

COUNTY *of*  
CUMBERLAND

NORTH CAROLINA

COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT

FISCAL YEAR ENDED  
JUNE 30, 2013



COUNTY OF CUMBERLAND  
NORTH CAROLINA

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Comprehensive Annual  
Financial Report

For the Year Ended June 30, 2013

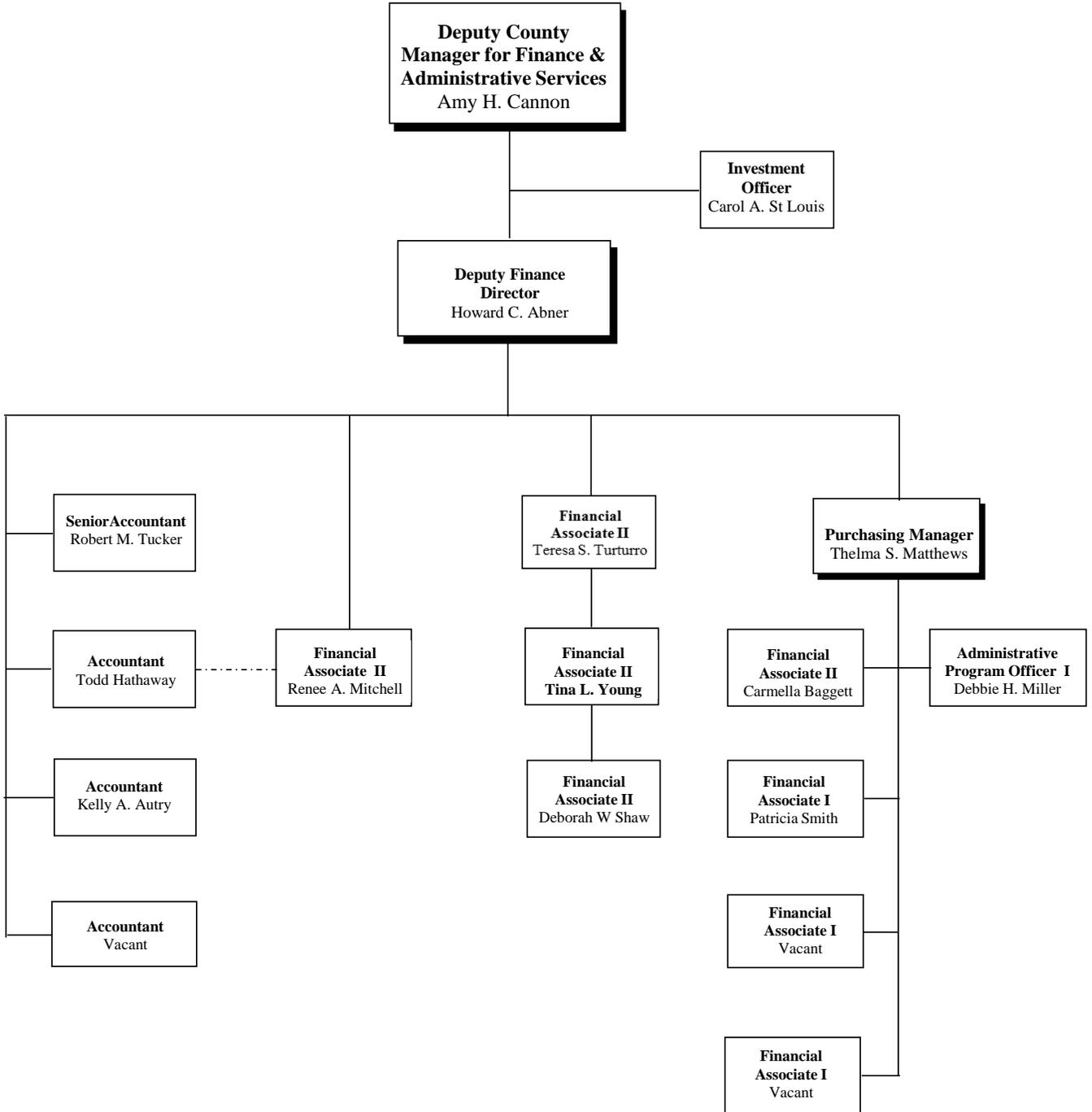
Prepared by:  
Cumberland County Finance Department

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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## **INTRODUCTORY SECTION**

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# COUNTY of CUMBERLAND

## *Finance Department*

November 22, 2013

The Honorable Jimmy Keefe, Chairman  
The Honorable Jeannette M. Council, Vice Chairman  
The Honorable Kenneth S. Edge  
The Honorable Charles Evans  
The Honorable Marshall Faircloth  
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, 2013. The basic financial statements contained herein have been audited by the independent certified public accounting firm of Cherry Bekaert LLP and that firm's unmodified 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.

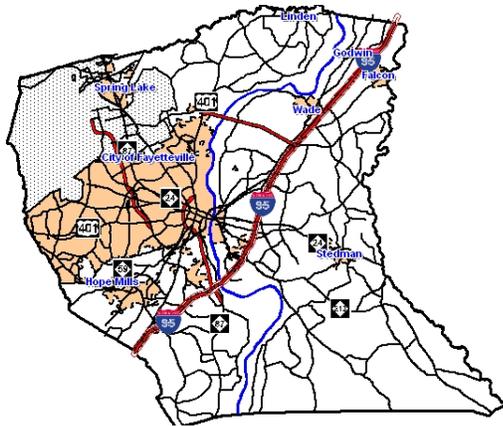
Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent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



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 331,279 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 209,080 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 U.S. 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.

Fort Bragg, one of the largest military complexes in the world, is located approximately 10 miles from Downtown Fayetteville. The close proximity of the post adds significantly to the culture of the community and the local economy. Fort Bragg has traditionally been known as the home of the Army's only Airborne Corps and the 82<sup>nd</sup> Airborne Division, as well as the U.S. Army Special Operation Command.

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.

Sequestration, which went into effect March 1, 2013, resulted in Civilian workers being furloughed for six days. During Secretary of Defense Chuck Hagel's visit to Fort Bragg in July, he said if the sequester continues into fiscal 2014, it's uncertain what effect it would have on civilian furloughs and reductions in workforce and

troops. On the brighter side, Fort Bragg's commanding general, Lt. Gen. Daniel Allyn, recently stated that we may lose a few soldiers, but normal growth will add a thousand troops to Fort Bragg's roster in the next few years. Currently, there are 50,000 active-duty soldiers stationed at Bragg, a 20 percent increase since 2003. Allyn says that makes our post the largest in the nation. As for the future, the Department of the Army continues to place special emphasis on continued growth of special operations forces, including Army Green Berets. While there will be some trimming of active-duty brigade combat teams, the 82nd Airborne Division's four brigades appear solid. The 82<sup>nd</sup> is the Army's elite light infantry division tasked as the nation's immediate ready force.

**ECONOMIC IMPACT**  
Table 1

Year	Economic Impact
2012	\$11,031,613,990
2011	\$10,949,623,120
2010	\$12,942,818,883
2009	\$9,868,358,242
2008	\$9,687,398,244

**MILITARY PERSONNEL AT FORT BRAGG**  
Table 2

Year	Military Personnel	Payroll
2012	57,978	\$2,860,373,823
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

**CIVILIAN EMPLOYMENT AT FORT BRAGG**  
Table 3

Year	Number of Employees	Payroll
2012	22,547	\$746,336,581
2011	21,780	\$600,116,523
2010	11,891*	\$561,127,602*
2009	13,438	\$582,107,792
2008	11,506	\$504,296,348

(\*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.)

