,404,179)</u>
Total other financing sources (uses)	<u>(5,834,130)</u>	<u>500,000</u>	<u>-</u>	<u>(5,334,130)</u>
Net change in fund balances	<u>(1,934,517)</u>	<u>(12,143,346)</u>	<u>25</u>	<u>(14,077,838)</u>
Fund balance - beginning	<u>9,868,255</u>	<u>21,856,951</u>	<u>42,540</u>	<u>31,767,746</u>
Fund balance - ending	<u>\$ 7,933,738</u>	<u>\$ 9,713,605</u>	<u>\$ 42,565</u>	<u>\$ 17,689,908</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012**

(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	\$ 3,136,494	\$ 902,725	\$ 224,742	\$ 954,317	\$ 477,994	\$ 67,483	\$ 5,266	\$ 54,401
Investments	-	500,000	-	-	-	-	74,515	-
Taxes receivable, net	-	-	-	140,807	-	-	-	-
Sales tax receivable	-	51,014	2,570	9,337	898	764	-	17,628
Due from other governments	-	78,921	68,044	-	14,635	260,156	-	97,536
Other receivables, net	-	199	-	-	-	99,877	7	-
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total assets	\$ 3,136,494	\$ 1,532,859	\$ 295,356	\$ 1,104,461	\$ 493,527	\$ 428,280	\$ 79,788	\$ 169,565
Liabilities and fund balances								
Liabilities:								
Accounts and vouchers payable	\$ -	\$ 4,862	\$ 1,243	\$ 40,250	\$ 216,096	\$ 144,579	\$ -	\$ 35,937
Due to other governments	-	-	-	44,806	-	15,107	-	-
Accrued payroll	-	-	30,597	-	23,155	3,885	-	19,788
Other payables	-	-	-	-	-	451	-	2,625
Due to other funds	-	-	50,378	-	-	218,386	-	45,774
Deferred revenue	-	-	-	140,806	-	-	7	-
Total liabilities	-	4,862	82,218	225,862	239,251	382,408	7	104,124
Fund balances:								
Restricted:								
Stabilization by State Statute	-	222,243	70,614	33,094	17,714	907,636	-	115,164
Inmates	-	-	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-	-	-
Public safety	-	1,266,379	-	-	-	-	-	-
Economic and physical development	-	-	142,524	-	-	-	79,781	-
Human services	-	-	-	-	220,640	-	-	-
Cultural and recreational	1,859,494	-	-	762,925	-	-	-	-
Assigned:								
Subsequent year's expenditures	1,277,000	39,375	-	82,580	15,922	-	-	5,000
Unassigned	-	-	-	-	-	(861,764)	-	(54,723)
Total fund balances	3,136,494	1,527,997	213,138	878,599	254,276	45,872	79,781	65,441
Total liabilities and fund balances	\$ 3,136,494	\$ 1,532,859	\$ 295,356	\$ 1,104,461	\$ 493,527	\$ 428,280	\$ 79,788	\$ 169,565

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012**

(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	\$ 803,727	\$ 700,439	\$ 388	\$ 230,468	\$ 27,514	\$ 235,495	\$ -	\$ 7,821,453
Investments	-	-	-	-	-	-	-	574,515
Taxes receivable, net	274,689	-	-	-	-	-	-	415,496
Sales tax receivable	-	-	-	-	-	-	-	82,211
Due from other governments	-	-	-	-	-	-	-	519,292
Other receivables, net	-	-	-	-	-	-	-	100,083
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	161,233	161,233
Total assets	\$ 1,078,416	\$ 700,439	\$ 388	\$ 230,468	\$ 27,514	\$ 235,495	\$ 161,233	\$ 9,674,283
Liabilities and fund balances								
Liabilities:								
Accounts and vouchers payable	\$ 400,049	\$ -	\$ -	\$ -	\$ 1,285	\$ -	\$ -	\$ 844,301
Due to other governments	-	-	-	-	-	-	-	59,913
Accrued payroll	-	-	-	-	-	-	3,003	80,428
Other payables	-	-	-	-	-	-	-	3,076
Due to other funds	-	-	-	-	-	-	22,790	337,328
Deferred revenue	274,686	-	-	-	-	-	-	415,499
Total liabilities	674,735	-	-	-	1,285	-	25,793	1,740,545
Fund balances:								
Restricted:								
Stabilization by State Statute	3	-	-	28,830	-	-	-	1,395,298
Inmates	-	-	-	-	-	-	135,440	135,440
Fire protection	403,678	-	-	-	-	-	-	403,678
Public safety	-	532,169	388	201,638	26,229	-	-	2,026,803
Economic and physical development	-	-	-	-	-	235,495	-	457,800
Human services	-	-	-	-	-	-	-	220,640
Cultural and recreational	-	-	-	-	-	-	-	2,622,419
Assigned:								
Subsequent year's expenditures	-	168,270	-	-	-	-	-	1,588,147
Unassigned:								
Unassigned	-	-	-	-	-	-	-	(916,487)
Total fund balances	403,681	700,439	388	230,468	26,229	235,495	135,440	7,933,738
Total liabilities and fund balances	\$ 1,078,416	\$ 700,439	\$ 388	\$ 230,468	\$ 27,514	\$ 235,495	\$ 161,233	\$ 9,674,283

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2012

(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	\$ -	\$ -	\$ -	\$ 3,827,323	\$ -	\$ -	\$ -	\$ -
Other taxes	5,614,428	-	-	-	-	-	-	-
Unrestricted intergovernmental revenue	-	1,584	-	-	-	-	-	-
Restricted intergovernmental revenue	-	928,046	1,090,379	63,450	1,334,804	1,229,536	-	1,742,842
Sales and services	-	-	34,405	-	154,897	34,318	-	-
Interest earned on investments	2,278	532	-	750	213	108	168	-
Miscellaneous	-	-	-	-	-	-	-	12,039
Total revenues	<u>5,616,706</u>	<u>930,162</u>	<u>1,124,784</u>	<u>3,891,523</u>	<u>1,489,914</u>	<u>1,263,962</u>	<u>168</u>	<u>1,754,881</u>
Expenditures								
Current:								
Public safety	-	-	-	-	-	-	-	-
Economic and physical development	-	2,466,339	1,135,614	-	-	1,294,972	-	1,831,321
Human services	-	-	-	-	1,799,125	-	-	-
Cultural and recreational	1,837	-	-	3,975,561	-	-	-	-
Total expenditures	<u>1,837</u>	<u>2,466,339</u>	<u>1,135,614</u>	<u>3,975,561</u>	<u>1,799,125</u>	<u>1,294,972</u>	<u>-</u>	<u>1,831,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,614,869</u>	<u>(1,536,177)</u>	<u>(10,830)</u>	<u>(84,038)</u>	<u>(309,211)</u>	<u>(31,010)</u>	<u>168</u>	<u>(76,440)</u>
Other financing sources (uses)								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	57,662	-	352,762	67,170	-	82,006
Transfers out	(6,404,179)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(6,404,179)</u>	<u>-</u>	<u>57,662</u>	<u>-</u>	<u>352,762</u>	<u>67,170</u>	<u>-</u>	<u>82,006</u>
Net change in fund balances	(789,310)	(1,536,177)	46,832	(84,038)	43,551	36,160	168	5,566
Fund balance - beginning	3,925,804	3,064,174	166,306	962,637	210,725	9,712	79,613	59,875
Fund balance - ending	<u>\$ 3,136,494</u>	<u>\$ 1,527,997</u>	<u>\$ 213,138</u>	<u>\$ 878,599</u>	<u>\$ 254,276</u>	<u>\$ 45,872</u>	<u>\$ 79,781</u>	<u>\$ 65,441</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2012

(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	\$ 7,295,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,122,549
Other taxes	-	-	-	-	-	-	-	5,614,428
Unrestricted intergovernmental revenue	-	-	-	-	-	-	(428)	1,156
Restricted intergovernmental revenue	-	219,650	-	82,546	11,799	-	-	6,703,052
Sales and services	-	-	-	-	-	-	-	223,620
Interest earned on investments	298	371	-	118	-	-	140	4,976
Miscellaneous	-	-	-	-	-	-	507,947	519,986
Total revenues	<u>7,295,524</u>	<u>220,021</u>	<u>-</u>	<u>82,664</u>	<u>11,799</u>	<u>-</u>	<u>507,659</u>	<u>24,189,767</u>
Expenditures								
Current:								
Public safety	7,191,685	88,143	838	-	7,288	-	497,431	7,785,385
Economic and physical development	-	-	-	-	-	-	-	6,728,246
Human services	-	-	-	-	-	-	-	1,799,125
Cultural and recreational	-	-	-	-	-	-	-	3,977,398
Total expenditures	<u>7,191,685</u>	<u>88,143</u>	<u>838</u>	<u>-</u>	<u>7,288</u>	<u>-</u>	<u>497,431</u>	<u>20,290,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>103,839</u>	<u>131,878</u>	<u>(838)</u>	<u>82,664</u>	<u>4,511</u>	<u>-</u>	<u>10,228</u>	<u>3,899,613</u>
Other financing sources (uses)								
Sale of capital assets	-	10,449	-	-	-	-	-	10,449
Transfers in	-	-	-	-	-	-	-	559,600
Transfers out	-	-	-	-	-	-	-	(6,404,179)
Total other financing sources (uses)	<u>-</u>	<u>10,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,834,130)</u>
Net change in fund balances	<u>103,839</u>	<u>142,327</u>	<u>(838)</u>	<u>82,664</u>	<u>4,511</u>	<u>-</u>	<u>10,228</u>	<u>(1,934,517)</u>
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 403,681</u>	<u>\$ 700,439</u>	<u>\$ 388</u>	<u>\$ 230,468</u>	<u>\$ 26,229</u>	<u>\$ 235,495</u>	<u>\$ 135,440</u>	<u>\$ 7,933,738</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Other taxes	\$ 5,179,134	\$ 5,614,428	\$ 435,294	\$ 5,431,127
Interest earned on investments	7,500	2,278	(5,222)	6,976
Total revenues	<u>5,186,634</u>	<u>5,616,706</u>	<u>430,072</u>	<u>5,438,103</u>
Expenditures				
Cultural and recreational	6,000	1,837	4,163	1,838
Total expenditures	<u>6,000</u>	<u>1,837</u>	<u>4,163</u>	<u>1,838</u>
Revenues over expenditures	<u>5,180,634</u>	<u>5,614,869</u>	<u>434,235</u>	<u>5,436,265</u>
Other financing sources (uses)				
Transfers (out)	(6,457,634)	(6,404,179)	53,455	(7,483,460)
Appropriated fund balance	1,277,000	-	(1,277,000)	-
Total other financing sources (uses)	<u>(5,180,634)</u>	<u>(6,404,179)</u>	<u>(1,223,545)</u>	<u>(7,483,460)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(789,310)</u>	<u>\$ (789,310)</u>	<u>(2,047,195)</u>
Fund balances				
Beginning of year - July 1		3,925,804		5,972,999
End of year - June 30		<u>\$ 3,136,494</u>		<u>\$ 3,925,804</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 928,046	\$ 929,630	\$ 1,584	\$ 1,153,621
Interest earned on investments	-	532	532	10,365
Total revenues	<u>928,046</u>	<u>930,162</u>	<u>2,116</u>	<u>1,163,986</u>
Expenditures				
Implemental functions	438,382	222,411	215,971	235,829
Telephone/furniture	952,289	413,621	538,668	225,955
Software	601,003	156,276	444,727	487,703
Hardware	831,191	152,565	678,626	229,563
Training	199,608	25,257	174,351	52,818
S.L.2010-158	1,636,353	1,464,134	172,219	61,784
Other	-	32,075	(32,075)	-
Total expenditures	<u>4,658,826</u>	<u>2,466,339</u>	<u>2,192,487</u>	<u>1,293,652</u>
Revenues over expenditures	<u>(3,730,780)</u>	<u>(1,536,177)</u>	<u>2,194,603</u>	<u>(129,666)</u>
Appropriated fund balance	<u>3,730,780</u>	-	<u>3,730,780</u>	-
Total other financing sources (uses)	<u>3,730,780</u>	-	<u>(3,730,780)</u>	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(1,536,177)</u>	<u>\$ (1,536,177)</u>	<u>(129,666)</u>
Fund balances				
Beginning of year - July 1		<u>3,064,174</u>		<u>3,193,840</u>
End of year - June 30		<u>\$ 1,527,997</u>		<u>\$ 3,064,174</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Workforce Development Fund
Year Ended June 30, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 2,555,172	\$ 1,165,125	\$ (1,390,047)	\$ 3,992,068
Sales and services	34,406	34,405	(1)	45,482
Miscellaneous	-	-	-	250
Total revenues	<u>2,589,578</u>	<u>1,199,530</u>	<u>(1,390,048)</u>	<u>4,037,800</u>
Expenditures				
WIA administration	-	-	-	291,451
WIA programs	828,177	325,655	502,522	1,283,301
NEG/CAA	1,081,673	147,935	933,738	1,431,648
Senior Aides	746,604	736,770	9,834	1,129,064
Total expenditures	<u>2,656,454</u>	<u>1,210,360</u>	<u>1,446,094</u>	<u>4,135,464</u>
Revenues over expenditures	<u>(66,876)</u>	<u>(10,830)</u>	<u>56,046</u>	<u>(97,664)</u>
Other financing sources (uses)				
Transfers in	66,876	57,662	(9,214)	76,811
Total other financing sources (uses)	<u>66,876</u>	<u>57,662</u>	<u>(9,214)</u>	<u>76,811</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>46,832</u>	<u>\$ 46,832</u>	<u>(20,853)</u>
Fund balances				
Beginning of year - July 1		166,306		187,159
End of year - June 30		<u>\$ 213,138</u>		<u>\$ 166,306</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Ad valorem taxes	\$ 4,391,239	\$ 3,827,323	\$ (563,916)	\$ 3,683,608
Unrestricted intergovernmental revenue	25,620	-	(25,620)	-
Restricted intergovernmental revenue	150,000	63,450	(86,550)	65,968
Interest earned on investments	5,000	750	(4,250)	1,656
Total revenues	<u>4,571,859</u>	<u>3,891,523</u>	<u>(680,336)</u>	<u>3,751,232</u>
Expenditures				
Culture and recreational	4,227,839	3,817,132	410,707	3,809,155
Capital outlay	435,000	158,429	276,571	92,201
Total expenditures	<u>4,662,839</u>	<u>3,975,561</u>	<u>687,278</u>	<u>3,901,356</u>
Revenues over expenditures	<u>(90,980)</u>	<u>(84,038)</u>	<u>6,942</u>	<u>(150,124)</u>
Other financing sources (uses)				
Appropriated fund balance	90,980	-	(90,980)	-
Total other financing sources (uses)	<u>90,980</u>	<u>-</u>	<u>(90,980)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(84,038)</u>	<u>\$ (84,038)</u>	<u>(150,124)</u>
Fund balances				
Beginning of year - July 1		<u>962,637</u>		<u>1,112,761</u>
End of year - June 30		<u>\$ 878,599</u>		<u>\$ 962,637</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 1,359,661	\$ 1,334,804	\$ (24,857)	\$ 1,246,592
Sales and services	170,013	154,897	(15,116)	172,458
Interest earned on investments	-	213	213	304
Total revenues	1,529,674	1,489,914	(39,760)	1,419,354
Expenditures				
Human services				
JCP programs	1,265,571	1,123,470	142,101	1,054,234
Residential group home	680,881	675,655	5,226	677,268
Total expenditures	1,946,452	1,799,125	147,327	1,731,502
Revenues over expenditures	(416,778)	(309,211)	107,567	(312,148)
Other financing sources (uses)				
Transfers in	354,382	352,762	(1,620)	293,817
Appropriated fund balance	62,396	-	(62,396)	-
Total other financing sources (uses)	416,778	352,762	(64,016)	293,817
Revenues and other financing sources (uses) over (under) expenditures	\$ -	43,551	\$ 43,551	(18,331)
Fund balances				
Beginning of year - July 1		210,725		229,056
End of year - June 30		\$ 254,276		\$ 210,725