## Local

Over the years, the City of Fayetteville and the County have emerged as a major regional trade center in eastern North Carolina, with a significant number and variety of shopping plazas, centers and independent retailers. Evidence of the strong retail sector is reflected by one of the largest shopping areas of the Carolinas, a two-square mile area located within the city of Fayetteville. Cross Creek Mall, the anchor of the shopping district, has more than one million square feet of floor space and four major department stores.

Taxable sales, Table 4, in the County for the fiscal year ending June 30, 2013 totaled \$3,558,501,388. This represents a 0.76% increase from fiscal year 2012. According to the latest data available, FY2012 gross sales of \$395,732,635 realized by the commissaries and post exchanges located on Fort Bragg increased by 15.06% from fiscal year 2011.

**TAXABLE SALES**  
Table 4

Year	Cumberland County	% Change	Fort Bragg Commissaries & Exchanges	% Change	Total	% Change
2013	\$3,558,501,388	0.76	Not Available	---	---	---
2012	\$3,531,570,536	4.61	\$395,732,635	15.06	\$3,927,303,171	11.21
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

As shown in Table 5, Cumberland County's population has grown at a rate below the state average. Since 2005, the County's population has grown 9.2% versus the state average of 12.4%. The major reason for this growth is the lengthy deployments of military personnel on Fort Bragg and Pope AAF due to the conflicts in Iraq and Afghanistan and other regions around the world. 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

	2005		2012 Certified		2015 Projected		2020 Projected	
	Population	% Change	Population	% Change	Population	% Change	Population	% Change
Cumberland County	302,970	0.2%	331,279	9.3%	340,706	2.8%	357,166	4.8%
North Carolina	8,685,811	9.3%	9,765,229	12.4%	10,087,832	3.3%	10,629,051	5.4%

As shown in Table 6, the County's average 2012 unemployment rate decreased from 10.3% to 10.1% for the first six months of 2013. The state's average unemployment rate decreased from 9.5% in 2012 to 9.2% for the first six months of 2013. The trend for the County mirrors that of the State for comparable periods.

**EMPLOYMENT**  
**Table 6**

<b>Year</b>	<b>Total Civilian Labor Force</b>	<b>Number Employed</b>	<b>Number Unemployed</b>	<b>Cumberland County Unemployment Rate</b>	<b>State Unemployment Rate</b>
2013 (6 mo.)	142,311	127,883	14,428	10.1%	9.2%
2012	141,856	127,274	14,582	10.3%	9.5%
2011	140,782	126,623	14,159	10.1%	10.2%
2010	139,545	126,130	13,415	9.6%	10.8%
2009	137,382	125,325	12,057	8.8%	10.4%

Fayetteville’s economy grew at a faster clip than the average U.S. metro area. The overall private sector shrank in the Fayetteville metro area for the first time since 2006, according to estimates from the U.S. Bureau of Economic Analysis. The decline was slight — 0.6 percent or about \$44 million out of \$6.88 billion in private industry. By contrast, the public sector — mainly the military and federal civilian jobs — grew by 4.7 percent to \$8.55 billion. That helped boost the metro’s total economy by 2.3 percent, more than the average pace of 1.6 percent among U.S. metropolitan areas. Fayetteville and Cumberland County leaders continue to push diversification of the local economy.

Fayetteville’s overall economy has not slowed down over the past decade, driven by wartime spending and expansion at Fort Bragg. A 2.4 percent decline in manufacturing was experienced by the private sector. Nondurable goods, which represent most of Fayetteville’s manufacturing, grew 0.3 percent. But durable goods such as makers of wood, fabricated metal, vehicle and electronic products — declined 13.1 percent. As in other areas of the country, manufacturing has fluctuated over the past decade. Real estate, rentals and leasing declined 2.9 percent, the second year of a dip reflecting the local housing market’s slowdown. Health care and social assistance grew 0.7 percent, and education services grew 7.8 percent. The retail sector grew 0.3 percent.

In keeping with the push by local leaders to diversify the economy, Sykes Enterprises has started construction of a new call center, which will initially employ 150. The county and city approved a combined tax incentives plan, worth over \$400,000 over seven years, for the center. Local leaders continue to seek expansion in military contracting, financial services, such as payroll and insurance; electrical manufacturing; and specialized chemical and plastics manufacturing.

Additionally, the chamber has formed the Economic Development Alliance to lead job-creating efforts. The group, armed with \$815,000 collectively coming yearly from the city, county and the Public Works Commission, is aimed at driving the economic diversity that economists say the area needs as a bulwark against shifts in military spending.

The growth in our economy has continued to receive national attention, with Cumberland County seeing a 5.5 percent increase in per-capita personal income last year. It has skyrocketed 75 percent since 2001, among the highest paces in urban counties in the United States. Fayetteville leaped to 52nd in the U.S. out of 366 metros in the annual ranking of economic strength, up from 92nd in 2011. The City of Fayetteville ranks 58th in the country for best cities for jobs. United Airlines announced plans for flights from Fayetteville to Washington D.C., joining US Airways’ daily flights to Reagan National and helping address a major community need. The I-295 Outer Loop received funding that will connect I-95 to Cliffdale Road. The section between Bragg Boulevard and Murchison Road opens in two years; from Ramsey to All American in 2017; and from Yadkin Road to Cliffdale Road in 2019. The area saw an \$18 million economic investment at Nitta Gelatin, 150 jobs at Sykes Enterprises with a goal of hiring 500, a residential unit overlooking the N.C. Veterans Park and the construction of 900 apartments around the All American Freeway. June 2013 saw the groundbreaking of a \$110 million Fayetteville Veterans Affairs Health Care Center off Raeford Road. The government will spend another \$20 million outfitting the center, bringing the project’s total cost to \$130 million. This site will serve

around 38,000 vets each year. The center will expand on services offered at the current medical center on Ramsey Street, such as primary care, minor surgeries and specialties ranging from neurology to orthopedics. Veterans can seek individual or group therapy as a way to cope with mental health problems such as post-traumatic stress disorder and substance abuse for those who served in post-9/11 wars.

While building has slowed, demand for new homes in the Fayetteville market is better than most across the nation. Demand in this market is not as strong as some markets, but certainly remains better than most. In June, the metro area issued 67 permits to build traditional single-family homes, down from the 90 permits in May 2013, according to permit reports. But for the first six months of the year so far, the metro area has issued 522 building permits for single-family new homes, up 15.7 percent over the January-to-June period of 2012. Per Dale Akins of Market Edge of Knoxville, Tenn., the new construction market serves as a strong indicator of the economy

As shown in Table 7, the *total* number of new residential building permits for the first six months of 2013 is down 22.9% compared with the same period in 2012. The value of new residential permits is down 17.5% over the same period. While the *total* number of new non-residential permits in the first six months of 2013 is down 5.6% the value of the new non-residential permits is up 39.1% over the same period.

**BUILDING PERMITS**  
Table 7

Calendar Year	New Residential		New Non-Residential	
	Number	Value	Number	Value
2013 (6 mo.)	765	\$ 96,007,410	50	\$ 33,994,035
2012	2230	\$ 223,447,127	123	\$ 64,995,113
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

## **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 67% and 14% respectively, of the operating budget for the Cumberland County School Administrative Unit's 2012-2013 School Year. For the fiscal year ended June 30, 2013, the County appropriated \$76,220,676 from General Fund revenues for school current operations. For the fiscal year ending June 30, 2014, 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, 2013, the actual sales taxes totaled \$7,853,943 while the budgeted sales tax \$6,110,275. An additional \$775,171 was received as part of the inter-local Sales Tax Hold Harmless agreement with its municipalities. The County received \$5,397,336 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2013. As of June 30, 2013, the County has received \$36,377,778 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. In addition to the schools in Table 8, Fort Bragg adds a total of 11 more elementary and middle schools.

**COUNTY SCHOOLS ADM**  
**Table 8**

Year	K-5		6-8		9-12		Total ADM
	# Schools	ADM	# Schools	ADM	# Schools	ADM	
2012-2013*	53	24,788	16	11,857	15	16,084	52,729
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

\* Number of schools excludes special schools and academies.

### Non-Public Schools

There are 25 independent private and religious schools in the County. The enrollment for the 2012-2013 school-year was 4,131.

### 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, 2013 totaled \$9,163,305. The County also appropriated capital outlay funds in the amount of \$4,245,961. For the fiscal year ending June 30, 2014, the appropriations from the County to FTCC are \$9,552,404 for operating expenses and \$1,016,635 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. New undergraduate degree programs have been established, including undergraduate degrees in biotechnology, communications, forensic science, management information systems, and generic nursing. In addition, there are new graduate programs that offer the masters of arts in teaching and the masters of science in criminal justice. Altogether FSU boasts 43 undergraduate programs, 23 master’s degree programs, and one doctoral program in educational leadership. These programs vary in areas of the arts and sciences, business and economics, and education. 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: Chartered November 1, 1956 as a senior, coeducational liberal arts college, the school was established as a joint venture by the citizens of Fayetteville/Cumberland County and the North Carolina Conference of the United Methodist Church. Methodist College opened to students in the fall of 1960. In the fall of 2006, in conjunction with the institution's 50th anniversary celebration, Methodist College officially became Methodist University. Today the University offers bachelor's degrees in over 80 fields of study including communications, justice studies, business administration, education, and social work. New majors and concentrations recently added include interdisciplinary studies of clandestine labs, church leadership, and radio communications. The University offers four master's degree programs: the Master of Medical Science in physician assistant studies, the Master of Business Administration in organizational management and leadership or health care administration, the Master of Justice Administration, and the Master of Education in literacy or special education. 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
<b>Fayetteville State University</b>		
Undergraduate	5,287	4,615
Graduate	773	612
<b>Methodist University</b>		
Undergraduate	2,157	2,008
Graduate	202	181
<b>Fayetteville Technical Community College</b>		
Curriculum Students	17,039	8,866
Continuing Education Students	24,076	3,084

## **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. To date, the FMHA has relocated 214 public housing residents, demolished 249 units in public housing and has constructed 404 multi-family units. The project, completion of which is expected in approximately five years, will see an estimated \$119 million in total spending.

In September 2012, 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 with opening in November. 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. Specifically, the legislation directed the County's Mental Health Local Management Entity (LME) to be fully divested of all State/Medicaid reimbursable services including psychiatric services by January 1, 2013. The County's LME has partnered with Durham, Wake and Johnston counties, with Durham designated as the "corporate" Managed Care Organization (MCO). Effective January 1, 2013, the MCO assumed 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 County's Health Department. On July 8, 2013, Cumberland County formally merged with the Durham based Alliance for Behavioral Healthcare to provide direct mental health services. The County has also partnered with Cape Fear Valley Medical Center to provide 23-hour emergency psychiatric services.

## **FINANCIAL INFORMATION**

### **Financial Policies**

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

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

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

The County's improved financial performance due to prudent fiscal management, coupled with an expanded economic base have led to recent upgrades in the County's Bond Ratings. In September 2008, Standard and Poor's Rating Group upgraded the County's General Obligation Bond Rating from AA- to AA+ and the

County's Certificates of Participation from A+ to AA. In March 2009, Moody's Investor Service upgraded the County's General Obligation Bond Rating from Aa3 to Aa2, which has since been recalibrated to Aa1, and the County's Certificates of Participation from A1 to Aa3.

### **Internal Control**

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

### **Single Audit**

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

### **Budgeting Controls**

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

## ***OTHER INFORMATION***

### **Independent Audit**

North Carolina General Statute 159-34 requires an annual audit by independent certified public accountants. The accounting firm of Cherry Bekaert LLP 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 State Single Audit Implementation Act. The auditor's unmodified 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**

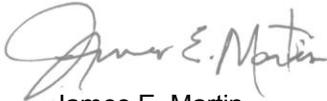
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cumberland for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the eighteenth consecutive 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 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  
Deputy County Manager



Melissa C. Cardinali  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

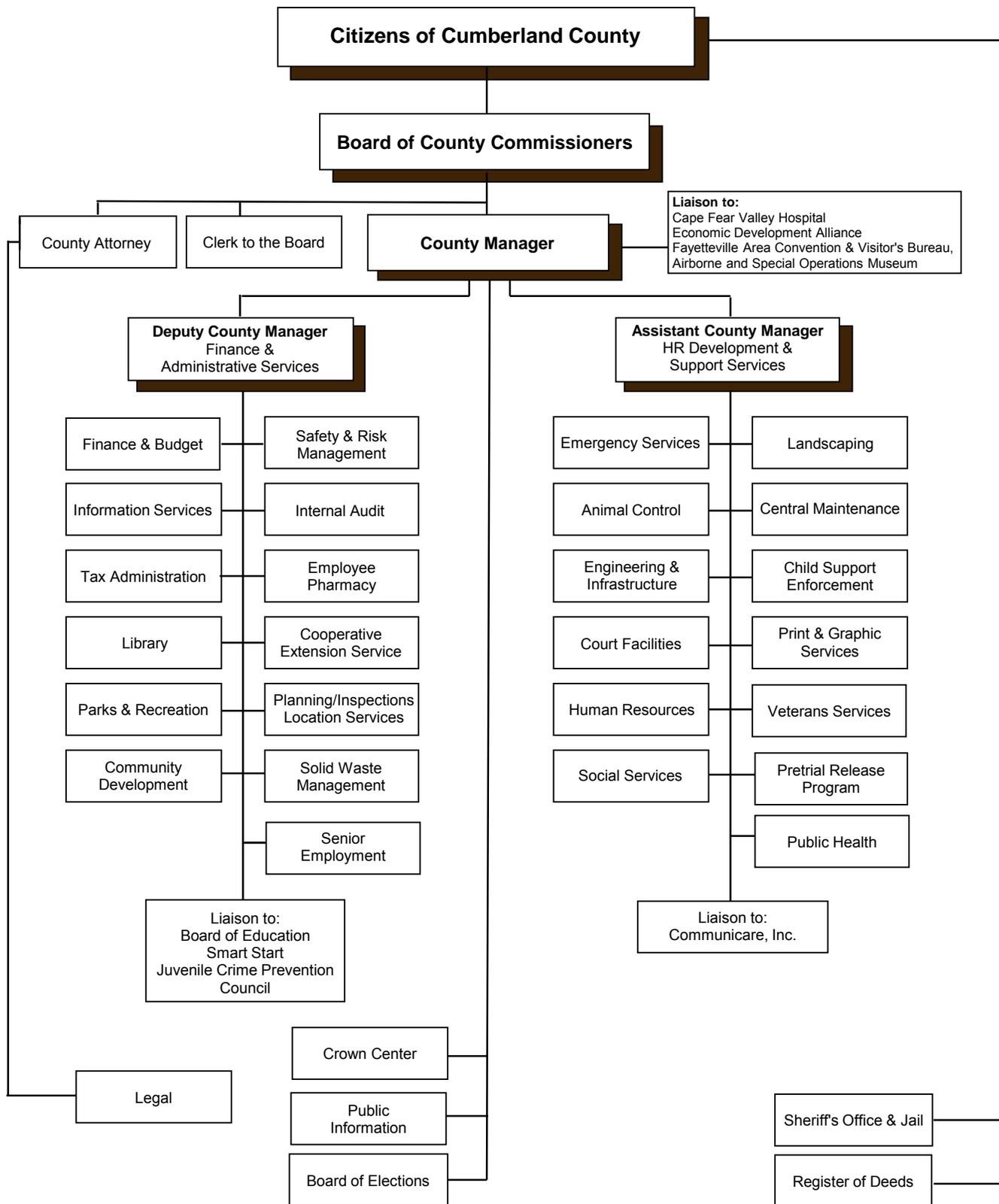
Presented to

**County of Cumberland  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



## Report of Independent Auditor

Board of County Commissioners  
Cumberland County, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 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 Fayetteville Area Convention and Visitors Bureau and the Cumberland County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Changes in Accounting Principle*

As discussed in Note 18 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities, effective July 1, 2012.