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Transportation Fund
Year Ended June 30, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 2,732,772	\$ 1,229,536	\$ (1,503,236)	\$ 1,486,920
Sales and services	113,606	34,318	(79,288)	57,244
Interest earned on investments	-	108	108	279
Total revenues	<u>2,846,378</u>	<u>1,263,962</u>	<u>(1,582,416)</u>	<u>1,544,443</u>
Expenditures				
Economic and physical development	<u>2,939,741</u>	<u>1,294,972</u>	<u>1,644,769</u>	<u>1,603,949</u>
Total expenditures	<u>2,939,741</u>	<u>1,294,972</u>	<u>1,644,769</u>	<u>1,603,949</u>
Revenues over expenditures	<u>(93,363)</u>	<u>(31,010)</u>	<u>62,353</u>	<u>(59,506)</u>
Other financing sources (uses)				
Transfers in	93,124	67,170	(25,954)	59,148
Appropriated fund balance	<u>239</u>	<u>-</u>	<u>(239)</u>	<u>-</u>
Total other financing sources (uses)	<u>93,363</u>	<u>67,170</u>	<u>(26,193)</u>	<u>59,148</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>36,160</u>	<u>\$ 36,160</u>	<u>(358)</u>
Fund balances				
Beginning of year - July 1		<u>9,712</u>		<u>10,070</u>
End of year - June 30		<u>\$ 45,872</u>		<u>\$ 9,712</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Interest earned on investments	\$ -	\$ 168	\$ 168	\$ 371
Total revenues	-	168	168	371
Expenditures				
Current				
Expenditures				
Economic and physical development				
Economic and physical development	-	-	-	-
Total expenditures	-	-	-	-
Revenues over expenditures	-	168	168	371
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>168</u>	<u>\$ 168</u>	<u>371</u>
Fund balances				
Beginning of year - July 1		79,613		79,242
End of year - June 30		<u>\$ 79,781</u>		<u>\$ 79,613</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 3,668,926	\$ 1,742,842	\$ (1,926,084)	\$ 2,232,437
Miscellaneous	-	12,039	12,039	1,394
Total revenues	<u>3,668,926</u>	<u>1,754,881</u>	<u>(1,914,045)</u>	<u>2,233,831</u>
Expenditures				
Economic and physical development				
Administration	401,183	353,066	48,117	391,395
Economic Development	200,000	30,936	169,064	386,448
Housing activities	3,038,220	1,214,649	1,823,571	1,172,765
NC Urgent Repair Program	37,500	31,486	6,014	-
Public facilities	225,000	-	225,000	255,451
Public services	123,080	66,703	56,377	95,347
Program grants	229,396	134,481	94,915	106,496
Total expenditures	<u>4,254,379</u>	<u>1,831,321</u>	<u>2,423,058</u>	<u>2,407,902</u>
Revenues over (under) expenditures	<u>(585,453)</u>	<u>(76,440)</u>	<u>509,013</u>	<u>(174,071)</u>
Other financing sources (uses)				
Transfers in	548,779	82,006	(466,773)	168,462
Appropriated fund balance	36,674	-	(36,674)	-
Total other financing sources (uses)	<u>585,453</u>	<u>82,006</u>	<u>(503,447)</u>	<u>168,462</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>5,566</u>	<u>\$ 5,566</u>	<u>(5,609)</u>
Fund balances				
Beginning of year - July 1		59,875		65,484
End of year - June 30		<u>\$ 65,441</u>		<u>\$ 59,875</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Ad valorem taxes	\$ 7,312,302	\$ 7,295,226	\$ (17,076)	\$ 7,013,107
Interest earned on investments	250	298	48	313
Total revenues	<u>7,312,552</u>	<u>7,295,524</u>	<u>(17,028)</u>	<u>7,013,420</u>
Expenditures				
Public safety	<u>7,288,552</u>	<u>7,191,685</u>	<u>96,867</u>	<u>6,747,653</u>
Total expenditures	<u>7,288,552</u>	<u>7,191,685</u>	<u>96,867</u>	<u>6,747,653</u>
Revenues over expenditures	<u>24,000</u>	<u>103,839</u>	<u>79,839</u>	<u>265,767</u>
Other financing sources (uses)				
Transfers (out)	<u>(24,000)</u>	<u>-</u>	<u>24,000</u>	<u>(24,000)</u>
Total other financing sources (uses)	<u>(24,000)</u>	<u>-</u>	<u>24,000</u>	<u>(24,000)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>103,839</u>	<u>\$ 103,839</u>	<u>241,767</u>
Fund balances				
Beginning of year - July 1		<u>299,842</u>		<u>58,075</u>
End of year - June 30		<u>\$ 403,681</u>		<u>\$ 299,842</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 219,650	\$ 219,650	\$ 154,094
Interest earned on investments	120	371	251	1,147
Miscellaneous	-	-	-	1,764
Total revenues	<u>120</u>	<u>220,021</u>	<u>219,901</u>	<u>157,005</u>
Expenditures				
Public safety	214,990	33,210	181,780	221,693
Capital outlay	303,500	54,933	248,567	308,027
Total expenditures	<u>518,490</u>	<u>88,143</u>	<u>430,347</u>	<u>529,720</u>
Revenues over expenditures	<u>(518,370)</u>	<u>131,878</u>	<u>650,248</u>	<u>(372,715)</u>
Other financing sources (uses)				
Sale of capital assets	-	10,449	10,449	2,479
Appropriated fund balance	518,370	-	(518,370)	-
Total other financing sources (uses)	<u>518,370</u>	<u>10,449</u>	<u>(507,921)</u>	<u>2,479</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>142,327</u>	<u>\$ 142,327</u>	<u>(370,236)</u>
Fund balances				
Beginning of year - July 1		<u>558,112</u>		<u>928,348</u>
End of year - June 30		<u>\$ 700,439</u>		<u>\$ 558,112</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Public safety	1,226	838	388	-
Total expenditures	1,226	838	388	-
Revenues over expenditures	(1,226)	(838)	388	-
Other financing sources (uses)				
Appropriated fund balance	1,226	-	(1,226)	-
Total other financing sources (uses)	1,226	-	(1,226)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(838)	\$ (838)	-
Fund balances				
Beginning of year - July 1		1,226		1,226
End of year - June 30		\$ 388		\$ 1,226

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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 82,546	\$ 82,546	\$ 74,607
Interest earned on investments	-	118	118	131
Total revenues	<u>-</u>	<u>82,664</u>	<u>82,664</u>	<u>74,738</u>
Expenditures				
Revenues over expenditures	<u>(85,000)</u>	<u>82,664</u>	<u>167,664</u>	<u>74,738</u>
Other financing sources (uses)				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>85,000</u>	<u>-</u>	<u>(85,000)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>82,664</u>	<u>\$ 82,664</u>	<u>74,738</u>
Fund balances				
Beginning of year - July 1		147,804		73,066
End of year - June 30		<u>\$ 230,468</u>		<u>\$ 147,804</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 10,000	\$ 11,799	\$ 1,799	\$ 10,977
Total revenues	<u>10,000</u>	<u>11,799</u>	<u>1,799</u>	<u>10,977</u>
Expenditures				
Public safety	10,000	7,288	2,712	5,174
Total expenditures	<u>10,000</u>	<u>7,288</u>	<u>2,712</u>	<u>5,174</u>
Revenues over expenditures	<u>-</u>	<u>4,511</u>	<u>4,511</u>	<u>5,803</u>
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>4,511</u>	<u>\$ 4,511</u>	<u>5,803</u>
Fund balances				
Beginning of year - July 1		21,718		15,915
End of year - June 30		<u>\$ 26,229</u>		<u>\$ 21,718</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Interest earned on investments	\$ -	\$ -	\$ -	\$ 281
Total revenues	-	-	-	281
Expenditures	-	-	-	-
Revenues over expenditures	-	-	-	281
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	-	<u>\$ -</u>	281
Fund balances				
Beginning of year - July 1		235,495		235,214
End of year - June 30		<u>\$ 235,495</u>		<u>\$ 235,495</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, 2012
(With Comparative Totals for Year Ended June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Interest earned on investments	\$ 92	\$ 140	\$ 48	\$ 113
Miscellaneous	545,500	507,947	(37,553)	491,361
Total revenues	<u>545,592</u>	<u>508,087</u>	<u>(37,505)</u>	<u>491,474</u>
Expenditures				
Public safety	545,592	497,859	47,733	425,077
Total expenditures	<u>545,592</u>	<u>497,859</u>	<u>47,733</u>	<u>425,077</u>
Revenues over expenditures	<u>-</u>	<u>10,228</u>	<u>10,228</u>	<u>66,397</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>10,228</u>	<u>\$ 10,228</u>	<u>66,397</u>
Fund balances				
Beginning of year - July 1		125,212		58,815
End of year - June 30		<u>\$ 135,440</u>		<u>\$ 125,212</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2012**

	Detention Facility Expansion Fund	New Century Middle School Fund	West Regional Library Fund	New Century Elementary Fund	QSCB Project Fund	Southpoint Water Project Fund	Total Nonmajor Capital Project Funds
Assets							
Sales tax receivable	\$ -	\$ 51,554	\$ 10,818	\$ -	\$ 26	\$ -	\$ 62,398
Restricted assets:							
Cash and cash equivalents	3,932,160	4,792,526	658,813	156,921	1,813,396	-	11,353,816
Total assets	\$ 3,932,160	\$ 4,844,080	\$ 669,631	\$ 156,921	\$ 1,813,422	\$ -	\$ 11,416,214
Liabilities and fund balances							
Liabilities:							
Accounts and vouchers payable	\$ 108,596	\$ 1,128,652	\$ -	\$ -	\$ 455,560	\$ -	\$ 1,692,808
Due to other funds	-	-	-	-	-	9,801	9,801
Total liabilities	108,596	1,128,652	-	-	455,560	9,801	1,702,609
Fund balances:							
Restricted:							
Stabilization by State Statute	-	51,554	10,818	-	26	-	62,398
School capital	-	3,663,874	-	156,921	1,357,836	-	5,178,631
Cultural and recreational	-	-	658,813	-	-	-	658,813
Committed:							
Public safety	3,823,564	-	-	-	-	-	3,823,564
Unassigned	-	-	-	-	-	(9,801)	(9,801)
Total fund balances	3,823,564	3,715,428	669,631	156,921	1,357,862	(9,801)	9,713,605
Total liabilities and fund balances	\$ 3,932,160	\$ 4,844,080	\$ 669,631	\$ 156,921	\$ 1,813,422	\$ -	\$ 11,416,214

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Project Funds
 Year Ended June 30, 2012

	Detention Facility Expansion Fund	New Century Middle School Fund	West Regional Library Fund	New Century Elementary School Fund	QSCB Project Fund	Southpoint Water Project Fund	Total Nonmajor Capital Project Funds
Revenues							
Ad valorem taxes	\$ 1,261,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,261,558
Interest earned on investments	-	5,788	467	191	1,686	-	8,132
Total revenues	<u>1,261,558</u>	<u>5,788</u>	<u>467</u>	<u>191</u>	<u>1,686</u>	<u>-</u>	<u>1,269,690</u>
Expenditures							
Capital outlay							
Public safety	702,800	-	-	-	-	-	702,800
Education	-	9,623,083	-	474,400	2,859,434	-	12,956,917
Cultural and recreation	-	-	243,518	-	-	-	243,518
Water and sewer	-	-	-	-	-	9,801	9,801
Total expenditures	<u>702,800</u>	<u>9,623,083</u>	<u>243,518</u>	<u>474,400</u>	<u>2,859,434</u>	<u>9,801</u>	<u>13,913,036</u>
Revenues over (under) expenditures	<u>558,758</u>	<u>(9,617,295)</u>	<u>(243,051)</u>	<u>(474,209)</u>	<u>(2,857,748)</u>	<u>(9,801)</u>	<u>(12,643,346)</u>
Other financing sources (uses)							
Transfers in	500,000	-	-	-	-	-	500,000
Total other financing sources	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Revenues and other financing sources over (under) expenditures	<u>1,058,758</u>	<u>(9,617,295)</u>	<u>(243,051)</u>	<u>(474,209)</u>	<u>(2,857,748)</u>	<u>(9,801)</u>	<u>(12,143,346)</u>
Fund balance							
Beginning of year - July 1	2,764,806	13,332,723	912,682	631,130	4,215,610	-	21,856,951
End of year - June 30	<u>\$ 3,823,564</u>	<u>\$ 3,715,428</u>	<u>\$ 669,631</u>	<u>\$ 156,921</u>	<u>\$ 1,357,862</u>	<u>\$ (9,801)</u>	<u>\$ 9,713,605</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, 2012

	<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	\$ -	\$ 1,261,558	\$ 2,489,877
Total revenues	<u>2,464,278</u>	<u>1,228,319</u>	<u>-</u>	<u>1,261,558</u>	<u>2,489,877</u>
Expenditures					
Capital outlay					
Public safety	4,764,278	263,513	-	702,800	966,313
Total expenditures	<u>4,764,278</u>	<u>263,513</u>	<u>-</u>	<u>702,800</u>	<u>966,313</u>
Revenues over (under) expenditures	<u>(2,300,000)</u>	<u>964,806</u>	<u>-</u>	<u>558,758</u>	<u>1,523,564</u>
Other financing sources (uses)					
Transfers in	2,300,000	1,800,000	-	500,000	2,300,000
Total other financing sources	<u>2,300,000</u>	<u>1,800,000</u>	<u>-</u>	<u>500,000</u>	<u>2,300,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 2,764,806</u>	<u>\$ -</u>	1,058,758	<u>\$ 3,823,564</u>
Fund balance					
Beginning of year - July 1				<u>2,764,806</u>	
End of year - June 30				<u>\$ 3,823,564</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, 2012

	<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	\$ -	\$ 5,788	10,625
Total revenues	<u>-</u>	<u>4,837</u>	<u>-</u>	<u>5,788</u>	<u>10,625</u>
Expenditures					
Capital outlay					
Education	17,132,512	3,804,628	-	9,623,083	13,427,711
Debt issuance costs	<u>284,418</u>	<u>284,416</u>	<u>-</u>	<u>-</u>	<u>284,416</u>
Total expenditures	<u>17,416,930</u>	<u>4,089,044</u>	<u>-</u>	<u>9,623,083</u>	<u>13,712,127</u>
Revenues over (under) expenditures	<u>(17,416,930)</u>	<u>(4,084,207)</u>	<u>-</u>	<u>(9,617,295)</u>	<u>(13,701,502)</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>2,611,930</u>	<u>-</u>	<u>-</u>	<u>2,611,930</u>
Total other financing sources	<u>17,416,930</u>	<u>17,416,930</u>	<u>-</u>	<u>-</u>	<u>17,416,930</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 13,332,723</u>	<u>\$ -</u>	<u>(9,617,295)</u>	<u>\$ 3,715,428</u>
Fund balance					
Beginning of year - July 1				<u>13,332,723</u>	
End of year - June 30				<u>\$ 3,715,428</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, 2012

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ -	\$ 19,915	\$ -	\$ 467	\$ 20,382
Total revenues	-	19,915	-	467	20,382
Expenditures					
Capital outlay					
Cultural and recreation	5,237,218	4,344,902	-	243,518	4,588,420
Debt issuance costs	77,006	76,555	-	-	76,555
Total expenditures	5,314,224	4,421,457	-	243,518	4,664,975
Revenues over (under) expenditures	(5,314,224)	(4,401,542)	-	(243,051)	(4,644,593)
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	(402,962)	(402,962)	-	-	(402,962)
Total other financing sources	5,314,224	5,314,224	-	-	5,314,224
Revenues and other financing sources over (under) expenditures	\$ -	\$ 912,682	\$ -	(243,051)	\$ 669,631
Fund balance					
Beginning of year - July 1				912,682	
End of year - June 30				\$ 669,631	

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, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 59,620	\$ 59,458	\$ -	\$ 191	\$ 59,649
Miscellaneous	218,703	-	-	-	-
Total revenues	<u>278,323</u>	<u>59,458</u>	<u>-</u>	<u>191</u>	<u>59,649</u>
Expenditures					
Capital outlay					
Education	17,253,672	16,405,225	-	474,400	16,879,625
Issuance costs	264,179	262,630	-	-	262,630
Total expenditures	<u>17,517,851</u>	<u>16,667,855</u>	<u>-</u>	<u>474,400</u>	<u>17,142,255</u>
Revenues over (under) expenditures	<u>(17,239,528)</u>	<u>(16,608,397)</u>	<u>-</u>	<u>(474,209)</u>	<u>(17,082,606)</u>
Other financing sources (uses)					
Premium on debt issuance	99,693	99,692	-	-	99,692
Bond issuance proceeds	17,139,835	17,139,835	-	-	17,139,835
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>\$ 631,130</u>	<u>\$ -</u>	<u>(474,209)</u>	<u>\$ 156,921</u>
Fund balance					
Beginning of year - July 1				<u>631,130</u>	
End of year - June 30				<u>\$ 156,921</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, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 21,665	\$ -	\$ 1,686	\$ 23,351
Total revenues	<u>-</u>	<u>21,665</u>	<u>-</u>	<u>1,686</u>	<u>23,351</u>
Expenditures					
Capital outlay					
Education	15,754,935	11,560,990	-	2,859,434	14,420,424
Debt issuance costs	<u>145,065</u>	<u>145,065</u>	<u>-</u>	<u>-</u>	<u>145,065</u>
Total expenditures	<u>15,900,000</u>	<u>11,706,055</u>	<u>-</u>	<u>2,859,434</u>	<u>14,565,489</u>
Revenues over (under) expenditures	<u>(15,900,000)</u>	<u>(11,684,390)</u>	<u>-</u>	<u>(2,857,748)</u>	<u>(14,542,138)</u>
Other financing sources (uses)					
Bond issuance proceeds	<u>15,900,000</u>	<u>15,900,000</u>	<u>-</u>	<u>-</u>	<u>15,900,000</u>
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>\$ 4,215,610</u>	<u>\$ -</u>	<u>(2,857,748)</u>	<u>\$ 1,357,862</u>
Fund balance					
Beginning of year - July 1				<u>4,215,610</u>	
End of year - June 30				<u>\$ 1,357,862</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
Water and sewer	605,100	-	-	9,801	9,801
Total expenditures	<u>605,100</u>	<u>-</u>	<u>-</u>	<u>9,801</u>	<u>9,801</u>
Revenues over (under) expenditures	<u>(605,100)</u>	<u>-</u>	<u>-</u>	<u>(9,801)</u>	<u>(9,801)</u>
Other financing sources (uses)					
Lease purchase proceeds	605,100	-	-	-	-
Total other financing sources	<u>605,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(9,801)</u>	<u>\$ (9,801)</u>
Fund balance					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ (9,801)</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, 2012
(With Comparative Totals for June 30, 2011)**