## **Other Matters**

### *Required Supplementary Information*

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.

### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual fund 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 presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, other supplemental financial data, and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures described above, the combining and individual fund statements and schedules, other supplemental financial data, and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory information, the statistical section and continuing disclosure information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013 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, 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* in considering the County's internal control over financial reporting and compliance.

Handwritten signature of Cherry Bekasert LLP in cursive script.

Fayetteville, North Carolina  
November 22, 2013

## Management's Discussion and Analysis

As management of the County of Cumberland, North Carolina, we are presenting to the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013. 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**

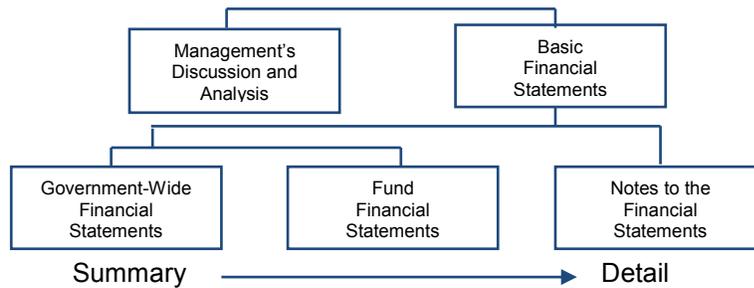
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$165,552,375 (*net position*). In accordance with North Carolina law, liabilities of the county include approximately \$46,795,000 in long-term 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 County's net position decreased total of \$2,098,575, a decrease of 1.52%, due to a decrease in current year net position of \$378,916 and an adjustment of \$1,719,659 for bond issuance costs that caused a restatement of the prior year's net position.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$126,065,333 a decrease of \$6,458,072 from the prior year. Approximately 59.67 percent of this total amount, or \$75,221,286, 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 \$109,900,651 or 34.60 percent of the total \$317,637,380 general fund expenditures. Of this amount, \$36,212,384 or 11.40 percent is non-spendable, restricted or committed. Another \$41,924,529 or 13.20% is assigned leaving \$31,763,738 or 10.0 percent of total general fund expenditures as unassigned.
- The County's total outstanding debt decreased by \$3,156,222 (1.00%) during the current fiscal year. The County entered into an installment financing agreement with the Bank of America to borrow \$3,198,130 for HVAC and roofing projects at Fayetteville Technical Community College.
- The 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 the 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 the County.

## REQUIRED COMPONENTS OF ANNUAL FINANCIAL REPORT

Figure 1



### **Basic Financial Statements**

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

The next statements (pages E-1 through E-10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 4) the fiduciary fund statements.

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

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

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

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

1. The *statement of net position* presents information on all of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial condition of the County is improving or deteriorating.
2. The *statement of activities* presents information showing how the government's net position 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 position 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 Water and Sewer District, NORCRESS Water and Sewer District, and Southpoint Water and Sewer District.

*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. The 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 the 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County maintains 25 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 22 governmental funds are combined into a single, aggregated presentation under other governmental funds.

The 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** – The 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. The County uses enterprise funds to account for its Crown Center Complex activity, Solid Waste operations and three water and sewer districts. These funds are the same as those shown in the business-type activities in the Statement of Net Position 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 the 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**

**CUMBERLAND COUNTY'S NET POSITION**  
Table 1

	Government Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and other assets	\$ 161,462,166	\$ 153,548,477	\$ 53,250,908	\$ 54,930,717	\$ 214,713,074	\$ 208,479,194
Capital assets	211,182,747	217,578,321	67,796,238	64,939,955	278,978,985	282,518,276
Total assets	372,644,913	371,126,798	121,047,146	119,870,672	\$ 493,692,059	\$ 490,997,470
Deferred outflows of resources	-	3,409,355	-	2,379,101	-	5,788,456
Long-term liabilities outstanding	258,452,341	260,044,518	49,444,312	51,188,667	307,896,653	311,233,185
Other liabilities	16,984,929	17,759,528	1,159,537	1,446,793	18,144,466	19,206,321
Total liabilities	275,437,270	277,804,046	50,603,849	52,635,460	326,041,119	330,439,506
Deferred inflows of resources	-	794,045	-	-	-	794,045
<b>Net position:</b>						
Net investment in capital assets	144,858,779	152,206,505	32,823,195	32,095,383	177,681,974	184,301,888
Restricted	54,474,736	51,350,047	11,838,655	11,525,551	66,313,391	62,875,598
Unrestricted	(102,125,872)	(107,618,490)	25,781,447	25,993,379	(76,344,425)	(81,625,111)
<b>Total net position</b>	<b>\$ 97,207,643</b>	<b>\$ 95,938,062</b>	<b>\$ 70,443,297</b>	<b>\$ 69,614,313</b>	<b>\$ 167,650,940</b>	<b>\$ 165,552,375</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County, Table 1, exceeded liabilities and deferred inflows of resources by \$165,552,375 as of June 30, 2013. The County's net position decreased by \$378,916 for the fiscal year ended June 30, 2013 after prior period adjustments. Net position is negatively affected by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities. The decrease in net position is also due to the liability associated with providing postemployment healthcare benefits (OPEB) to retirees of the County. For FY2013, the net OPEB obligation (expense) of \$14,467,122 was allocated between the governmental activities functional areas and business-type activities. The net OPEB obligation at year end is \$82,802,422 a 21.17% increase. Of total net position, one of the largest portions, \$184,301,888, reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The County 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 position, \$62,875,598 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a negative \$81,625,111.

As with many counties in the State of North Carolina, the County's *unrestricted net position* 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 \$46,975,000 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 position:

- Continued diligence in the collection of current year property taxes by achieving a collection percentage of 99.08% for real and personal property and 81.29% for motor vehicles. The average 5-year overall tax collection rate including collection of all prior year taxes is 99.39%.
- Program revenues covered 27.5% of program expenses, decreasing from 28.7% last year.
- Program revenues totaled \$91,115,187 decreasing by \$4,486,517 from the previous year.
- Operating grants from the State and Federal government and charges for services decreased a total of \$5,833,252 to \$84,314,344. The final divestiture of Mental Health services in FY2013 resulted in a revenue decrease of \$11,034,972.
- Capital Grants and contributions increased \$1,346,735 to \$6,800,843 due to a \$1,166,519 increase in the use of NC Education Lottery funds for school capital projects.
- General revenues, excluding transfers, totaled \$246,300,570 increasing by \$5,127,258 from the previous year.
- Property tax revenue increased \$5,105,440 due to growth in the tax base and continued high tax collection rate.
- Sales tax revenue increased \$772,865 to \$46,755,716 or 1.68% from the previous year due to steady sales from military personnel returning from overseas duty.
- Governmental activities expenses decreased by \$1,566,026 to \$331,508,830 or 0.47%.