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ 400	\$ 25	\$ (375)	\$ 243
Burial Fees	2,400	-	(2,400)	600
Total revenues	<u>2,800</u>	<u>25</u>	<u>(2,775)</u>	<u>843</u>
Expenditures				
Capital outlay				
Maintenance	2,800	-	2,800	599
Total expenditures	<u>2,800</u>	<u>-</u>	<u>2,800</u>	<u>599</u>
Revenues over (under) expenditures	<u>-</u>	<u>25</u>	<u>25</u>	<u>244</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>25</u>	<u>\$ 25</u>	<u>244</u>
Fund balance				
Beginning of year - July 1		<u>42,540</u>		<u>42,296</u>
End of year - June 30		<u>\$ 42,565</u>		<u>\$ 42,540</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Cumberland County Solid Waste Fund
Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	<u>2012</u>		Variance Positive (Negative)	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		
Operating revenues				
Charges for services	\$ 4,498,146	\$ 3,512,590	\$ (985,556)	\$ 3,714,152
Other operating revenue	13,188	11,388	(1,800)	11,388
Household user fee	4,693,600	4,870,257	176,657	4,828,515
Total operating revenues	<u>9,204,934</u>	<u>8,394,235</u>	<u>(810,699)</u>	<u>8,554,055</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	164,465	71,959	(92,506)	190,498
Gain (loss) on disposal of capital assets	-	4,412	4,412	1,499
Miscellaneous	1,000	39,864	38,864	7,462
Grant revenue	482,298	456,766	(25,532)	591,983
Total Nonoperating revenues and other financing sources	<u>647,763</u>	<u>573,001</u>	<u>(74,762)</u>	<u>791,442</u>
Appropriated fund balance	<u>1,610,029</u>	<u>-</u>	<u>(1,610,029)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 11,462,726</u>	<u>\$ 8,967,236</u>	<u>\$ (2,495,490)</u>	<u>\$ 9,345,497</u>
Operating expenditures				
Salaries and employee benefits	\$ 3,418,332	\$ 3,289,314	\$ 129,018	\$ 3,205,303
Repairs and maintenance	1,345,789	1,397,521	(51,732)	974,960
Utilities	158,041	102,824	55,217	137,522
Administrative costs	4,075,757	3,452,582	623,175	4,343,473
Landfill closure and postclosure care costs	930,000	821,158	108,842	677,255
Total operating expenditures	<u>9,927,919</u>	<u>9,063,399</u>	<u>864,520</u>	<u>9,338,513</u>
Other expenditures and financing uses				
Capital outlay	1,534,807	1,084,794	450,013	507,691
Total other expenditures and financing uses	<u>1,534,807</u>	<u>1,084,794</u>	<u>450,013</u>	<u>507,691</u>
Total expenditures and other financing uses	<u>\$ 11,462,726</u>	<u>\$ 10,148,193</u>	<u>\$ 1,314,533</u>	<u>\$ 9,846,204</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 8,967,236		
Total expenditures and other financing uses		<u>10,148,193</u>		
		(1,180,957)		
Capital outlay		1,084,794		
Depreciation		<u>(1,298,950)</u>		
Change in Fund Net Assets		<u>\$ (1,395,113)</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, 2012
(With Comparative Totals for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 2,437,000	\$ 2,466,218	\$ 29,218	\$ 2,515,822
Total operating revenues	<u>2,437,000</u>	<u>2,466,218</u>	<u>29,218</u>	<u>2,515,822</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	2,050	53,910	51,860	61,970
Motel occupancy tax	1,083,263	1,226,853	143,590	1,223,109
Gain (loss) on disposal of capital assets	-	555	555	-
Miscellaneous	-	-	-	85,400
Transfers in	6,407,200	6,353,745	(53,455)	8,117,028
Total Nonoperating revenues and other financing sources	<u>7,492,513</u>	<u>7,635,063</u>	<u>142,550</u>	<u>9,487,507</u>
Appropriated fund balance	385,985	-	(385,985)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 10,315,498</u>	<u>\$ 10,101,281</u>	<u>\$ (214,217)</u>	<u>\$ 12,003,329</u>
Operating expenditures				
Salaries and employee benefits	\$ 2,683,295	\$ 2,499,545	\$ 183,750	\$ 2,499,586
Repairs and maintenance	918,899	413,045	505,854	386,282
Utilities	870,000	812,404	57,596	917,698
Administrative costs	2,019,023	1,722,616	296,407	1,740,991
Total operating expenditures	<u>6,491,217</u>	<u>5,447,610</u>	<u>1,043,607</u>	<u>5,544,557</u>
Nonoperating expenditures				
Interest expense	2,460,247	1,736,860	723,387	1,883,346
Total nonoperating expenditures	<u>2,460,247</u>	<u>1,736,860</u>	<u>723,387</u>	<u>1,883,346</u>
Other expenditures and financing (sources) uses				
Principal payments	1,259,126	3,445,000	(2,185,874)	3,445,000
Capital outlay	49,715	23,585	26,130	3,125,847
Transfers out	55,193	55,193	-	55,193
Total other expenditures and financing uses	<u>1,364,034</u>	<u>3,523,778</u>	<u>(2,159,744)</u>	<u>6,626,040</u>
Total expenditures and other financing uses	<u>\$ 10,315,498</u>	<u>\$ 10,708,248</u>	<u>\$ (392,750)</u>	<u>\$ 14,053,943</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 10,101,281		
Total expenditures and other financing uses		<u>10,708,248</u>		
		(606,967)		
Capital outlay		23,585		
Depreciation		(2,043,125)		
Principal payments		<u>3,445,000</u>		
Change in Fund Net assets		<u>\$ 818,493</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, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 64,550	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>64,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Other	655,771	-	-	374,215	374,215
Total expenditures	<u>655,771</u>	<u>-</u>	<u>-</u>	<u>374,215</u>	<u>374,215</u>
Revenues over (under) expenditures	<u>(591,221)</u>	<u>-</u>	<u>-</u>	<u>(374,215)</u>	<u>(374,215)</u>
Other financing sources (uses)					
Transfers in	591,221	-	-	-	-
Total other financing sources	<u>591,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (374,215)</u>	<u>\$ (374,215)</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, 2012
(With Comparative Totals for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 800	\$ 2,082	\$ 1,282	\$ 1,951
Total operating revenues	<u>800</u>	<u>2,082</u>	<u>1,282</u>	<u>1,951</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>\$ 10,800</u>	<u>\$ 2,082</u>	<u>\$ (8,718)</u>	<u>\$ 1,951</u>
Operating expenditures				
Repairs and maintenance	\$ 8,000	\$ 5,523	\$ 2,477	\$ -
Administrative costs	2,800	-	2,800	-
Total operating expenditures	<u>10,800</u>	<u>5,523</u>	<u>5,277</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 10,800</u>	<u>\$ 5,523</u>	<u>\$ 5,277</u>	<u>\$ -</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 2,082		
Total expenditures and other financing uses		<u>5,523</u>		
		(3,441)		
Depreciation		<u>(67,046)</u>		
Change in Fund Net assets		<u>\$ (70,487)</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, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Operating revenues				
Charges for services	\$ 372,018	\$ 391,357	\$ 19,339	\$ 370,612
Total operating revenues	<u>372,018</u>	<u>391,357</u>	<u>19,339</u>	<u>370,612</u>
Nonoperating revenues and other financing sources				
Miscellaneous	-	269	269	-
Total Nonoperating revenues and other financing sources	<u>-</u>	<u>269</u>	<u>269</u>	<u>-</u>
Appropriated fund balance	127,922	-	(127,922)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 499,940</u>	<u>\$ 391,626</u>	<u>\$ (108,314)</u>	<u>\$ 370,612</u>
Operating expenditures				
Repairs and maintenance	\$ 237,683	\$ 223,423	\$ 14,260	\$ 132,874
Utilities	175,000	152,865	22,135	129,238
Administrative costs	16,210	3,167	13,043	10,470
Total operating expenditures	<u>428,893</u>	<u>379,455</u>	<u>49,438</u>	<u>272,582</u>
Interest expense	49,047	48,988	59	49,651
Proprietary nonoperating expense	17,000	-	17,000	-
Total nonoperating expenditures	<u>66,047</u>	<u>48,988</u>	<u>17,059</u>	<u>49,651</u>
Other expenditures and financing uses				
Total expenditures and other financing uses	<u>\$ 494,940</u>	<u>\$ 428,443</u>	<u>\$ 66,497</u>	<u>\$ 322,233</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 391,626		
Total expenditures and other financing uses		<u>428,443</u>		
		(36,817)		
Depreciation		<u>(238,566)</u>		
Change in Fund Net assets		<u>\$ (275,383)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Net Assets

Internal Service Funds

June 30, 2012

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
Assets							
Current assets							
Taxes receivable, net	\$ 896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 896
Sales tax receivable	-	-	51	-	-	-	51
Due from other governments	378	-	-	-	-	-	378
Other receivables, net	5,708	-	25,264	-	-	-	30,972
Total current assets	6,982	-	25,315	-	-	-	32,297
Noncurrent assets							
Capital assets, net of accumulated depreciation	-	-	-	1,109	-	-	1,109
Restricted:							
Cash and cash equivalents	2,479,987	180,674	1,946,183	729,099	306,235	1,715,469	7,357,647
Investments	41	-	499,793	-	-	-	499,834
Total noncurrent assets	2,480,028	180,674	2,445,976	730,208	306,235	1,715,469	7,858,590
Total assets	2,487,010	180,674	2,471,291	730,208	306,235	1,715,469	7,890,887
Liabilities and net assets							
Current liabilities							
Accounts and vouchers payable	83,191	-	-	-	11,384	-	94,575
Accrued payroll	16,589	-	12,312	-	-	-	28,901
Incurred but not reported	847,000	-	187,889	(107)	-	250,000	1,284,782
Current portion of long-term debt and accrued vacation	925	-	20,559	-	-	-	21,484
Total current liabilities	947,705	-	220,760	(107)	11,384	250,000	1,429,742
Noncurrent liabilities							
Accrued vacation	49	-	1,082	-	-	-	1,131
Other postemployment benefits liability	6,084	-	127,234	-	-	-	133,318
Total noncurrent liabilities	6,133	-	128,316	-	-	-	134,449
Total liabilities	953,838	-	349,076	(107)	11,384	250,000	1,564,191
Net assets							
Invested in capital assets, net of related debt	-	-	-	1,109	-	-	1,109
Restricted net assets - claims	2,480,028	180,674	2,445,976	729,099	306,235	1,715,469	7,857,481
Unrestricted	(946,856)	-	(323,761)	107	(11,384)	(250,000)	(1,531,894)
Total net assets	\$ 1,533,172	\$ 180,674	\$ 2,122,215	\$ 730,315	\$ 294,851	\$ 1,465,469	\$ 6,326,696

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2012

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
Operating revenues							
Contributions	\$ -	\$ 429,742	\$ 1,240,652	\$ -	\$ 282,000	\$ -	\$ 1,952,394
Contributions - Group health insurance	12,615,830	-	-	-	-	4,276,158	16,891,988
Total operating revenues	<u>12,615,830</u>	<u>429,742</u>	<u>1,240,652</u>	<u>-</u>	<u>282,000</u>	<u>4,276,158</u>	<u>18,844,382</u>
Operating expenses							
Salaries and employee benefits	-	420,508	1,191,926	-	-	-	1,612,434
Administrative costs	-	-	6,820	70,933	302,637	-	380,390
Depreciation	-	-	-	957	-	-	957
Group health insurance	13,813,490	-	-	-	-	4,086,889	17,900,379
Employee pharmacy	50,822	-	-	-	-	-	50,822
Employee clinic	63,328	-	-	-	-	-	63,328
Employee wellness program	16,474	-	-	-	-	-	16,474
Total operating expenses	<u>13,944,114</u>	<u>420,508</u>	<u>1,198,746</u>	<u>71,890</u>	<u>302,637</u>	<u>4,086,889</u>	<u>20,024,784</u>
Operating income (loss)	<u>(1,328,284)</u>	<u>9,234</u>	<u>41,906</u>	<u>(71,890)</u>	<u>(20,637)</u>	<u>189,269</u>	<u>(1,180,402)</u>
Nonoperating revenue (expense)							
Interest earned on investments	2,077	8	4,572	422	-	850	7,929
Miscellaneous	8,793	-	-	-	-	-	8,793
Total nonoperating revenue (expense)	<u>10,870</u>	<u>8</u>	<u>4,572</u>	<u>422</u>	<u>-</u>	<u>850</u>	<u>16,722</u>
Income (loss) before transfers	<u>(1,317,414)</u>	<u>9,242</u>	<u>46,478</u>	<u>(71,468)</u>	<u>(20,637)</u>	<u>190,119</u>	<u>(1,163,680)</u>
Transfers in	-	-	-	102,200	-	-	102,200
Change in net assets	<u>(1,317,414)</u>	<u>9,242</u>	<u>46,478</u>	<u>30,732</u>	<u>(20,637)</u>	<u>190,119</u>	<u>(1,061,480)</u>
Total net assets - beginning	<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>
Total net assets - ending	<u>\$ 1,533,172</u>	<u>\$ 180,674</u>	<u>\$ 2,122,215</u>	<u>\$ 730,315</u>	<u>\$ 294,851</u>	<u>\$ 1,465,469</u>	<u>\$ 6,326,696</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2012**

	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	\$ 12,614,934	\$ 429,742	\$ 1,240,788	\$ -	\$ 282,000	\$ 4,629,235	\$ 19,196,699
Cash paid to employees	-	-	(32)	-	-	-	(32)
Cash paid for goods and services	-	-	-	(71,040)	(295,434)	-	(366,474)
Cash received for goods and services	9,175	-	20,438	-	-	-	29,613
Cash paid for claims	(13,638,074)	(420,508)	(1,309,863)	-	-	(4,031,889)	(19,400,334)
Net cash provided by (used in) operating activities	(1,013,965)	9,234	(48,669)	(71,040)	(13,434)	597,346	(540,528)
Noncapital financing activities							
Transfers in	-	-	-	102,200	-	-	102,200
Net cash provided (used) by noncapital financing activities	-	-	-	102,200	-	-	102,200
Other miscellaneous transactions	8,793	-	-	-	-	-	8,793
Net cash provided (used) by capital and related financing activities	8,793	-	-	-	-	-	8,793
Investing activities							
Proceeds from sale of investments	500,041	-	-	-	-	-	500,041
Purchase of investments	-	-	(288)	-	-	-	(288)
Investment earnings	2,077	8	4,572	422	-	850	7,929
Net cash provided (used) in investing activities	502,118	8	4,284	422	-	850	507,682
Net increase (decrease) in cash and cash equivalents/investments	(503,054)	9,242	(44,385)	31,582	(13,434)	598,196	78,147
Cash and cash equivalents/investments Beginning of year	2,983,041	171,432	1,990,568	697,517	319,669	1,117,273	7,279,500
End of year	\$ 2,479,987	\$ 180,674	\$ 1,946,183	\$ 729,099	\$ 306,235	\$ 1,715,469	\$ 7,357,647

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2012

	<u>Group Insurance Fund</u>	<u>Employee Flexible Benefit Fund</u>	<u>Workers' Compensation Fund</u>	<u>General Litigation Fund</u>	<u>Vehicle Insurance Fund</u>	<u>Retiree Insurance Fund</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (1,328,284)	\$ 9,234	\$ 41,906	\$ (71,890)	\$ (20,637)	189,269	\$ (1,180,402)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	-	957	-	-	957
(Increase) decrease in accounts receivable	(896)	-	-	-	-	-	(896)
(Increase) decrease in other receivables	65	-	136	-	-	353,077	353,278
(Increase) decrease in inventories	2,052	-	-	-	-	-	2,052
Increase (decrease) in accounts payable	289,451	-	(92,001)	(107)	7,203	55,000	259,546
Increase (decrease) in compensated	974	-	(32)	-	-	-	942
Increase (decrease) in OPEB	6,084	-	-	-	-	-	6,084
Increase (decrease) in contract retainage	16,589	-	1,322	-	-	-	17,911
Total adjustments	<u>314,319</u>	<u>-</u>	<u>(90,575)</u>	<u>850</u>	<u>7,203</u>	<u>408,077</u>	<u>639,874</u>
Net cash provided by (used in) operating activities	<u>\$ (1,013,965)</u>	<u>\$ 9,234</u>	<u>\$ (48,669)</u>	<u>\$ (71,040)</u>	<u>\$ (13,434)</u>	<u>\$ 597,346</u>	<u>\$ (540,528)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Operating revenues				
Contributions - Group health insurance	\$ 12,687,644	\$ 12,615,830	\$ (71,814)	\$ 11,400,457
Non-operating revenues				
Litigation settlement	-	8,793	8,793	-
Interest earned on investments	2,000	2,077	77	3,470
Appropriated fund balance	1,421,132	-	(1,421,132)	-
Total revenues and other financing sources	<u>\$ 14,110,776</u>	<u>\$ 12,626,700</u>	<u>\$ (1,484,076)</u>	<u>\$ 11,403,927</u>
Operating expenditures				
Employee pharmacy	\$ 273,079	\$ 50,822	\$ 222,257	\$ -
Employee clinic	96,396	63,328	33,068	-
Group health insurance	13,989,644	13,813,490	176,154	11,409,002
Employee wellness program	24,736	16,474	8,262	-
	14,383,855	13,944,114	439,741	11,409,002
Other financing uses				
Transfers out	-	-	-	-
Total expenditures and other financing uses	<u>\$ 14,383,855</u>	<u>\$ 13,944,114</u>	<u>\$ 439,741</u>	<u>\$ 11,409,002</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 12,626,700		
Total expenditures		13,944,114		
Subtotal		<u>(1,317,414)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ (1,317,414)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 500,000	\$ 429,742	\$ (70,258)	\$ 435,409
Non-operating revenues				
Interest earned on investments	-	8	8	19
Appropriated fund balance	-	-	-	-
Total revenues	<u>\$ 500,000</u>	<u>\$ 429,750</u>	<u>\$ (70,250)</u>	<u>\$ 435,428</u>
Operating expenditures				
Administrative costs	\$ -	\$ -	\$ -	\$ (749)
Salaries and employee benefits	500,000	420,508	79,492	424,321
Total expenditures	<u>\$ 500,000</u>	<u>\$ 420,508</u>	<u>\$ 79,492</u>	<u>\$ 423,572</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 429,750		
Total expenditures		420,508		
Subtotal		<u>9,242</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 9,242</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 1,275,796	\$ 1,240,652	\$ (35,144)	\$ 1,336,719
Non-operating revenues				
Interest earned on investments	4,000	4,572	572	5,628
Appropriated fund balance	400,000	-	(400,000)	-
Total revenues	<u>\$ 1,679,796</u>	<u>\$ 1,245,224</u>	<u>\$ (434,572)</u>	<u>\$ 1,342,347</u>
Operating expenditures				
Administrative costs	\$ 10,085	\$ 6,820	\$ 3,265	\$ 7,100
Salaries and employee benefits	1,669,711	1,191,926	477,785	1,447,110
Total expenditures	<u>1,679,796</u>	<u>1,198,746</u>	<u>481,050</u>	<u>1,454,210</u>
Other financing sources				
Transfers in	-	-	-	-
Total expenditures and other financing uses	<u>\$ 1,679,796</u>	<u>\$ 1,198,746</u>	<u>\$ 481,050</u>	<u>\$ 1,454,210</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 1,245,224		
Total expenditures		<u>1,198,746</u>		
Subtotal		<u>46,478</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 46,478</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Revenues				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	800	422	(378)	756
Other financing sources				
Transfers in	102,200	102,200	-	210,000
Appropriated fund balance	-	-	-	-
Total revenues and other financing sources	<u>\$ 103,000</u>	<u>\$ 102,622</u>	<u>\$ (378)</u>	<u>\$ 210,756</u>
Operating expenditures				
Administrative costs	<u>\$ 103,000</u>	<u>\$ 70,933</u>	<u>\$ 32,067</u>	<u>\$ 136,166</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 102,622		
Total expenditures		<u>70,933</u>		
Subtotal		31,689		
Depreciation		<u>(957)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 30,732</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	<u>\$ 500,000</u>	<u>\$ 282,000</u>	<u>\$ (218,000)</u>	<u>\$ 279,500</u>
Operating expenditures				
Administrative costs	<u>\$ 500,000</u>	<u>\$ 302,637</u>	<u>\$ 197,363</u>	<u>\$ 335,796</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 282,000		
Total expenditures		<u>302,637</u>		
Subtotal		<u>(20,637)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ (20,637)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 4,270,383	\$ 4,276,158	\$ 5,775	\$ 4,397,503
Non-operating revenues				
Interest earned on investments	800	850	50	898
Other financing sources				
Transfers in	-	-	-	-
Appropriated fund balance	250,000	-	(250,000)	-
Total revenues and other financing sources	<u>\$ 4,521,183</u>	<u>\$ 4,277,008</u>	<u>\$ (244,175)</u>	<u>\$ 4,398,401</u>
Operating expenditures				
Salaries and employee benefits	<u>\$ 4,521,183</u>	<u>\$ 4,086,889</u>	<u>\$ 434,294</u>	<u>\$ 3,487,536</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 4,277,008		
Total expenditures		<u>4,086,889</u>		
Subtotal		<u>190,119</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 190,119</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Vehicle Interest Fund	Totals
Assets							
Taxes receivable	\$ 4,774,038	\$ -	\$ -	\$ -	\$ 23,062	\$ -	\$ 4,797,100
Due from other governments	22,260	-	-	-	-	-	22,260
Restricted cash and cash equivalents	137,642	293,733	53,299	104,468	74,250	21,528	684,920
Total assets	\$ 4,933,940	\$ 293,733	\$ 53,299	\$ 104,468	\$ 97,312	\$ 21,528	\$ 5,504,280
Liabilities							
Accounts and vouchers payable	\$ 4,930,234	\$ 293,733	\$ 53,299	\$ 104,468	\$ 97,312	\$ -	\$ 5,479,046
Due to other governments	3,706	-	-	-	-	21,528	25,234
Total liabilities	\$ 4,933,940	\$ 293,733	\$ 53,299	\$ 104,468	\$ 97,312	\$ 21,528	\$ 5,504,280

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2012

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
<u>City Tax Fund</u>				
Assets				
Taxes receivable	\$ 4,635,436	\$ 79,110,756	\$ 78,972,154	\$ 4,774,038
Due from other governments	19,155	22,260	19,155	22,260
Restricted cash and cash equivalents	119,852	79,254,865	79,237,075	137,642
Total assets	\$ 4,774,443	\$ 158,387,881	\$ 158,228,384	\$ 4,933,940
Liabilities				
Accounts and vouchers payable	\$ 4,770,782	\$ 158,384,178	\$ 158,224,726	\$ 4,930,234
Due to other governments	3,661	3,703	3,658	3,706
Total liabilities	\$ 4,774,443	\$ 158,387,881	\$ 158,228,384	\$ 4,933,940
<u>Payee Account Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 373,756	\$ 1,280,134	\$ 1,360,157	\$ 293,733
Total assets	\$ 373,756	\$ 1,280,134	\$ 1,360,157	\$ 293,733
Liabilities				
Accounts and vouchers payable	\$ 373,756	\$ 1,280,134	\$ 1,360,157	\$ 293,733
Total liabilities	\$ 373,756	\$ 1,280,134	\$ 1,360,157	\$ 293,733
<u>Inmate Payee Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 56,853	\$ 1,065,207	\$ 1,068,761	\$ 53,299
Total assets	\$ 56,853	\$ 1,065,207	\$ 1,068,761	\$ 53,299
Liabilities				
Accounts and vouchers payable	\$ 56,853	\$ 1,065,207	\$ 1,068,761	\$ 53,299
Total liabilities	\$ 56,853	\$ 1,065,207	\$ 1,068,761	\$ 53,299
<u>Intergovernmental Custodial Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 122,421	\$ 1,292,895	\$ 1,310,848	\$ 104,468
Total assets	\$ 122,421	\$ 1,292,895	\$ 1,310,848	\$ 104,468
Liabilities				
Accounts and vouchers payable	\$ 122,421	\$ 1,292,895	\$ 1,310,848	\$ 104,468
Total liabilities	\$ 122,421	\$ 1,292,895	\$ 1,310,848	\$ 104,468
<u>Stormwater Utility Fund</u>				
Assets				
Taxes receivable	\$ 20,828	\$ 1,728,959	\$ 1,726,725	\$ 23,062
Restricted cash and cash equivalents	74,059	1,734,701	1,734,510	74,250
Total assets	\$ 94,887	\$ 3,463,660	\$ 3,461,235	\$ 97,312
Liabilities				
Accounts and vouchers payable	\$ 94,887	\$ 3,463,660	\$ 3,461,235	\$ 97,312
Total liabilities	\$ 94,887	\$ 3,463,660	\$ 3,461,235	\$ 97,312
<u>Vehicle Interest Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 21,007	\$ 297,219	\$ 296,698	\$ 21,528
Total assets	\$ 21,007	\$ 297,219	\$ 296,698	\$ 21,528
Liabilities				
Due to other governments	\$ 21,007	\$ 297,219	\$ 296,698	\$ 21,528
Total liabilities	\$ 21,007	\$ 297,219	\$ 296,698	\$ 21,528
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Taxes receivable	\$ 4,656,264	\$ 80,839,715	\$ 80,698,879	\$ 4,797,100
Due from other governments	19,155	22,260	19,155	22,260
Restricted cash and cash equivalents	767,948	84,925,021	85,008,049	684,920
Total assets	\$ 5,443,367	\$ 165,786,996	\$ 165,726,083	\$ 5,504,280
Liabilities				
Accounts and vouchers payable	\$ 5,418,699	\$ 165,486,074	\$ 165,425,727	\$ 5,479,046
Due to other governments	24,668	300,922	300,356	25,234
Total liabilities	\$ 5,443,367	\$ 165,786,996	\$ 165,726,083	\$ 5,504,280

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Fiduciary Assets and Liabilities
Agency Fund - City Tax Fund
June 30, 2012

	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	\$ 4,201,160	\$ 5,196	\$ 1,653	\$ 1,440	\$ 221,544	\$ 2,854	\$ 296,093	\$ 16,378	\$ 5,053	\$ 22,667	\$ 4,774,038
Due from other governments	22,260	-	-	-	-	-	-	-	-	-	22,260
Restricted cash and cash equivalents	108,865	-	-	218	4,945	386	12,458	3,028	820	6,922	137,642
Total assets	\$ 4,332,285	\$ 5,196	\$ 1,653	\$ 1,658	\$ 226,489	\$ 3,240	\$ 308,551	\$ 19,406	\$ 5,873	\$ 29,589	\$ 4,933,940
Liabilities											
Accounts and vouchers payable	\$ 4,332,285	\$ 2,077	\$ 1,500	\$ 1,655	\$ 226,415	\$ 3,234	\$ 308,361	\$ 19,361	\$ 5,861	\$ 29,485	\$ 4,930,234
Due to other governments	-	3,119	153	3	74	6	190	45	12	104	3,706
Total liabilities	\$ 4,332,285	\$ 5,196	\$ 1,653	\$ 1,658	\$ 226,489	\$ 3,240	\$ 308,551	\$ 19,406	\$ 5,873	\$ 29,589	\$ 4,933,940

COUNTY OF CUMBERLAND, NORTH CAROLINA

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**DISCRETELY PRESENTED COMPONENT UNIT
EASTOVER SANITARY DISTRICT**

COUNTY OF CUMBERLAND, NORTH CAROLINA

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Eastover Sanitary District
Statement of Net Assets
June 30, 2012

Assets	
Current assets	
Cash and cash equivalents	\$ 474,638
Sales tax receivable	14,528
Due from other governments	170,880
Cash and cash equivalents - restricted	248,802
Total current assets	<u>908,848</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>17,272,735</u>
Total noncurrent assets	<u>17,272,735</u>
Total assets	<u><u>18,181,583</u></u>
Liabilities and net assets	
Current liabilities	
Accounts and vouchers payable	24,658
Accrued interest payable	37,881
Other payables	16,250
Current portion of long-term debt	178,636
Total current liabilities	<u>257,425</u>
Noncurrent liabilities	
Long-term debt	<u>9,728,060</u>
Total noncurrent liabilities	<u>9,728,060</u>
Total liabilities	<u><u>9,985,485</u></u>
Net assets	
Invested in capital assets, net of related debt	7,366,039
Restricted net assets - debt service	77,211
Restricted net assets - capital projects	171,591
Unrestricted	581,257
Total net assets	<u><u>\$ 8,196,098</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, 2012

Operating revenues	
Charges for services	\$ 615,876
Total operating revenues	<u>615,876</u>
Operating expenses	
Salaries and employee benefits	62,619
Repairs and maintenance	4,974
Utilities	3,205
Administrative costs	502,151
Depreciation	489,979
Total operating expenses	<u>1,062,928</u>
Operating income (loss)	<u>(447,052)</u>
Nonoperating revenue (expense)	
Interest earned on investments	248
Miscellaneous	227,280
Grant revenue	737,546
Interest expense	(192,443)
Total nonoperating revenue (expense)	<u>772,631</u>
Change in net assets	325,579
Total net assets - beginning	<u>7,870,519</u>
Total net assets - ending	<u>\$ 8,196,098</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit

Eastover Sanitary District

Statement of Cash Flows

Year Ended June 30, 2012

Operating activities	
Cash received from customers	\$ 615,876
Cash paid to employees	(62,619)
Cash paid for goods and services	(389,649)
Net cash provided by (used in) operating activities	<u>163,608</u>
Capital and related financing activities	
Acquisition and construction of capital assets	(523,283)
Proceeds from grant	737,546
Principal paid on long-term debt	(70,264)
Interest paid on debt	(355,760)
Other miscellaneous transactions	227,280
Net cash provided (used) by capital and related financing activities	<u>15,519</u>
Investing activities	
Investment earnings	248
Net cash provided (used) in investing activities	<u>248</u>
Net increase in cash and cash equivalents	<u>179,375</u>
Cash and cash equivalents	
Beginning of year	<u>544,065</u>
End of year	<u>\$ 723,440</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (447,052)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	489,979
Change in assets and liabilities	
(Increase) decrease in accounts receivable	65,875
(Increase) decrease in inventories	449,343
Increase (decrease) in accounts payable and accrued liabilities	(394,537)
Total adjustments	<u>610,660</u>
Net cash provided by (used in) operating activities	<u>\$ 163,608</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Eastover Sanitary District
Year Ended June 30, 2012
(With Comparative Totals for June 30, 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Operating revenues				
Charges for services	\$ 603,000	\$ 615,876	\$ 12,876	\$ 377,456
Total operating revenues	<u>603,000</u>	<u>615,876</u>	<u>12,876</u>	<u>377,456</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	200	248	48	657
Miscellaneous	222,200	227,280	5,080	-
Grant revenue	1,797,700	737,546	(1,060,154)	998,183
Debt proceeds	6,177,000	-	(6,177,000)	-
Transfers in	303,505	153,504	(150,001)	-
Total Nonoperating revenues and other financing sources	<u>8,500,605</u>	<u>1,118,578</u>	<u>(7,382,027)</u>	<u>998,840</u>
Appropriated fund balance	299,610	-	(299,610)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 9,403,215</u>	<u>\$ 1,734,454</u>	<u>\$ (7,668,761)</u>	<u>\$ 1,376,296</u>
Operating expenditures				
Salaries and employee benefits	\$ 68,990	\$ 62,619	\$ 6,371	\$ 5,167
Repairs and maintenance	5,997	4,974	1,023	4,400
Utilities	5,760	3,205	2,555	-
Administrative costs	752,493	502,151	250,342	2,446
Miscellaneous	72,500	-	72,500	10,237
Total operating expenditures	<u>905,740</u>	<u>572,949</u>	<u>332,791</u>	<u>22,250</u>
Nonoperating expenditures				
Debt Service	172,011	192,443	(20,432)	174,812
Proprietary nonoperating expense	70,264	-	70,264	-
Total nonoperating expenditures	<u>242,275</u>	<u>192,443</u>	<u>49,832</u>	<u>174,812</u>
Other expenditures and financing uses				
Capital outlay	8,101,695	523,283	7,578,412	796,474
Total other expenditures and financing uses	<u>8,255,200</u>	<u>676,787</u>	<u>7,578,413</u>	<u>796,474</u>
Total expenditures and other financing uses	<u>\$ 9,403,215</u>	<u>\$ 1,442,179</u>	<u>\$ 7,961,036</u>	<u>\$ 993,536</u>
Reconciliation of modified accrual basis to full				
Total revenues and other financing sources		\$ 1,734,454		
Total expenditures and other financing uses		<u>1,442,179</u>		
		292,275		
Capital outlay		523,283		
Depreciation		<u>(489,979)</u>		
Income (loss) per Statement of Revenue, Expenses and Changes in Fund Net Assets		<u>\$ 325,579</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, 2012