**CUMBERLAND COUNTY'S CHANGES IN NET POSITION**  
**Table 2**

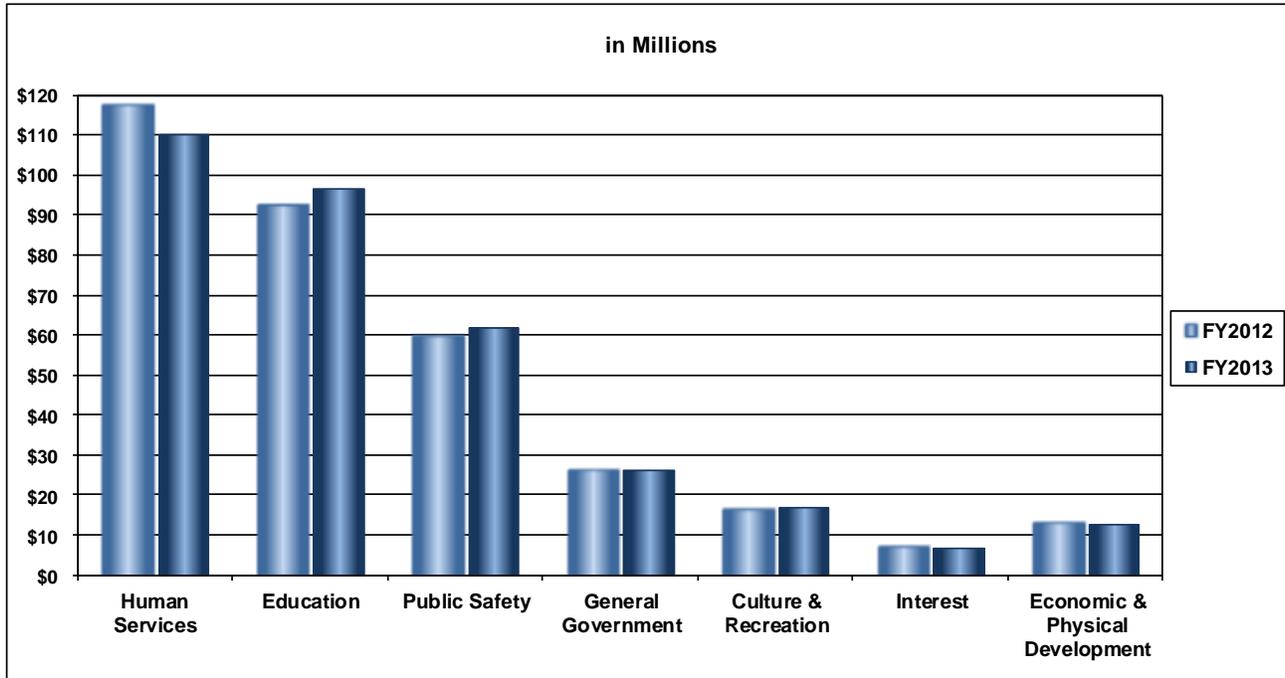
	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 19,801,124	\$ 17,053,647	\$ 6,383,635	\$ 5,686,692	\$ 26,184,759	\$ 22,740,339
Operating grants and contributions	70,346,472	67,260,697	456,766	729,269	70,803,238	67,989,966
Capital grants and contributions	5,454,108	6,800,843	-	361,239	5,454,108	7,162,082
General revenues:						
Property taxes	171,683,119	176,659,705	-	-	171,683,119	176,659,705
Other taxes	53,075,353	54,126,583	6,097,110	6,181,215	59,172,463	60,307,798
Grants and contributions not restricted to specific programs	10,614,999	10,434,412	-	-	10,614,999	10,434,412
Unrestricted investment earnings	212,121	204,969	73,141	123,773	285,262	328,742
Gain on sale of assets	119,708	21,930	4,967	(1,223)	124,675	20,707
Miscellaneous	5,467,912	4,852,971	92,861	80,771	5,560,773	4,933,742
Total revenues	<u>336,774,916</u>	<u>337,415,757</u>	<u>13,108,480</u>	<u>13,161,736</u>	<u>349,883,396</u>	<u>350,577,493</u>
<b>Expenses:</b>						
General government	26,438,229	26,044,059	-	-	26,438,229	26,044,059
Public safety	59,658,090	61,955,844	-	-	59,658,090	61,955,844
Economic and physical development	13,147,908	12,806,612	-	-	13,147,908	12,806,612
Human services	117,628,689	110,237,271	-	-	117,628,689	110,237,271
Culture and recreation	16,416,067	17,031,729	-	-	16,416,067	17,031,729
Education	92,463,573	96,686,785	-	-	92,463,573	96,686,785
Interest on long-term debt	7,322,300	6,746,530	-	-	7,322,300	6,746,530
Solid Waste	-	-	10,362,349	9,717,623	10,362,349	9,717,623
Crown Center	-	-	9,227,595	9,134,040	9,227,595	9,134,040
Kelly Hills Water and Sewer District	-	-	72,569	75,337	72,569	75,337
Norcross Water and Sewer District	-	-	667,009	517,050	667,009	517,050
Southpoint Water	-	-	-	3,529	-	3,529
Total expenses	<u>333,074,856</u>	<u>331,508,830</u>	<u>20,329,522</u>	<u>19,447,579</u>	<u>353,404,378</u>	<u>350,952,880</u>
Increase in net position before transfers	3,700,060	5,906,927	(7,221,042)	(6,285,843)	(3,520,982)	(378,916)
Transfers	<u>(6,298,552)</u>	<u>(5,711,685)</u>	<u>6,298,552</u>	<u>5,711,685</u>	<u>-</u>	<u>-</u>
Change in net position	(2,598,492)	195,242	(922,490)	(574,158)	(3,520,982)	(378,916)
Net position - beginning	99,806,135	97,207,643	71,365,787	70,443,297	171,171,922	167,650,940
Prior period adjustment - bond issuance	-	<u>(1,464,823)</u>	-	<u>(254,826)</u>	-	<u>(1,719,649)</u>
Net assets - beginning as restated	99,806,135	95,742,820	71,365,787	70,188,471	171,171,922	165,931,291
Net assets - ending	<u>\$ 97,207,643</u>	<u>\$ 95,938,062</u>	<u>\$ 70,443,297</u>	<u>\$ 69,614,313</u>	<u>\$ 167,650,940</u>	<u>\$ 165,552,375</u>

**Governmental activities.** Governmental activities increased the County's net position by \$195,242. Key elements of this increase are as follows:

- A prior period adjustment of bond issuance costs reduced the beginning net position by \$1,464,823. Current year operations increased net position by \$195,242.
- Personnel expenditures increased \$740,249. The County implemented Phase I of a study that updated the County's Position Classification & Pay Plan which recalibrated the schedules based on a labor market analysis. The Board of Commissioners also adopted a 2% across-the-board salary increase. These increases were offset by savings resulting from lapsed salaries due to vacant positions and the phased closing of the Mental Health Department.
- Operating expenses decreased \$58,677,423 due to \$56,082,202 in charges resulting from debt refinancings. Other significant decreases were the result of the Mental Health Department divesting itself of direct services and contracting the services out to private providers.
- Other charges and services decreased \$7,236,143 (5.2%). Mental Health charges actually increased \$1,003,078 due to reducing operating expenditures and contracting services to outside providers. Social Services programs decreased \$2,249,572. Foster Care expense decreased \$379,382 while many other programs saw wide changes over the prior year especially in the area of one-time grants.