	<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	4,858,307	4,826,233	-	32,074
Total expenditures	<u>50,000</u>	<u>4,858,307</u>	<u>4,826,233</u>	<u>-</u>	<u>32,074</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>(3,910,492)</u>	<u>(3,878,418)</u>	<u>-</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>3,678,418</u>	<u>3,628,418</u>	<u>-</u>	<u>50,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (232,074)</u>	<u>\$ (250,000)</u>	<u>-</u>	<u>\$ 17,926</u>
Fund balance					
Beginning of year - July 1				<u>(232,074)</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				\$ -	
Total expenditures and other financing uses				<u>-</u>	
Loan proceeds				<u>250,000</u>	
Income (loss) per Statement of Revenue, Expenses and Changes in Fund Net Assets				<u>\$ 250,000</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Sales and services	\$ 1,938,200	\$ 1,075,983	\$ -	\$ 800,246	\$ 1,876,229
Total revenues	<u>1,938,200</u>	<u>1,075,983</u>	<u>-</u>	<u>800,246</u>	<u>1,876,229</u>
Expenditures					
Capital outlay					
Water	8,061,695	7,201,064	-	573,286	7,774,350
Total expenditures	<u>8,061,695</u>	<u>7,201,064</u>	<u>-</u>	<u>573,286</u>	<u>7,774,350</u>
Revenues over (under) expenditures	<u>(6,123,495)</u>	<u>(6,125,081)</u>	<u>-</u>	<u>226,960</u>	<u>(5,898,121)</u>
Other financing sources (uses)					
Bond anticipation note	6,177,000	6,177,000	-	-	6,177,000
Transfers in (out)	(53,505)	100,000	-	(153,504)	(53,504)
Total other financing sources	<u>6,123,495</u>	<u>6,277,000</u>	<u>-</u>	<u>(153,504)</u>	<u>6,123,496</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 151,919</u>	<u>\$ -</u>	<u>73,456</u>	<u>\$ 225,375</u>
Fund balance					
Beginning of year - July 1				<u>151,919</u>	
End of year - June 30				<u>\$ 225,375</u>	

**DISCRETELY PRESENTED COMPONENT UNIT
TOURISM DEVELOPMENT AUTHORITY**

COUNTY OF CUMBERLAND, NORTH CAROLINA

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Net Assets
June 30, 2012

Assets	
Current assets	
Cash and cash equivalents	\$ 1,261,207
Total current assets	<u>1,261,207</u>
Total assets	<u>1,261,207</u>
Liabilities and net assets	
Current liabilities	
Accounts and vouchers payable	<u>504,603</u>
Total current liabilities	<u>504,603</u>
Total liabilities	<u>504,603</u>
Net assets	
Unrestricted	<u>756,604</u>
Total net assets	<u>\$ 756,604</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, 2012**

Operating revenues	
Occupancy taxes	\$ 5,059,181
Total operating revenues	<u>5,059,181</u>
Operating expenses	
Cultural and recreational	<u>5,034,850</u>
Total operating expenses	<u>5,034,850</u>
Operating income (loss)	<u>24,331</u>
Nonoperating revenue (expense)	<u>-</u>
Change in net assets	24,331
Total net assets - beginning	<u>732,273</u>
Total net assets - ending	<u>\$ 756,604</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Cash Flows
Year Ended June 30, 2012

Operating activities	
Cash received from operations	\$ 5,059,181
Cash paid for goods and services	<u>(5,073,810)</u>
Net cash provided by (used in) operating activities	<u>(14,629)</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>(14,629)</u>
 Cash and cash equivalents	
Beginning of year	<u>1,275,836</u>
 End of year	 <u>\$ 1,261,207</u>
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 24,331
 Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	<u>(38,960)</u>
Total adjustments	<u>(38,960)</u>
 Net cash provided by (used in) operating activities	 <u>\$ (14,629)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 Tourism Development Authority
 Year Ended June 30, 2012
 (With Comparative Totals for June 30, 2011)**

	2012		Variance Positive (Negative)	2011
	Budget	Actual		
Operating revenues				
Charges for services	\$ 4,960,000	\$ 5,059,181	\$ 99,181	\$ 5,043,747
Total operating revenues	4,960,000	5,059,181	99,181	5,043,747
Nonoperating revenues and other financing sources				
Miscellaneous	-	-	-	-
Total Nonoperating revenues and other financing sources	-	-	-	-
Appropriated fund balance	75,000	-	(75,000)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 5,035,000</u>	<u>\$ 5,059,181</u>	<u>\$ 24,181</u>	<u>\$ 5,043,747</u>
Operating expenditures				
Cultural and recreational	\$ 5,035,000	\$ 5,034,850	\$ 150	\$ 5,036,134
Total operating expenditures	5,035,000	5,034,850	150	5,036,134
Nonoperating expenditures				
Total nonoperating expenditures	-	-	-	-
Other expenditures and financing uses				
Total other expenditures and financing uses	-	-	-	-
Total expenditures and other financing uses	<u>\$ 5,035,000</u>	<u>\$ 5,034,850</u>	<u>\$ 150</u>	<u>\$ 5,036,134</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 5,059,181		
Total expenditures and other financing uses		5,034,850		
		<u>24,331</u>		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets		<u>\$ 24,331</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Current Tax Levy
Year Ended June 30, 2012

	County-wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
County-wide	\$ 21,649,704,809	0.00740	\$ 160,207,816		
Late listing penalties		0.10000	<u>107,370</u>	\$ 144,531,445	\$ 15,783,741
Discoveries					
County-wide	176,419,265	0.00740	1,305,503		
Late listing penalties		0.10000	<u>344,913</u>	1,615,199	35,217
Abatements					
County wide	(268,870,572)	0.00740	(1,989,642)		
Late listing penalties		0.10000	<u>(151,213)</u>	<u>(744,223)</u>	<u>(1,396,632)</u>
	<u>\$ 21,557,253,502</u>				
Adjusted tax levy			159,824,747	145,402,421	14,422,326
Uncollected taxes at June 30, 2012			<u>(3,957,617)</u>	<u>(1,362,994)</u>	<u>(2,594,623)</u>
Current year's taxes collected			<u>\$ 155,867,130</u>	<u>\$ 144,039,427</u>	<u>\$ 11,827,703</u>
Percent of current year's taxes collected			<u>97.52%</u>	<u>99.06%</u>	<u>82.01%</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Ad Valorem Taxes Receivable
June 30, 2012**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	\$ 159,824,747	\$ 155,867,130	\$ 3,957,617
Prior years	<u>10,054,758</u>	<u>-</u>	<u>3,527,358</u>	<u>6,527,400</u>
	<u>\$ 10,054,758</u>	<u>\$ 159,824,747</u>	<u>\$ 159,394,488</u>	10,485,017
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,310,954)</u>
				<u>\$ 3,174,063</u>

RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES

Collections and credits per above	\$ 159,394,488
Interest	840,834
Processing fees	318,803
Other	(557,163)
Releases from prior years	<u>(320,761)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 159,676,201</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 144,858,779
Restricted	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	54,474,736
Unrestricted	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)	(102,125,872)
Total governmental activities net assets	<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>	<u>\$ 97,207,643</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 32,823,195
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	11,838,655
Unrestricted	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	25,781,447
Total business-type activities net assets	<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>	<u>\$ 70,443,297</u>
Primary government										
Invested in capital assets, net of related debt	\$ 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	\$ 177,681,974
Restricted	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	66,313,391
Unrestricted	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)	(76,344,425)
Total primary government net assets	<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>	<u>\$ 167,650,940</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
General government	\$ 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	\$ 26,438,229
Public safety	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	59,658,090
Economic & physical development	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	13,147,908
Human services	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	117,628,689
Cultural & recreational	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	16,416,067
Education	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	92,463,573
Interest on long-term debt	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	7,322,300
Total governmental activities expenses	\$ 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	\$ 333,074,856
Business type activities										
Crown Center	\$ 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	\$ 9,227,595
Solid Waste	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	10,362,349
Arena ventures	166,670	-	-	-	-	-	-	-	-	-
NORCRESS water and sewer district	-	-	-	206,966	437,476	475,019	469,528	531,425	560,100	667,009
Kelly Hills water and sewer district	-	-	-	-	-	602	66,862	66,845	66,855	72,569
Total business-type activities	\$ 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	\$ 20,329,522
Total primary government expenses	\$ 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	\$ 353,404,378
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 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	\$ 3,099,848
Public safety	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	3,847,775
Economic & physical development	958,151	933,363	1,205,185	923,979	1,000,137	918,059	907,184	969,652	1,660,379	1,509,164
Human services	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	11,018,446
Cultural & recreational	609,054	597,101	316,072	323,425	314,225	262,982	316,123	364,878	347,121	325,891
Operating grants and contributions										
General government	1,218,686	577,627	534,074	1,248,637	672,243	722,308	766,005	752,384	1,362,164	1,343,499
Public safety	496,287	893,109	1,711,447	1,148,872	938,285	1,258,882	3,000,993	1,274,393	1,251,625	924,305
Economic & physical development	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	4,401,963
Human services	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	62,937,668
Cultural & recreational	964,885	802,585	1,117,610	964,879	980,287	1,038,876	1,148,277	886,957	859,040	739,037
Capital grants and contributions										
General government	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	4,230,817
Public safety	811,942	1,209,212	543,995	739,188	606,687	1,545,270	752,035	746,372	228,701	293,661
Economic & physical development	260,569	327,215	266,840	267,545	598,137	973,716	1,349,603	1,336,432	1,153,621	929,630
Human services	-	-	-	311,967	386,076	630,824	497,549	348,341	-	-
Cultural & recreational	2,131	-	-	-	-	-	-	-	-	-
Education	485,385	1,466,722	-	-	-	-	-	-	-	-
Total governmental activities programs revenues	\$ 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	\$ 95,601,704

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services										
Crown Center	\$ 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	\$ 2,466,218
Solid Waste	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	3,523,978
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	391,357
Kelly Hills water and sewer district	39,200	-	-	238	1,054	-	-	-	1,951	2,082
Operating grants and contributions										
Solid Waste	-	-	-	21,180	-	-	10,472	518,723	591,983	456,766
Capital grants and contributions										
NORCRESS water and sewer district	150,480	263,472	5,269,641	1,272,212	254,122	-	-	-	-	-
Kelly Hills water and sewer district	372,700	84,321	1,782,725	465,882	2,910	-	-	-	-	-
Total business-type activities program revenues	<u>\$ 5,335,699</u>	<u>\$ 4,886,161</u>	<u>\$ 12,817,953</u>	<u>\$ 7,740,223</u>	<u>\$ 7,009,993</u>	<u>\$ 6,956,477</u>	<u>\$ 6,568,286</u>	<u>\$ 6,584,512</u>	<u>\$ 7,205,908</u>	<u>\$ 6,840,401</u>
Total primary government program revenues	<u>\$ 88,804,213</u>	<u>\$ 94,049,823</u>	<u>\$ 107,911,969</u>	<u>\$ 104,814,864</u>	<u>\$ 99,941,734</u>	<u>\$ 106,670,304</u>	<u>\$ 99,847,045</u>	<u>\$ 110,087,915</u>	<u>\$ 113,800,092</u>	<u>\$ 102,442,105</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (237,473,152)
Business-type activities	(8,248,940)	(8,849,821)	(3,478,584)	(7,737,353)	(10,168,797)	(12,671,075)	(12,119,058)	(12,449,087)	(13,401,353)	(13,489,121)
Total primary government net expense	<u>\$ (186,700,704)</u>	<u>\$ (185,922,337)</u>	<u>\$ (197,037,692)</u>	<u>\$ (199,316,011)</u>	<u>\$ (214,818,576)</u>	<u>\$ (239,009,853)</u>	<u>\$ (253,335,957)</u>	<u>\$ (243,939,391)</u>	<u>\$ (239,340,898)</u>	<u>\$ (250,962,273)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Ad valorem taxes	\$ 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	\$ 171,683,119
Other taxes	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	53,075,353
Unrestricted grants and contributions	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	10,614,999
Investment earnings	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	212,121
Miscellaneous	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	5,587,620
Transfers	(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)	(6,298,552)
Total governmental activities	<u>\$ 179,510,077</u>	<u>\$ 182,115,248</u>	<u>\$ 200,309,996</u>	<u>\$ 215,028,493</u>	<u>\$ 221,448,730</u>	<u>\$ 229,968,968</u>	<u>\$ 231,266,796</u>	<u>\$ 229,178,590</u>	<u>\$ 226,242,606</u>	<u>\$ 234,874,660</u>
Business-type activities:										
Other taxes	\$ 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	\$ 6,097,110
Investment earnings	326,113	285,346	566,852	1,239,835	1,953,383	2,045,131	1,336,681	190,657	193,799	73,141
Miscellaneous	17,089	(16,777)	835,559	170,844	6,344	28,779	290,162	19,503	153,030	97,828
Transfers	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	6,298,552
Total business-type activities	<u>\$ 11,605,204</u>	<u>\$ 11,851,683</u>	<u>\$ 16,646,307</u>	<u>\$ 14,616,891</u>	<u>\$ 14,892,293</u>	<u>\$ 15,241,294</u>	<u>\$ 14,731,599</u>	<u>\$ 13,370,173</u>	<u>\$ 14,460,288</u>	<u>\$ 12,566,631</u>
Total primary government	<u>\$ 191,115,281</u>	<u>\$ 193,966,931</u>	<u>\$ 216,956,303</u>	<u>\$ 229,645,384</u>	<u>\$ 236,341,023</u>	<u>\$ 245,210,262</u>	<u>\$ 245,998,395</u>	<u>\$ 242,548,763</u>	<u>\$ 240,702,894</u>	<u>\$ 247,441,291</u>
Change in Net Assets										
Governmental activities	\$ 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	\$ (2,598,492)
Business-type activities	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	(922,490)
Total primary government	<u>\$ 4,414,577</u>	<u>\$ 8,044,594</u>	<u>\$ 19,918,611</u>	<u>\$ 30,329,373</u>	<u>\$ 21,522,447</u>	<u>\$ 6,200,409</u>	<u>\$ (7,337,562)</u>	<u>\$ (1,390,628)</u>	<u>\$ 1,361,996</u>	<u>\$ (3,520,982)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable:										
Inventories	\$ 202,808	\$ 204,886	\$ 265,955	\$ 246,003	\$ 250,613	\$ 230,328	\$ 194,096	\$ 156,802	\$ 179,164	\$ 144,603
Restricted:										
Mental Health programs	60,230	60,230	-	-	-	-	-	-	14,331,047	-
Stabilization by state statute	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	28,676,134
Register of Deeds	111,146	140,680	137,081	233,127	254,065	463,139	461,343	498,743	498,743	623,297
County Schools	-	-	-	-	-	-	-	-	5,796,008	4,746,081
Committed:										
Property revaluation	-	-	-	-	-	-	-	-	416,927	443,426
Hope VI project	-	-	-	-	3,120,000	3,375,000	3,375,000	3,375,000	-	-
Assigned										
Subsequent year's expenditures	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	6,289,246
Property revaluation	-	-	-	150,000	150,000	175,000	-	-	-	-
Tax/finance office software	-	-	-	1,161,950	655,072	1,000,000	1,175,000	1,175,000	1,175,000	1,175,000
Water and sewer industrial expansion	-	-	-	-	-	-	-	-	5,897,670	6,236,961
Economic development incentives	-	-	-	-	-	-	-	-	2,531,854	1,500,448
Mental Health services	-	-	-	-	-	-	-	-	-	14,364,212
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	1,641,942
Jail expansion	-	-	-	-	-	-	-	-	6,274,760	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	2,979,503	2,018,754	-	3,065,833	1,351,235	876,004	-	-	-	9,025,135
Current year's expenditures	-	-	-	1,227,898	-	-	-	-	-	-
Technology	-	2,861,997	2,861,997	-	-	-	-	-	-	-
School buses	-	-	453,000	-	-	-	-	-	-	-
Unassigned	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	31,043,762
Total general fund	\$ 56,666,502	\$ 81,315,228	\$ 90,598,845	\$ 98,634,757	\$ 98,111,884	\$ 97,716,760	\$ 96,085,532	\$ 96,263,043	\$ 111,501,350	\$ 112,185,007

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
All other governmental funds										
Restricted:										
Stabilization by state statute	\$ 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	\$ 1,458,636
Inmates	180,831	284,724	310,054	231,064	180,841	54,648	23,566	23,566	125,212	135,440
Cemetery	34,082	34,251	36,913	36,477	36,553	39,125	41,139	42,296	42,540	42,565
School capital	-	-	-	-	-	-	-	-	19,091,481	6,158,810
Fire protection	-	-	-	-	-	-	-	-	299,841	403,678
Public safety	-	-	-	-	-	-	-	-	1,846,688	2,026,803
Economic and physical development	-	-	-	-	-	-	-	-	315,108	315,276
Human services	-	-	-	-	-	-	-	-	1,826,613	1,878,210
Cultural and recreational	-	-	-	-	-	-	-	-	4,354,582	3,281,232
Committed:										
Public safety	-	-	-	-	-	-	-	-	2,764,806	3,823,564
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	3,941,127	3,958,056	4,190,146	4,538,462	370,325	-	3,155,966	5,182,510	1,588,147	1,588,147
Subsequent year's expenditures- capital projects	5,370,826	-	-	-	-	-	-	-	-	-
Other purposes	-	-	200,000	-	-	-	-	-	-	-
Unassigned reported in nonmajor funds										
Special revenue	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)	(773,963)
Capital projects	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>\$ 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>	<u>\$ 20,338,398</u>
Total all governmental funds	<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>	<u>\$ 132,523,405</u>

Note: All years prior to FY 2011 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Ad valorem taxes	\$ 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	\$ 172,060,308
Other taxes	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	53,075,353
Unrestricted Intergovernmental	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	11,568,980
Restricted Intergovernmental	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	75,813,478
Licenses and permits	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	2,573,132
Sales and services	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	16,166,037
Investment earnings	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	213,148
Other general revenues	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	5,479,404
Total revenues	<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>	<u>\$ 336,949,840</u>
Expenditures										
General government	\$ 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	\$ 22,839,074
Public safety	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	53,893,878
Economic and physical development	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	12,555,173
Human services	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	108,744,079
Cultural and recreational	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	14,674,542
Education	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	105,549,244
Capital outlay	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	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	18,530,350
Interest and fees	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	7,639,054
Debt issuance costs	-	-	(268,699)	-	-	-	(846,413)	(320,367)	300,027	371,354
Total expenditures	<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>	<u>\$ 344,796,748</u>
Revenues over (under) expenditures	\$ (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)	\$ (7,846,908)
Other financing sources (uses)										
Debt issuance	\$ 15,818,195	\$ -	\$ 9,862,080	\$ 4,300,000	\$ -	\$ 46,500,000	\$ 74,656,315	\$ 51,862,540	\$ 14,805,000	\$ 50,490,000
Refunding debt issuance	-	-	35,505,000	-	-	-	-	-	-	5,528,808
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)	-	(55,560,424)
Lease purchase proceeds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	55,177	189,243	172,355	547,666	174,040	172,674	239,985
Transfers in	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	1,165,227
Transfers out	(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)	(7,565,979)
Payment from component unit	287,142	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>	<u>\$ (5,702,383)</u>
Net change in fund balances	<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>	<u>\$ (13,549,291)</u>
Debt service as a percentage of noncapital expenditures	<u>7.93%</u>	<u>8.05%</u>	<u>7.34%</u>	<u>7.59%</u>	<u>7.24%</u>	<u>6.77%</u>	<u>7.69%</u>	<u>7.44%</u>	<u>7.97%</u>	<u>7.97%</u>

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. Beginning with FY 2011, the calculation of debt service as a percentage of noncapital expenditures removes capital outlay (as reported on Page E-4) from total expenditures.