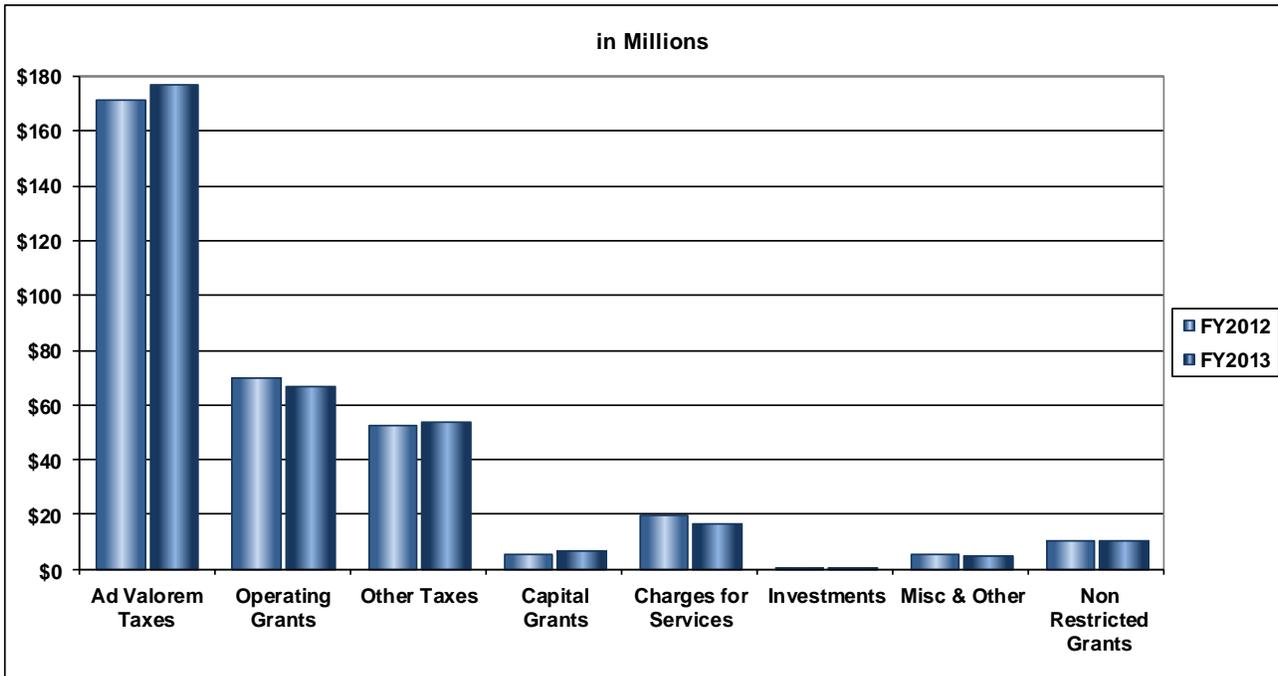
- Capital outlay, excluding capital project funds, increased a total of \$1,734,095 from FY2012. FTCC spent \$3,157,271 of loan proceeds for HAVC and roofing repairs. Due to budgetary constraints, the number of new and replacement vehicles was reduced resulting in a reduction of \$302,122. Capital project expenditures were \$13,444,265 as construction continued on Detention Facility Expansion Project, the New Century Middle School and school renovations funded with Qualified School Construction Bonds.

**GOVERNMENTAL ACTIVITIES EXPENSES**  
Figure 2



- Ad valorem taxes, Figure 3 on the next page, increased \$4,976,586 due to growth in the tax base and continued high tax collection rate.
- Charges for Services and Operating Grants and Contributions decreased \$5,833,252. Human Services revenue decreased \$5,904,314 as a result of the divestiture of county provided direct mental health services.
- The sales tax revenue component of Other Taxes increased \$772,865 to \$46,755,716 or 1.68% from the previous year due to steady sales from military personnel returning from overseas duty.
- The remaining components of revenue; Capital Grants, Investments, Miscellaneous & Other and Non restricted Grants increased a total of \$424,347 or 1.94%

**GOVERNMENTAL ACTIVITIES REVENUE**  
Figure 3



**GOVERNMENTAL ACTIVITIES - PROGRAM REVENUE & EXPENSES**  
Figure 4

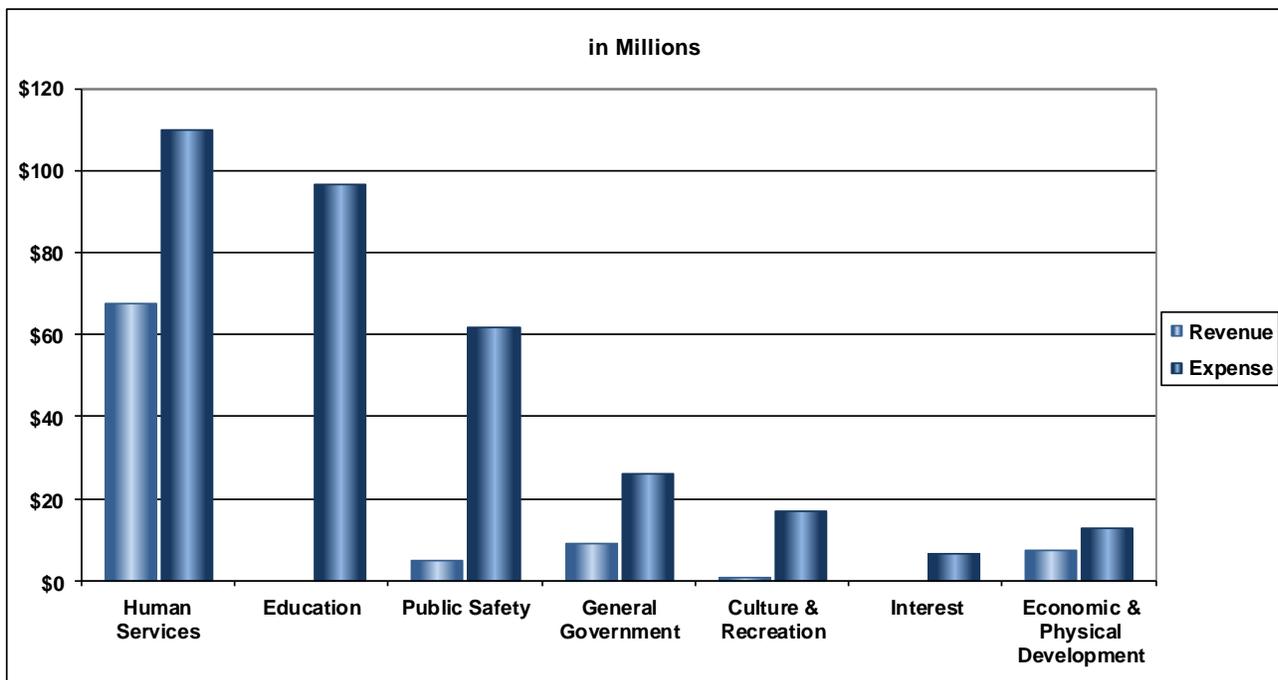
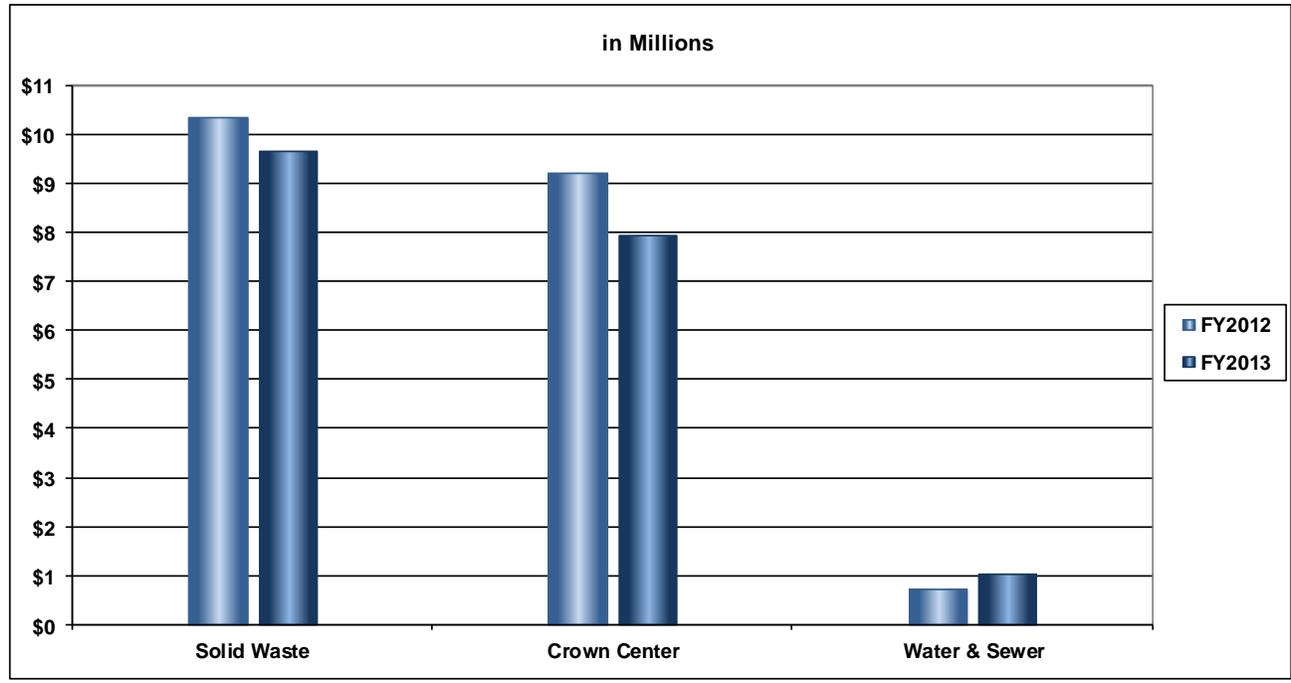