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 Tax¹	Beer and Wine Tax	Other Tax	Room Occupancy Tourism Tax²	Real Estate Transfer Tax	Dog and Cat Registration Tax	Prepared Food and Beverage Tax	Total Tax
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
2012	172,060,308	45,358,069	624,782	372,519	-	-	793,061	312,494	5,614,428	225,135,661

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

² 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	Personal Property				Less: Tax Exempt Property	Total Assesed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Assessed Value as a Percentage of Actual Value ³
	Real Property	Public Service ¹	Motor Vehicle	Other					
2003	\$ 11,138,599	\$ 319,378	\$ 1,743,025	\$ 1,064,738	\$ 1,452,708	\$ 12,813,032	\$ 1.0800	\$ 13,626,536	94.03%
⁴ 2004	12,860,438	326,351	1,774,855	1,042,375	1,830,639	14,173,380	1.0350	14,173,380	100.00%
2005	13,156,842	336,616	1,767,131	1,075,944	1,847,915	14,488,618	1.0350	14,734,687	98.33%
2006	13,497,036	366,205	2,017,935	1,086,581	1,780,516	15,187,241	1.0350	16,425,742	92.46%
2007	14,054,554	368,900	1,982,534	1,115,176	1,813,350	15,707,814	1.0350	17,521,265	89.65%
2008	14,654,940	340,324	2,094,609	1,144,309	1,852,697	16,381,485	1.0350	19,048,238	86.00%
2009	15,256,387	313,954	2,126,672	1,175,694	2,051,163	16,821,544	1.0150	20,584,366	81.72%
⁴ 2010	19,873,921	353,743	2,058,957	1,196,304	2,829,620	20,653,305	0.9210	20,676,049	99.89%
2011	21,827,755	348,880	2,050,229	1,239,005	4,463,684	21,002,185	0.9025	21,035,842	99.84%
2012	22,414,175	369,870	2,132,938	1,310,970	4,670,700	21,557,253	0.9025	21,542,173	100.07%

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 Assesment 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
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
2012	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 2012			Fiscal Year 2003		
	2011 Taxable Assessed	Rank	Percentage of Total Taxable Assessed	2002 Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Goodyear Tire & Rubber Co.	\$ 319,815	1	1.48%	\$ 117,594	2	0.92%
Cross Creek Mall, LLC	129,325	2	0.60%			
Wal-Mart Stores, Inc.	123,563	3	0.57%	61,479	6	0.48%
Carolina Telephone Co.	79,613	4	0.37%	121,653	1	0.95%
Progress Energy Carolinas	78,721	5	0.37%			
Piedmont Natural Gas Co., Inc.	64,429	6	0.30%			
Purolator Filters, NA LLC	59,177	7	0.27%	57,934	7	0.45%
South River EMC	42,275	8	0.20%			
DAK Americas LLC	37,532	9	0.17%	56,724	8	0.44%
Cargill	33,548	10	0.16%			
Black & Decker				61,999	5	0.48%
Carolina Power & Light Co.				67,983	4	0.53%
Cumberland Associates				79,846	3	0.62%
NC Natural Gas				45,554	9	0.36%
UDRT of NC				35,306	10	0.28%
	<u>\$ 967,998</u>		<u>4.49%</u>	<u>\$ 706,072</u>		<u>5.51%</u>

Source: Cumberland County Tax Department

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

Fiscal Year Ended June 30	Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Total Tax Levy	Current Tax Collections	Percent of Net Levy Collected	² Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Net Levy
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%	2,757,756	154,465,058	99.23%
2012	159,824,747	155,867,130	97.52%	NA	155,867,130	97.52%

Source: Cumberland County Tax Department

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

² Collections for FY 2003 include all collections through 9th prior year.
Collections for FY 2004 include all collections through 8th prior year.
Collections for FY 2005 include all collections through 7th prior year.
Collections for FY 2006 include all collections through 6th prior year.
Collections for FY 2007 include all collections through 5th prior year.
Collections for FY 2008 include all collections through 4th prior year.
Collections for FY 2009 include all collections through 3rd prior year.
Collections for FY 2010 include all collections through 2nd prior year.
Collections for FY 2011 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	COPS and Limited Obligation Bonds	Capital Leases	Installment Purchase	General Obligation Bonds	COPS and Limited Obligation Bonds	Capital Leases	Installment Purchase			
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
2012	56,830,000	122,625,500	2,437,416	-	1,172,000	30,341,455	-	2,494,400	215,900,771	NA	659

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

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

NA: Information not available

COUNTY OF CUMBERLAND, NORTH CAROLINA
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Total General Obligation Bonds</u>	<u>Percentage of Personal Income (1)</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Per Capita (1)</u>
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
2012	58,002,000	NA	0.27%	177

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 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	\$ 2,098,236
Total net debt applicable to limit	123,510	115,895	114,140	106,165	98,230	90,235	82,295	73,815	65,845	56,830
Legal debt margin	<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>	<u>\$ 2,041,406</u>
Total net debt applicable to the limit as a percentage of debt limit	10.82%	9.05%	8.73%	7.82%	7.01%	6.19%	5.45%	3.93%	3.23%	2.71%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Property Value	\$ 21,557,253
Plus : Exempt Property	<u>4,670,700</u>
Total Assessed Value	<u>\$ 26,227,953</u>
Debt Limit (8% of total assessed value)	2,098,236
Debt applicable to limit:	
Total Bonded debt	58,002
Authorized and unissued debt	<u>19,196</u>
	77,198
Less: Statutory deductions	
Authorized and unissued debt	19,196
Revenue bonds	<u>1,172</u>
	20,368
Total amount of debt applicable to debt limit	<u>56,830</u>
Legal debt margin	<u>\$ 2,041,406</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
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%
2012	327,643	NA	NA	NA	53,063	10.4%

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 2012			Fiscal Year 2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Department of Defense-DA Civilians	14,125	1	9.48%	4,837	2	3.73%
U.S. Department of Defense-Other Civilians	7,655	2	5.14%	4,575	3	3.53%
Cumberland County Schools	6,807	3	4.57%	6,827	1	5.26%
Cape Fear Valley Health System	5,200	4	3.49%	3,650	4	2.81%
Wal-Mart	3,750	5	2.52%			
Goodyear Tire & Rubber Co.	2,750	6	1.85%	2,925	5	2.25%
Cumberland County Government	2,382	7	1.60%	2,483	6	1.91%
City of Fayetteville	1,500	8	1.01%	1,489	7	1.15%
U.S. Postal Service	1,250	9	0.84%			
Fayetteville Technical Community College	1,297	10	0.87%			
Purolator				1,230	8	0.95%
Black & Decker				1,200	9	0.92%
M.J. Softe				1,175	10	0.91%
	<u>46,716</u>		<u>16.72%</u>	<u>30,391</u>		<u>16.17%</u>
Total Employment	<u>149,043</u>			<u>129,772</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	224	234	236	234	239	245	245	238	239	232
Public Safety										
Sheriff	364	367	369	379	381	381	385	378	377	377
Detention Facility	173	182	181	187	187	188	187	190	188	200
Other	51	26	34	35	66	57	73	91	96	101
Human Services										
Public Health	212	224	226	233	240	233	239	247	251	289
Mental Health	448	455	469	407	373	215	218	208	145	72
Social Services	606	609	602	608	616	635	635	652	643	636
Other	21	22	22	23	22	7	7	73	76	77
Cultural & Recreation										
Library	145	154	162	169	176	176	175	195	191	188
Other	50	50								
Economic and Physical Development	97	104	110	108	108	116	105	106	102	102
Crown Center	36	40	41	39	41	41	41	40	40	40
Solid Waste	55	54	52	64	64	60	60	68	68	68
Total	2,482	2,521	2,504	2,486	2,513	2,354	2,371	2,486	2,416	2,382

Source: County Budget System (BRASS)

COUNTY OF CUMBERLAND, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Number of persons voting in elections	18,963	97,792	32,258	47,466	35,785	18,385	128,873	53,454	69,644	53,878
Number of registered voters *	159,479	179,370	171,030	176,853	139,350	177,718	208,513	194,383	195,242	199,194
Number of birth certificates processed	7,202	7,535	8,051	7,943	8,242	8,046	8,800	8,547	8,502	8,401
Number of death certificates processed	2,428	2,506	2,355	2,533	2,511	2,790	2,715	2,657	2,862	2,842
Number of land record instruments	64,737	70,475	61,356	63,852	61,396	49,243	47,970	45,072	43,487	46,217
Number of marriage licenses issued	3,677	3,667	4,044	3,828	3,898	4,003	4,676	3,967	4,407	3,946
Number of pieces of mail handled	659,014	712,856	737,929	793,048	639,434	725,028	709,172	676,736	674,100	837,402
* List Maintenance every 4 years (non-voters removed)										
Public Safety										
Number of fire calls answered	9,432	9,515	9,904	7,562	9,459	11,056	11,585	18,135	15,113	30,632
Number fire permits issued	708	452	820	266	232	274	381	324	161	122
Number of emergency calls dispatched	60,761	60,832	58,446	NA	57,320	60,116	190,041*	221,147	367,109	326,410
Number of sheriff calls answered	87,623	87,454	94,698	144,381	137,576	144,689	152,069	145,879	189,149	190,335
Number of civil court papers handled	40,281	40,132	40,542	38,237	40,767	57,872	62,574	47,723	50,363	47,142
Average daily inmate population	485	464	504	518	532	536	541	563	586	601
Number of inmates admitted	9,996	9,202	9,983	10,640	9,833	11,257	12,044	12,128	12,280	12,537
Number of animals impounded (dogs and cats)	12,357	11,779	10,907	11,953	17,895	18,590	12,162	17,786	15,691	14,111
Number of animal investigations	14,895	15,018	14,482	15,767	16,014	14,240	17,223	19,555	15,093	21,121
*2009 consolidated emergency service and sheriff dispatchers										
Human Services										
Number of health dept. clinical services	27,550	30,523	32,143	31,010	29,399	31,282	33,515	47,721	32,918	34,724
Number of health dept. lab tests processed	38,081	40,181	43,057	39,165	28,286	59,007	67,919	28,279	33,339	36,179
Number of health dept. prescriptions filled	6,781	17,995	29,302	38,119	35,252	36,619	35,635	39,856	40,566	16,146
Amount of health care provided with no compensation	NA	NA	\$1,361,831	\$1,568,571	\$1,616,979	\$1,788,131	\$2,029,511	\$1,895,768	\$1,997,502	\$2,626,841
Number of WIC Clients	42,552	40,212	38,496	36,456	142,916	150,370	168,342	168,114	171,260	147,977
Number of food stamp ave monthly households	11,713	13,016	13,928	15,623	16,167	18,972	20,926	24,071	28,644	31,491
Average active Medicaid family & children's cases	15,656	15,620	17,802	19,402	21,705	24,565	29,073	28,964	30,372	31,932
Average active Medicaid adult cases	4,089	4,448	4,654	4,941	5,205	5,445	5,482	5,820	6,174	5,048
Average TANF active cases	2,435	2,448	2,301	2,140	2,967	1,647	1,423	1,343	1,324	1,297
Number of protective services referrals	4,736	4,864	4,957	4,853	4,977	5,735	5,784	5,319	5,502	6,105
Number of veterans claims processed*	1,214	2,364	2,845	2,692	5,233	2,377	5,882	3,978	2,454	4,040
Number of veterans served in office	6,966	9,209	9,618	8,384	7,568	7,379	9,241	8,753	8,553	10,014
*all claims processed not just claims generating dollars										

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Human Services (continued)										
Number of veterans served by telephone	10,529	19,429	16,496	16,198	16,848	18,070	26,410	35,151	19,695	24,247
Number of mental health days of service (24 hrs)	67,758	66,784	70,219	81,879	48,481	45,092	31,795	46,620	69,943	42,339
Number of mental health outpatients served	7,239	7,361	8,055	8,607	6,337	6,410	6,785	5,785	6,265	6,508
Number of mental health inpatients served**	750	500	417	429	NA	NA	NA	NA	NA	NA
Number of workforce development applicants***	971	1,803	2,061	993	683	1,331	2,095	2,189	1,046	NA
**clients no longer contracted with hospital										
***Workforce Development no longer part of County										
Economic and Physical Development										
Number of inspections performed	37,659	NA	54,606	70,487	27,891	20,164	19,353	22,159	20,702	19,988
Number of building permits issued	1,407	2,024	2,169	NA	1,760	1,273	1,300	1,105	1,081	1,037
Culture and Recreation										
Number of library books	509,173	512,031	513,922	595,462	592,536	558,713	587,093	591,357	592,186	485,469
Number of materials circulated	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*	2,644,472*
Number of public visits	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	1,431,217
* includes books and audio visual materials										
Business Activities										
Number of civic center event days	335	335	326	328	309	348	326	316	291	320
Number in attendance	506,003	549,456	513,658	545,409	521,088	554,792	576,673	533,092	567,936	518,103
Number of solid waste tonnages processed	205,062	209,810	265,464	282,679	305,915	261,389	262,427	263,996	263,410	261,952

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire										
Number of volunteer stations	21	21	21	19	20	20	20	20	20	20
Sheriff										
Number of stations	5	5	6	6	4	6	5	5	5	4
Number of patrol vehicles	325	325	325	325	326	323	324	324	333	342
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	9	9
Library collections	509,173	512,031	513,922	595,462	592,536	605,911	637,731	639,119	558,186*	546,909
E-book collections									10,384	9,503
Number of parks	2	3	3	3	3	3	3	3	3	3
Park acreage	174	189	189	189	185	185	185	170	170	170
Number of ball fields	33	103	107	67	64	63	63	65	65	65
Number of tennis courts	10	41	40	40	28	28	32	32	32	32
*Discarded outdated materials and foreign language collection										
Facilities and services not included in primary government										
Education:										
Number of schools	79	80	80	80	87	87	87	87	85	86
Number of students	52,223	53,089	53,326	52,565	53,078	52,912	53,162	52,187	52,400	53,063
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	2	2	2	2	2	2
Number of patient beds	909	426	447	447	546	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 this 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, 2012

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, 2012 were \$297,903,320. General Fund revenues are derived from various sources, including property taxes (53.6%), 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 \$2,130,448 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, 2012 is \$56,830,000 which is significantly less than the legal limit of approximately \$2 billion. Debt service payments represent 5.48% of total actual expenditures for FY 2012 and 5.99% of total budgeted expenditures for FY 2013. In fiscal year 2012, the County did not transfer any funds from the General Fund to the Crown Center for either operating or debt service. In fiscal year 2013, 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, 2012 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2017:

Fiscal Year Ended June 30 (1)	Historical Receipts (2)
2008	\$ 4,731,978
2009	5,055,501
2010	5,157,562
2011	5,381,695
2012	5,563,614
Fiscal Year Ended June 30	Forecasted Receipts (3)
2013	\$ 5,731,031
2014	5,903,480
2015	6,081,113
2016	6,264,085
2017	6,452,558

- (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 \$45,799 to \$50,814 per year.
- (3) Forecasted receipts assume 3% annual growth in tax revenue and 2.0% growth in the cost of collection for FY 2013 and 2% thereafter.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2012

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, 2012 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2017:

<u>Fiscal Year Ended June 30</u>	<u>Historical Receipts (1)</u>
2008	\$ 982,706
2009	1,003,177
2010	1,001,367
2011	1,186,416
2012	1,190,047
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (2)</u>
2013	\$ 1,201,948
2014	1,213,967
2015	1,226,107
2016	1,238,368
2017	1,250,752

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee.
(2) Forecasted receipts assume 1% 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, 2012

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 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.