Figure 4, on the previous page, represents a comparison of program revenues to program expenses for governmental activities. For each activity, general revenues were required to support expenses. Program revenues covered 27.5% of expenses at June 30, 2013 and 28.70% at June 30, 2012. The largest general revenue source for governmental activities was ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$176,659,705 amounted to 71.7% of the total general revenues excluding transfers. The second largest general revenue source was Other Taxes at \$54,126,583 or 22.0% of the governmental activities revenues excluding transfers. All other general revenue amounted to 15,514,282 or 6.3%.

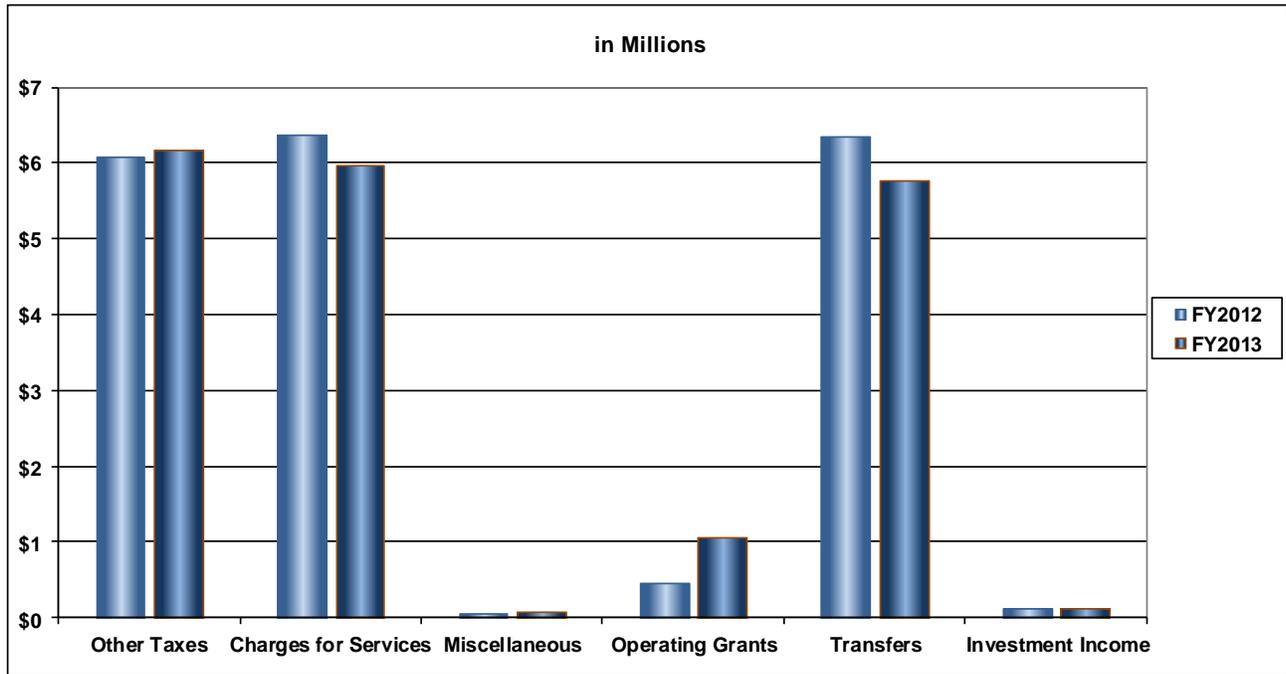
**Business-type activities:** Business-type activities, Figures 5 and 6 decreased the County's net position by \$574,158. Key elements of this decrease are as follows:

- The Crown Center increased its current year net position by \$283,958. However, that increase was offset by a \$254,826 negative prior period adjustment due to bonds issuance costs. The current year increase to net position 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 position of \$1,025,667. Loss from operations was \$1,913,776. Charges for services 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. For FY2013, the decline in fees was offset by a \$644,726 reduction in operating expenses.
- Kelly Hills and NORCRESS Water and Sewer Districts had a combined decrease in net position of \$200,691. For both districts operating expenses exceeded operating revenue.
- Southpoint Water and Sewer District, new for FY2013, posted a \$368,242 net position due to a \$361,239 Federal startup grant.

**BUSINESS-TYPE EXPENSES**  
Figure 5



**BUSINESS-TYPE REVENUE**  
Figure 6



### Financial Analysis of the County's Funds

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

**Governmental Funds.** The focus of the 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 \$126,065,333 a 4.9 percent decrease over last year. This decrease is due to spending down \$15,217,297 of previously unexpended capital project funds from last year. The unassigned fund balance of \$31,020,288, which is not restricted, committed or assigned for specific purposes, makes up 24.6% of the total \$126.1 million. Another \$44,200,998 is assigned for specific purposes: (1) for subsequent years' expenditures-\$15,491,461; (2) for Finance Office software-\$7,175,000; (3) for water & sewer industrial expansion-\$5,845,409; (4) for mental health services-\$10,448,756; (5) for special purposes-\$267,719; (6) for economic development incentives-\$1,500,448; (7) and \$3,472,205 for renovation and maintenance. Committed fund balance includes \$494,773 for property revaluation per state statute and \$5,298,480 for public safety. Another \$139,885 of fund balance is in non-spendable form for inventories. The remainder of fund balance, \$44,910,909, 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, \$30,808,958, which includes \$3,923,131 to liquidate contracts and purchase orders of the prior period (encumbrances), and other restricted purposes of \$14,101,951.

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 \$31,763,738; assigned and committed fund balance was \$42,419,302 while total fund balance reached \$109,900,651. 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. The Governing Body of the County has adopted a policy that the County should maintain an unassigned fund balance of at least 10% of general fund expenditures. In addition, their policy recommends that both assigned and unassigned fund balances should be at least 15% in case of unforeseen needs, to meet the cash flow needs of the County or to take advantage of opportunities that might arise. Currently, unassigned fund balance represents 10.0 percent of total General Fund expenditures excluding other financing uses. Available fund balance which includes unassigned, assigned and committed fund balance was 24.45 percent while total fund balance represents 34.5 percent of that same amount.