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, 2012, there is no outstanding prior year defeased general obligation debt.

Outstanding General Obligation Debt

	Principal Outstanding as of			
	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
General Obligation Bonds				
School	\$ 76,155,000	\$ 68,605,000	\$ 61,555,000	\$ 53,465,000
Community College Facilities	1,445,000	1,115,000	790,000	460,000
Library Facilities	<u>4,695,000</u>	<u>4,095,000</u>	<u>3,500,000</u>	<u>2,905,000</u>
Total G.O. Debt	82,295,000	73,815,000	65,845,000	56,830,000
Premium	1,832,362	2,871,270	2,471,237	3,925,177
Deferred Amounts	<u>(2,028,708)</u>	<u>(2,316,292)</u>	<u>(2,020,252)</u>	<u>(2,595,115)</u>
G.O. Debt Carrying Value	<u>\$ 82,098,654</u>	<u>\$ 74,369,978</u>	<u>\$ 66,295,985</u>	<u>\$ 58,160,062</u>

Note: The outstanding general obligation debt shown above does not include obligations that are solely the responsibility of the County's various component units including the Eastover Sanitary District (\$3,508,000) and the North Cumberland Regional Sewer System District (\$1,172,000).

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2012

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 \$2,041,406,000 as of June 30, 2012.

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>
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
2012	56,830,000	21,557,253,000	0.26%	327,643	173.45

(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>
2013	\$ 6,670,000	\$ 8,937,188	\$ 460,000	\$ 483,000	\$ 585,000	\$ 730,250
2014	6,865,000	8,891,688	-	-	885,000	1,001,000
2015	6,755,000	8,512,013	-	-	880,000	951,750
2016	6,955,000	8,482,863	-	-	555,000	582,750
2017	7,360,000	8,598,913	-	-	-	-
2018	6,780,000	7,607,513	-	-	-	-
2019	6,725,000	7,240,825	-	-	-	-
2020	2,405,000	2,605,975	-	-	-	-
2021	2,285,000	2,368,725	-	-	-	-
2022	500,000	516,600	-	-	-	-
2023	165,000	168,300	-	-	-	-
	<u>\$ 53,465,000</u>	<u>\$ 63,930,603</u>	<u>\$ 460,000</u>	<u>\$ 483,000</u>	<u>\$ 2,905,000</u>	<u>\$ 3,265,750</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2012

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	2,265,000
		<u>\$ 19,196,000</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 2013 Principal And Interest Requirements</u>	<u>Balance June 30, 2012</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	\$ 916,455
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.	2,022,225	20,060,000

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2012

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY 2013 Principal and Interest Requirements	Balance June 30, 2012
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.	7,692,513	69,010,000
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	13,912,500
Limited Obligation Bonds – 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	13,818,000
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.	276,091	1,584,000
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.	158,683	910,400

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2012

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY 2013 Principal and Interest Requirements	Balance June 30, 2012
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.	497,322	2,437,416
Limited Obligation Refunding Bonds Series 2011B – Refund Public Health Building and Gray’s Creek Middle School	<u>37,755,000</u>	Principal payable annually and interest payable semi-annually in arrears ending November 1, 2028. Annual principal and interest payments range from \$459,281 to \$3,783,713; payable from the General Fund.	<u>3,783,713</u>	<u>35,250,000</u>
Total:	<u>\$ 241,033,861</u>		<u>\$ 19,068,152</u>	<u>\$ 157,898,771</u>

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COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2012

The County's payment obligations (principal & interest) at June 30, 2012 for the non-general obligation installment financing arrangements described in the preceding table are as follows:

Fiscal Year Ending June 30	1995 Civic Center Certificates Debt Service	2009A Certificates Debt Service	2009B Refunding Certificates Debt Service	2011B Refunding LOBS Debt Service	Other Agreements Debt Service	Total Non G.O. Debt Service
2013	\$ 1,555,000	\$ 2,022,225	\$ 7,692,513	\$ 3,783,713	\$ 4,014,701	\$ 19,068,152
2014	1,555,000	1,975,025	7,578,862	3,687,262	3,999,329	18,795,478
2015	-	1,933,725	9,014,338	3,584,663	3,983,956	18,516,682
2016	-	1,886,525	8,905,213	3,482,362	3,968,585	18,242,685
2017	-	1,836,375	8,789,988	3,380,688	3,953,213	17,960,264
2018	-	1,794,338	8,684,063	3,284,062	3,689,181	17,451,644
2019	-	1,750,088	5,797,262	3,177,563	3,425,149	14,150,062
2020	-	1,703,625	5,689,762	3,080,812	3,409,776	13,883,975
2021	-	1,654,950	5,563,138	2,978,688	3,082,605	13,279,381
2022	-	1,604,062	5,447,387	2,876,312	3,082,605	13,010,366
2023	-	1,551,700	5,330,356	2,778,563	3,082,605	12,743,224
2024	-	1,498,600	5,213,600	2,680,312	3,082,605	12,475,117
2025	-	1,444,025	3,269,750	2,576,688	3,082,605	10,373,068
2026	-	1,387,237	-	2,477,687	2,531,678	6,396,602
2027	-	1,328,975	-	2,373,313	-	3,702,288
2028	-	1,269,975	-	2,273,562	-	3,543,537
2029	-	1,210,238	-	459,281	-	1,669,519
	3,110,000	27,851,688	86,976,232	48,935,531	48,388,593	215,262,044
Premium	-	107,474	4,115,447	3,266,374	-	7,489,295
Deferred Amt	-	-	(3,083,138)	(814,503)	-	(3,897,641)
Accreted Int	2,010,796	-	-	-	-	2,010,796
Carrying Value	<u>\$ 5,120,796</u>	<u>\$ 27,959,162</u>	<u>\$ 88,008,541</u>	<u>\$ 51,387,402</u>	<u>\$ 48,388,593</u>	<u>\$ 220,864,494</u>

Note: The outstanding non-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 (\$6,398,696) and the ABC Board (\$1,493,050).

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 July 2011, the County issued \$37,755,000 of Limited Obligation Refunding Bonds 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.

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,

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2012

2012, there is no outstanding prior year defeased non-general obligation debt.

Debt Outlook

During fiscal year 2013, the County intends to borrow up to \$3,600,000 (private placement funds) to fund various small capital projects at Fayetteville Technical Community College including roof replacements and HVAC upgrades.

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>2011</u>	<u>2012</u>	<u>2013</u> ⁽³⁾
	(Amounts in thousands)		
Assessment Ratio ⁽¹⁾	100%	100%	100%
Real Property	\$ 17,369,429	\$ 17,748,671	\$ 18,079,445
Personal Property	1,427,030	1,305,774	1,464,237
Vehicles	1,856,846	2,132,938	2,122,273
Public Service Companies ⁽²⁾	<u>348,880</u>	<u>369,870</u>	<u>375,488</u>
Total Assessed Valuation	21,002,185	21,557,253	22,041,443
Assessed Valuation Per Capita	64.29	65.79	66.61
Rate per \$100	.740	.740	.740
County-wide Levy	\$ 155,416	\$ 159,524	\$ 163,107

(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 November 1, 2012 for the fiscal year ending June 30, 2013. Population used for FY 2013 assessed valuation per capita is 330,892 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, 2012

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

	<u>2011</u>	<u>2012</u>	<u>2013</u> ⁽¹⁾
County-wide	\$ 155,416,165	\$ 159,523,672	\$ 163,106,678
Recreation District	3,685,432	3,820,292	3,249,379
Special Fire Districts	<u>7,026,335</u>	<u>7,280,639</u>	<u>7,311,102</u>
Total Levy	<u>\$ 166,127,932</u>	<u>\$ 170,624,603</u>	<u>\$ 173,667,159</u>

(1) Valuation estimates as of July 1, 2012 for the fiscal year ending June 30, 2013.

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>
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%
2012	3,527,359	155,867,130	97.52%

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

Ten Largest Taxpayers for Fiscal Year 2011-12 (Tax Year 2010-11)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2011 Taxable Assessed Valuation*</u>	<u>% of Total Taxable Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 319,815	1.48%
Cross Creek Mall, LLC	Retail Mall	129,325	0.60
Wal-Mart Stores, Inc.	Retail/Distribution	123,563	0.57
Carolina Telephone	Telephone Utility	79,613	0.37
Progress Energy Carolinas	Electric Utility	78,721	0.37
Piedmont Natural Gas	Gas Utility	64,429	0.30
Purolator Filters, NA LLC	Auto Filter Manufacturer	59,177	0.27
South River EMC	Electric Utility	42,275	0.20
DAK Americas, LLC	Textiles	37,532	0.17
Cargill	Soybean Processor	<u>33,548</u>	<u>0.16</u>
TOTAL		<u>\$ 967,998</u>	<u>4.49%</u>

* Amounts expressed in thousands.

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

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	\$ 157,365,538	\$ 11,743,541	\$ 19,500
Other taxes	44,696,701	5,139,134	5,757,363
Unrestricted intergovernmental	10,137,235	104,165	-
Restricted intergovernmental	75,377,416	11,316,032	482,298
Licenses and permits	2,082,009		13,188
Sales and services	15,363,144	318,025	6,935,146
Interest earned on investments	163,870	12,962	166,515
Miscellaneous	4,505,397	555,500	1,000
Total estimated revenues	<u>309,691,310</u>	<u>29,189,359</u>	<u>13,375,010</u>
Appropriations:			
General government	26,880,681	6,000	-
Public safety	47,663,648	8,448,860	-
Economic and physical development	7,821,165	14,509,400	-
Human services	115,168,476	1,946,452	-
Cultural and recreation	10,813,022	4,662,839	-
Education	99,188,516	-	-
Salaries and employee benefits	-	-	6,085,627
Repairs and maintenance	-	-	2,268,688
Utilities	-	-	1,037,762
Administrative costs	-	-	5,740,907
Landfill closure and postclosure	-	-	930,000
Other operating	-	-	-
Capital outlay	-	-	1,940,674
Debt service:			
Principal retirement	19,241,467	-	1,259,126
Interest and fees	7,317,143	-	2,460,247
Debt issuance costs	458,384	-	-
Total appropriations	<u>334,552,502</u>	<u>29,573,551</u>	<u>21,723,031</u>
Estimated revenues over (under) appropriations	<u>(24,861,192)</u>	<u>(384,192)</u>	<u>(8,348,021)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	1,063,161	-
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	(500,000)	-	-
Special revenue funds	(1,063,161)	-	-
Enterprise funds	-	(6,407,200)	-
Internal service funds	(102,200)	-	-
Proceeds of general long term debt	59,518,808	-	-
County contribution	-	-	-
Premium on debt issuance	-	-	-
Refunding escrow payment	(55,560,424)	-	-
Appropriated fund balances	22,438,542	5,802,665	1,996,014
Total other financing sources	<u>24,861,192</u>	<u>384,192</u>	<u>8,348,021</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 budget at June 30, 2012.

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. Transfers between the General Fund and the County School Fund have been eliminated.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Compiled Budget - Annually Budgeted Funds
For the Fiscal Year Ending June 30, 2013
(Unaudited)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Estimated revenues:			
Ad valorem taxes	\$ 161,496,278	\$ 11,265,749	\$ 19,000
Other taxes	46,774,362	5,366,213	5,925,558
Unrestricted intergovernmental	10,807,346	3,000	-
Restricted intergovernmental	62,710,925	7,303,239	538,524
Licenses and permits	2,250,763	-	11,388
Sales and services	13,616,727	187,584	5,482,707
Interest earned on investments	125,000	6,393	97,760
Miscellaneous	3,891,401	547,650	2,000
Total estimated revenues	<u>301,672,802</u>	<u>24,679,828</u>	<u>12,076,937</u>
Appropriations:			
General government	27,504,585	5,620	-
Public safety	46,290,644	8,008,455	-
Economic and physical development	6,464,485	6,433,503	-
Human services	99,221,914	1,840,195	-
Cultural and recreation	10,914,053	3,995,035	-
Education	90,623,583	-	-
Salaries and employee benefits	-	-	6,353,882
Repairs and maintenance	-	-	1,681,557
Utilities	-	-	954,706
Administrative costs	-	-	6,647,895
Landfill closure and postclosure	-	-	1,043,000
Other operating	-	-	-
Capital outlay	-	-	1,108,413
Debt service:			
Principal retirement	18,755,873	-	1,242,319
Interest and fees	7,506,843	-	2,463,556
Debt issuance costs	-	-	-
Total appropriations	<u>307,281,980</u>	<u>20,282,808</u>	<u>21,495,328</u>
Estimated revenues over (under) appropriations	<u>(5,609,178)</u>	<u>4,397,020</u>	<u>(9,418,391)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	707,875	-
Special revenue funds	74,814	-	5,806,472
Enterprise funds	55,193	-	-
Capital projects	-	-	-
Transfers to other funds:			
General fund	-	(74,814)	(55,193)
Capital projects	-	-	-
Special revenue funds	(707,875)	-	-
Enterprise funds	-	(5,806,472)	-
Internal service funds	(102,200)	-	-
Proceeds of general long term debt	-	-	-
County contribution	-	-	-
Premium on debt issuance	-	-	-
Refunding escrow payment	-	-	-
Appropriated fund balances	6,289,246	776,391	3,667,112
Total other financing sources	<u>5,609,178</u>	<u>(4,397,020)</u>	<u>9,418,391</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 2013 adopted budget ordinance at July 1, 2012.

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. Transfers between the General Fund and the County School Fund have been eliminated.



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, 2012, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 16, 2012. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

Cherry Bekart & Holland L.L.P.

Fayetteville, North Carolina
November 16, 2012



**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, 2012. 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, 2012. However, the results of our auditing procedures disclosed instances 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 items 2012-01, 2012-02, 2012-03, and 2012-04.

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

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 Bekart+Holland L.L.P.

Fayetteville, North Carolina
November 16, 2012



**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, 2012. 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, 2012. 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 2012-05.

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 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 the response.

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 Bekavets + Holland L.L.P.

Fayetteville, North Carolina
November 16, 2012

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted Yes No

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal
awards Yes 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 Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants & Children

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2012

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.253	Community Development Block Grant ARRA Entitlement Grants
14.254	Community Development Block Grants/Special Purpose Grants/Insular Areas
	Social Services Block Grant
93.667	SSBG- Other Services and Training
93.667	SSBG- Adult Day Care
93.667	Community Based Programs Intellectual and Developmental Disabilities
	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
93.558	Temporary Assistance for Needy Families (TANF)
93.714	Emergency Contingency Fund for TANF State Programs- ARRA
93.658	Foster Care Title IV-E
93.778	Medical Assistance Program
93.994	Maternal and Child Health Services Block Grants

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, 2012

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

LME Systems Management
Single Stream Line Funding
Crisis Services – Local Psychiatric Inpatient

State match on federal programs, included in the list of major federal programs
above for Social Services Block Grant, Subsidized Child Care Cluster, Medical
Assistance and Maternal and Child Health Services Block Grant.

Section II. Financial Statement Findings

No findings noted.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2012

Section III. Federal Award Findings and Questioned Costs

U. S. Department of Housing and Urban Development
Community Planning and Development
Community Development Block Grants/Entitlement Grants
CFDA # 14.218

U. S. Department of Health and Human Services
Centers for Disease Control and Prevention
Passed through the N.C. Department of Health and Human Services, Division of Public Health
Maternal and Child Health Services Block Grant
CFDA # 93.994

**Nonmaterial noncompliance - Procurement
Finding 2012-01**

Criteria: In accordance with OMB Circular A-133 all recipients of federal/state monies are prohibited from contracting with or making subawards to parties that are suspended or debarred. 2 CFR 180.300 states that before entering into a covered transaction with another "person" at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified by checking the Excluded Parties Listing System (EPLS), obtaining a certification from that person or adding a clause or condition to the covered transaction with that person. Additionally, in 2 CFR 2424.220, Housing and Urban Development extends the definition of "covered transaction" to all contracts greater than or equal to \$25,000 to all tiers. "Covered transaction" includes all subrecipient agreements, regardless of dollar value.

Condition: During our testing, we noted both the Community Development Department and the Health Department are not checking the EPLS listing to ensure that all "covered" vendors they contract with are not suspended or debarred from contracting with the federal government. We also noted the Community Development Department is not obtaining a certification from the vendor or including a clause about suspension/debarment in the contract.

Questioned Costs: None. The vendors were not on the EPLS.

Context: The audit sampled two vendors in Community Development and one vendor in the Health Department.

Effect: The Community Development and Health Departments could have contracted with ineligible vendors.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2012

Section III. Federal Award Findings and Questioned Costs

Finding 2012-01 (continued)

Cause: Oversight during the procurement process.

Recommendation: We recommended that policies be put in place to ensure that a check of the EPLS is performed for vendors receiving Federal funds.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2012

Section III. Federal Award Findings and Questioned Costs

U. S. Department of Agriculture
Passed through N.C. Department of Health and Human Services, Division of Public Health
Special Supplemental Nutrition Program for Women, Infants & Children (WIC)
CFDA # 10.557

Non-material noncompliance - Eligibility
Finding 2012-02

Criteria: In accordance with the N.C. WIC Program Manual Chapter 6B Section 5: Proof of Income: Local agencies must use the ID/Residence/Income Eligibility form to record the proof of income documentation and income eligibility status of the applicant.

Condition: During our testing, we noted two instances in which documentation on required forms was not completed. For one individual, the intake staff did not check the box that indicates that the patient was eligible based on their income level. For one individual, the intake staff did not check the box that indicated the Nutrition Risk that this client faced to deem them eligible for WIC services.

Questioned Costs: None. The missing documentation did not affect the eligibility of the recipient.

Context: The audit sampled 40 case files. Of the 40 files sampled, we noted two instances of incomplete documentation.

Effect: The documentation was incomplete and could have resulted in a client receiving services when they were ineligible.

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, we recommend that policies be put in place or reinforced to ensure that all appropriate boxes are completed on the file documentation.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2012

Section III. Federal Award Findings and Questioned Costs

U. S. Department of Health and Human Services
Centers for Disease Control and Prevention
Passed through the N.C Department of Health and Human Services, Division of Public Health
Maternal and Child Health Services Block Grant
CFDA # 93.994

**Non-material noncompliance – Allowable Costs, Allowable Activities
Finding 2012-03**

Criteria: In accordance with the Cumberland County Department of Public Health Billing, Eligibility, and Fee Policy and Procedural Manual, Eligibility section, if a patient is unable to provide the required proof of income documentation, they will be placed on 100% sliding fee scale status. The patient will have 15 days to provide the necessary information. If the patient fails to return the requested information, they will remain at 100% pay.

Condition: During our testing, we noted one instance where the client's sliding fee scale went from 100% to 60%, even though the client never brought in proof of income within the 15 days they were given.

Questioned Costs: \$126.44. The client was charged for only 60% of their services \$209.67 instead of 100% of her services or \$336.11. The program covered the discount of 40% or \$126.44, which should not have been given.

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

Effect: The client was allowed a discount, which should not have been granted.

Cause: Employee oversight during income verification and eligibility determination for the sliding fee discount.

Recommendation: We recommend that policies be put in place or reinforced to ensure that client discounts 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, 2012

Section III. Federal Award Findings and Questioned Costs

U. S. Department of Health and Human Services
Centers for Disease Control and Prevention
Passed through the N.C Department of Health and Human Services, Division of Public Health
Maternal and Child Health Services Block Grant
CFDA # 93.994

Nonmaterial noncompliance – Allowable Costs, Allowable Activities

Finding 2012-04

Criteria: Journal entries generated by Health Department staff should be reviewed for accuracy and approved by management prior to submission to the County Finance Department for entry into the general ledger.

Condition: During our testing, we noted seven instances where the journal entries generated by the Health Department did not evidence that they were reviewed by management at the Health Department.

Questioned Costs: None. The missing documentation did not affect the reimbursements.

Context: The audit sampled 40 payments. Of the 40 files sampled, we noted seven instances of where journal entries had not been approved by Health Department management.

Effect: Incorrect journal entries could be entered into the general ledger.

Cause: Employee oversight.

Recommendation: We recommend that policies be put in place or reinforced to ensure that journal entries are reviewed for propriety and the approval is documented on the journal entry prior to submission to the County Finance Department for processing.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2012

Section IV. State Award Findings and Questioned Costs

N.C. Department of Social Services
Department of Social Services (DSS) - Crosscutting

**Non-material noncompliance – Allowable Costs, Allowable Activities
Finding 2012-05**

Criteria: In accordance with the DSS Fiscal Manual Section II: Determination of Allowable/Unallowable Costs Salaries shall be allocated to programs by time distribution methods and supported by payroll and attendance records for individual employees. Additionally, documentation of case file activities should support employee time distribution.

Condition: During our testing, we noted the following instances:

For one instance, a case worker charged time to the Temporary Assistance for Needy Families program on a day sheet on November 1, 2011. We could not locate documentation in the case file of the case worker's home visit or any other activities on that day.

For one instance, a case worker charged time to the Foster Care program on a day sheet on November 15, 2011. Documentation in the case file related to the home visit stated the visit occurred on November 16, 2011.

For two instances, those individuals submitted their day sheets for the month of November 2011 for data entry by DSS accounting staff into the Maximus system. Subsequently, the individuals changed their time for that month, and there was no evidence that DSS accounting staff was notified of the change, which is the policy. As a result, the time entered into the Maximus system was different from the supporting day sheets.

Questioned Costs: None. The case workers' salary percentages charged to each program did not change after the submissions, so the amount charged to each program did not change.

Context: The audit sampled 40 individual day sheets. Of the 40 day sheets sampled, we noted four exceptions.

Effect: Day sheets are completed by employees when accounting for program time and are used to determine proper reimbursement for various programs. Failure to have proper day sheets may lead to error or inefficiencies in requesting reimbursement for program expenditures.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs (concluded)
Year Ended June 30, 2012

Section IV. State Award Findings and Questioned Costs

Finding 2012-05 (continued)

Cause: Oversight during the file documentation and day sheet 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 appropriate file documentation is retained. Additionally, procedures regarding changes to day sheets being reported to the DSS accounting staff are should be reinforced with employees.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Corrective Action Plan

Year Ended June 30, 2012

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

Finding #: 2012-01

Name of Contact Person: Amy Cannon, Deputy County Manager

Corrective Action Plan: The County has instituted new procedures within the purchasing division of the Finance Department to ensure that vendors on all purchase orders are checked against the Excluded Parties List System (EPLS) to prevent the potential improper expenditure of funds, whether federal, state or county dollars.

Proposed Completion Date: Immediately

Finding #: 2012-02

Name of Contact Person: Buck Wilson, Health Department Director

Corrective Action Plan: Reinforcement of current Policies and Procedures to ensure that all boxes are checked. On-going quarterly record reviews and staff training to ensure guidelines are followed.

Proposed Completion Date: Immediately

Finding #: 2012-03

Name of Contact Person: Buck Wilson, Health Department Director

Corrective Action Plan: Fees and Eligibility Policies and Procedures are currently in place. Emphasis will continue to be placed on training and ensuring that staff adhere to all policies and procedures. The consequences of failure to follow Policies and Procedures will also be stressed to staff.

Proposed Completion Date: Immediately

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Corrective Action Plan (concluded)

Year Ended June 30, 2012

Section III. Federal Award Findings and Questioned Costs (continued)

Finding #: 2012-04

Name of Contact Person: Buck Wilson, Health Department Director

Corrective Action Plan: Procedures have been put in place to have journal entries reviewed by the Accountant and approval documented by way of signature on the journal voucher prior to submission to the County Finance Department.

Proposed Completion Date: Immediately

Section IV. State Award Findings and Questioned Costs

Finding #: 2012-05

Name of Contact Person: Brenda Reid Jackson, Department of Social Services Director

Corrective Action Plan: Management agrees with the minor issues identified in the audit report; however, does not believe that they rise to the level of an audit finding.

- Management will communicate in writing to all social workers to notify finance of any changes to daysheets after they have been keyed and to ensure proper documentation for all daysheet entries
- Management will continue to do routine quality assurance on this matter

Proposed Completion Date: Immediately

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Prior Year Audit Findings

Year Ended June 30, 2012

Finding #: 2011-01

Status: Corrected

Finding #: 2011-02

Status: Corrected

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2012

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		\$ 2,756	\$ -	\$ -
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		36,340	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		2,725,136	-	2,723,013
Total Food Stamp Cluster			2,761,476	-	2,723,013
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		2,317,378	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children					
	10.557		9,969,812	-	-
Water and Waste Disposal Systems for Rural Communities	10.760		1,151,115	-	-
			16,202,537	-	2,723,013
<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		10,667	-	-
Direct Program:					
Community Development Block Grants/Entitlement Grants					
	14.218		720,015	-	-
Supportive Housing Program					
	14.235		86,846	-	-
HOME Investment Partnerships Program					
	14.239		364,115	-	-
Economic Development Initiative - Special Projects					
	14.251		35,149	-	-
Total U.S. Dept. of Housing and Urban Development			1,216,792	-	-
<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		207,426	-	-
Federal Drug Forfeiture Program					
	16.600		219,650	-	-
Bulletproof Vest Partnership Program					
	16.607		6,526	-	-
Edward Byrne Memorial Formula Grant Program - ARRA					
	16.804		158,821	-	-
Edward Byrne Memorial Competitive Grant Program					
	16.808		15,168	-	-
<u>Office of Community Oriented Policing Services</u>					
Direct Program:					
Public Safety Partnerships and Community Policing Grants - ARRA					
	16.710		94,823	-	-
Total U.S. Dept. of Justice			702,414	-	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2012

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u> 1(a)	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <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		\$ 646,937	\$ -	\$ -
<u>WorkForce Investment Act Cluster</u>					
Direct Program:					
National Emergency Grant	17.260		193,316	-	-
Passed-through the N.C. Department of Commerce:					
Division of Employment and Training:					
WIA Youth Activities	17.259		250,125	-	-
Total U.S. Dept. of Labor			1,090,378	-	-
<u>U.S. Dept. of Transportation</u>					
<u>Federal Highway Administration</u>					
Passed-through the N.C. Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction Grants	20.205		435,853	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants					
Formula Grants for Other Than Urbanized Areas	20.505		59,625	-	-
Capital Assistance Program for Elderly Persons					
and Persons with Disabilities	20.509		67,338	-	-
and Persons with Disabilities					
	20.513		101,337	-	-
<u>National Highway Traffic Safety Administration</u>					
Passed-through the N.C. Department of Transportation:					
State and Community Highway Safety					
	20.600		26,730	-	-
Total U.S. Dept. of Transportation			690,883	-	-
<u>Institute of Museum and Library Services</u>					
Passed-through N.C. Dept. of Cultural Resources:					
Grants to States					
	45.310		8,509	-	-
U.S. Department of Energy					
Direct Program:					
Energy Efficiency & Conservation Block Grant - ARRA	81.128		9,504	-	-
<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)					
WorkFirst/TANF - Direct	93.558		6,375,490	-	6,164,295
Benefit Payments					
N.C. Child Support Enforcement Section	93.558		4,041,743	(4,369)	(1,809)
Refugee Assistance	93.563		2,589,888	-	1,186,543
Refugee Assistance	93.566		3,604	-	-
Energy Assistance Block Grant:					
Administration					
Crisis Intervention Program	93.568		303,389	-	-
Energy Assistance Payments-Direct Benefit Payments	93.568		2,288,974	-	-
Energy Assistance Payments-Direct Benefit Payments	93.568		(517)	-	-
Child Welfare Services - State Grants					
Adoption Subsidy - Direct Benefit Payments	93.645		-	1,229,004	323,829
Child Welfare Services - State Grants					
Permanency Planning - Families for Kids	93.645		106,132	-	2,466,042
SSBG - Other Services and Training	93.667		1,473,135	136,831	1,680,281
LINKS (formerly Independent Living Grant)	93.674		167,881	24,168	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2012

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>Foster Care and Adoption Cluster:</u>					
Foster Care Caseworker Visits	93.556		\$ 47,492	\$ -	\$ 2,194
Title IV-E Foster Care	93.658		2,836,474	1,120,428	1,306,642
Adoption Assistance - Direct Benefit Payments	93.659		1,273,555	340,485	340,485
Total Foster Care and Adoption Cluster			4,157,521	1,460,913	1,649,321
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		63,043	60,378	17,632
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		566,444	-	307,253
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		5,001,159	-	-
Child Care and Development Fund - Mandatory	93.596		2,213,218	-	-
Child Care and Development Fund - Match	93.596		1,123,007	209,886	-
Total Child Care Development Fund Cluster			8,903,828	209,886	307,253
Temporary Assistance for Needy Families	93.558		4,384,667	-	-
ARRA - Emergency Contingency Fund for					
TANF State Programs	93.714		229,956	-	-
Foster Care Title IV-E	93.658		80,639	100,000	-
TANF - MOE			-	2,205,923	-
Smart Start			-	168,521	-
State Appropriations			-	681,951	-
Total Subsidized Child Care Cluster			13,599,090	3,366,281	307,253
<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		187,676	-	-
Block Grant for Community Mental Health Services -Community Based Program - Mental Health	93.958		238,385	-	-
Social Services Block Grant -Community Based Programs Intellectual and Developmental Disabilities	93.667		170,754	-	-
Block Grant for Prevention and Treatment of Substance Abuse - Community Based Programs Substance Abuse	93.959		682,500	(29,087)	-
Mental Health Disaster Assistance and Emergency Mental Health	93.982		215,991	-	-
<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		216,529,267	124,351,713	4,521

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2012

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		\$ 4,288,461	\$ 407,216	\$ 3,628,212
Health Choice	93.767		175,653	9,897	46,620
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		71,604	-	-
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116	4552	32,202	-	-
Family Planning Services	93.217		179,234	-	-
Immunization Program/Aid to County Funding	93.268	5715	178,925	-	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		1,126	-	-
The Patient Protection and Affordable Care Act of HIV State Funds-Sexually Transmitted Diseases	93.531		16,485	-	-
Temporary Assistance for Needy Families	93.558		42,243	-	-
Social Services Block Grant	93.667		-	25,000	-
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		49,146	36,335	-
Medical Assistance Assistance Program	93.778		262,940	101,445	-
Maternal and Child Health Services Block Grant	93.994		386,434	443,852	-
 Total U.S. Dept. of Health and Human Services			<u>258,878,399</u>	<u>131,594,577</u>	<u>17,472,740</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		77,136	-	2,462,318
Direct:					
Disaster Grants - Public Assistance	97.036		3,609	-	-
Interoperable Emergency Communications	97.055		14,718	-	-
 Total U.S. Dept. of Transportation			<u>95,463</u>	<u>-</u>	<u>2,462,318</u>
 Human Services: Division of Medical Assistance: Medicaid At-Risk			<u>48,290</u>	<u>-</u>	<u>-</u>
 Total Federal awards			<u>278,943,170</u>	<u>131,594,577</u>	<u>22,658,071</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2012

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			\$ -	\$ 2,128,779	\$ 2,128,779
State Foster Care Benefits Program			-	2,229,616	2,229,609
Energy Assistance - CP&L Energy Program			-	16,524	-
Temporary Assistance for Needy Families Incentives			-	14,132	-
Special Links			-	26,611	-
AFDC Incentives			-	1,722	-
Adult Protective Services			-	57,384	384,940
Smart Start Administration			-	241,593	218,036
Family Violence Prevention Grant			-	24,782	-
Division of Child Development:					
Smart Start Raising a Reader			-	90,642	-
Smart Start - Mental Health			-	187,212	-
Division of Public Health:					
General		4110	-	244,393	-
Public Health Nursing			-	400	-
Risk Reduction/Health Promotion			-	8,704	-
Food and Lodging Fees			-	28,150	-
Communicable Disease			-	25,762	-
Tuberculosis			-	85,122	-
WHSF			-	3,941	-
TB Medical Services		4536	-	4,969	-
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
LME Systems Management			-	4,453,306	-
Single Stream Line Funding			-	4,514,419	-
Crisis Services - Local Psych Inpatient			-	690,750	-
Total N. C. Department of Health and Human Services			-	15,078,913	4,961,364
<u>N.C. Dept. of Environment & Natural Resources</u>					
Division of Environmental Health:					
Environmental Health			-	4,000	-
Division of Pollution Prevention and Environmental Assistance:					
Solid Waste Management Trust Fund:					
Community Waste Reduction & Recycling Grant			-	2,000	-
Division of Water and Soil Conservation:					
Agriculture Cost Share Program			-	25,762	35,987
Soil and Water District Projects			-	3,600	72,239
Total N.C. Department of Environment & Natural Resources			-	35,362	108,226

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2012

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. Department of Veteran's Affairs</u> Veteran's Services Grant			\$ -	\$ 1,452	\$ 322,196
<u>Department of Juvenile Justice & Delinquency Prevention</u> Juvenile Crime Prevention Program			-	1,096,589	603,410
<u>N.C. Dept. of Cultural Resources</u> State Aid to Public Libraries			-	436,027	9,122,308
<u>N.C. Dept. of Transportation</u> Rural Operating Assistance Program Cluster: Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	151,088	-
Rural General Program			-	97,901	-
Work First Transitional/Employment Trans. Assistance			-	120,826	-
Total Rural Operating Assistance Program Cluster			-	369,815	-
Total N.C. Department of Transportation			-	369,815	-
<u>N.C. Dept. of Administration</u> Domestic Violence Program			-	72,563	-
<u>N.C. Dept. of Corrections</u> Criminal Justice Partnership Program			-	165,643	4,972
<u>N.C. Housing Finance Agency</u> Urgent Repair Grant			-	37,500	-
Total State awards			-	17,293,864	15,122,476
Total Federal and State awards			\$ 278,943,170	\$ 148,888,441	\$ 37,780,547

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2012

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	\$ 435,853	\$ -
Supportive Housing Program	14.235	86,846	-
Juvenile Crime Prevention Program		-	1,096,589

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.