Total General Fund actual revenues including a legally budgeted County School Fund, but excluding other financing sources (**page E-3**) was \$311,465,521 decreasing only \$24,013 from last year. Significant highlights include:

- Ad valorem property tax revenues increased \$4,188,822 (2.62%) to \$163,865,023 due to growth in both the real property and motor vehicle tax bases.
- Other taxes increased by \$856,632 or 1.80% to \$48,317,557. This amount includes sales taxes from Fund 101 of \$37,516,061 and an additional \$8,655,100 from the County School Fund which is incorporated into the General Fund for reporting purposes. In total, sales taxes increased a modest \$813,092 or 1.79% due to continued spending by members of the military returning from overseas tours of duty.
- Unrestricted Intergovernmental revenue decreased \$391,883 (3.39%) due to a decrease in ABC Store profits and distributions of \$155,821 and decreases in municipal election reimbursements of \$221,502.
- Restricted Intergovernmental revenue decreased \$1,723,104 (2.49%). Mental Health restricted revenue decreased \$3,977,911 (30.80%) due to legislation that required MH Local Management Entities to be fully divested of all State/Medicaid reimbursable services by January 1, 2013. This reduction was offset by increased lottery proceeds of \$1,166,519 from the County School Fund.
- Licenses and permits increased slightly by \$55,395 due a decrease in Register of Deed's fee and increases in in various inspection fees.
- Charges for services decreased \$2,719,132 (17.06%). This decrease was the result of the divestiture of Mental Health, as their charges for services decreased \$2,893,321 or 51.24%.
- Investment income on idle funds for the General Fund decreased \$4,710 to \$194,481 as interest rates remain at historically low levels.
- Miscellaneous income decreased \$286,033 (5.77%) due primarily to a reduction on rental income of \$453,873.

General Fund actual expenditures including a legally budgeted County School Fund, but excluding other financing uses and transfers was \$307,333,938 decreasing \$3,103,686 or 1.00% from last year. Highlights of significant areas of change include:

- *Personnel expenditures* increased \$982,226. For FY2013, The County implemented Phase I of a study that updated the County's Position Classification & Pay Plan which recalibrated the schedules based on a labor market analysis. The Board of Commissioners also adopted a 2% across-the-board salary increase. These increases were offset by savings resulting from lapsed salaries due to vacant positions.
- *Basic operating expenditures* decreased \$3,546,878 or 9.30%. The majority of the decrease 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* decreased \$2,359,118 or 10.46%. Mental Health charges actually increased \$1,003,078 due to reducing operating expenditures and contracting services to outside providers. Social Services programs decreased \$2,249,572. Foster Care expense decreased \$379,382 while many other programs saw wide changes over the prior year.

- Capital outlay expenditures, which are reported with the functional expenditure categories, decreased \$20,360.

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

The Health Department Building Capital Fund's net position decreased \$1,658,510 to \$0. The County has finished construction on the project and all residual funds were transferred to the General Fund.

The Gray's Creek Middle School Building Fund's net position, \$652,522, decreased \$337,458 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 \$25,832,439 or 8.50 percent of total budget.

- *Restricted intergovernmental* revenue, which is additional and/or adjustments to federal and state funding estimates, increased \$6,043,745. 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 Crisis Intervention funds increased \$1,232,549; Health Department funding increased \$1,045,259; Mental Health programs increased \$2,535,050; and an additional \$533,874 increase in Sheriff's accounted for most of the remainder of the increase.
- *Local sales & services revenues* increased to \$1,515,924. An increase of \$1,050,000 in Mental Health Medicaid fees accounted for the majority of the increase.
- *Other financing sources* increased \$18,140,180. Proceeds from an installment purchase agreement for FTCC renovations resulted in \$3,198,130 of the increase. Fund balance appropriated increases of \$14,482,887 accounted for most of the remaining increase. \$2,003,644 of this amount was appropriated to fund prior year obligations (encumbrances); \$341,212 was to re-budget grant funds not spent in the previous year; \$8,500,685 to fund new initiatives; \$2,745,275 was from Mental Health and general reserves to fund additional mental health services and to establish the MH MCO; \$200,571 from Health Department restricted revenue for additional services; \$515,852 was from assigned Water & Sewer reserves for one-time projects; and \$175,648 was from assigned maintenance and renovations one-time funds for repairs on various county facilities.

Total actual revenues for the General Fund, excluding the County School Capital Fund and other financing sources, were below the final budgeted amount by \$505,704 (**page E-5**).

- *Ad Valorem taxes* collected exceeded the budget by \$2,368,745 (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 \$848,230 above budget (102.18%). Sales tax collections accounted for \$961,286 of the increase. A stable economy bolstered by the military accounted for the increase.
- *Unrestricted intergovernmental* revenue was just \$393,424 above budget (103.78). This increase was due to an increase in sales tax hold harmless reimbursements for the City of Fayetteville.
- *Restricted intergovernmental* revenues were \$3,164,684 below the final budgeted amount of \$65,154,670 (-5.11%). The Mental Health Consolidated Departments over realized restricted revenue by \$879,517. Under realization of revenue of \$2,495,120 in the Social Services Department is

attributable to the Crisis Intervention, Medicaid Case Management, Child programs. The Health Department's under realization of \$1,017,791 was spread out among many clinics.

- *Licenses and permit* fees were \$377,764 above budget by 16.78% 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 \$1,909,366 below budget. Many county departments contributed to the various increases and decreases. However, the majority of the decrease occurred in the Health Department's Mental Health Clinic as they collected only \$337,014 of a \$3,425,609 budget (9.84%).
- Miscellaneous revenue was \$516,032 above budget due to increases of \$366,831 in payment-in-lieu of taxes from CFVMC and increases in several water & sewer assessments of \$419,893.

Total actual expenditures (**page E-5**), excluding the County School Fund and other financing uses, were less than the budgeted amount by \$18,059,465 resulting in an expenditure rate of 94.35% a slight increase of 0.90% 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 \$5,247,386 less than budgeted for an expenditure rate of 95.7%.
- *Basic operating* expenditures were \$4,161,924 under budget. Of this amount, \$1,698,955 was for contracted services; \$365,815 was for unspent maintenance and repair; \$362,476 unspent in department supplies and equipment. While not included as expenditure, another \$1,523,526 is being reserved for outstanding encumbrances. The remaining \$70,736, excluding encumbrances, was unspent in many of the 100 line items.
- *Other charges & services* was \$6,247,934 under budget. Under spending in the Social Services Department of \$3,782,924 consisted of: \$449,047 in the Crisis Intervention program; \$2,169,867 for Child Care and Development; \$237,634 in Foster Care; \$241,576 Jobs Client expense; \$297,119 Low Income Energy Assistance program; and the remaining \$387,681 was spread throughout the department. The remaining \$2,465,010 was allocated to many other expenditure lines.
- While *capital outlay* was under spent by \$2,402,236, most of those funds will be re-budgeted next year.

**Proprietary Funds.** The County's proprietary funds (**pages E-6 and E-7**) provide the same type of information found in the government-wide statements but in more detail. They include five enterprise funds and six internal service funds. Total net position for the enterprise funds decreased to \$69,614,313. The decrease was a combination of a prior period adjustment of -\$254,826 and a current year net position reduction of \$574,158. Unrestricted net position increased \$211,982 to \$25,993,379. The Solid Waste Fund and the Cumberland County Crown Complex Fund were discussed in an earlier section. The other three enterprise funds, three water and sewer funds, had a combined net position of \$9,534,529. This represents an increase of \$167,551 from last year. The increase was due to the addition of a new water and sewer fund, Southpoint, that added \$368,242 to the net position while the other two water and sewer funds combined for a loss.

The six internal service funds had a combined net position of \$4,429,374, a decrease of \$1,897,322 from the prior year. A large decrease in the net position of the two health Insurance Funds of \$1,610,254 was due to the delay in implementing the cost-saving employee health program and early operational challenges.

**Capital Asset and Debt Administration**

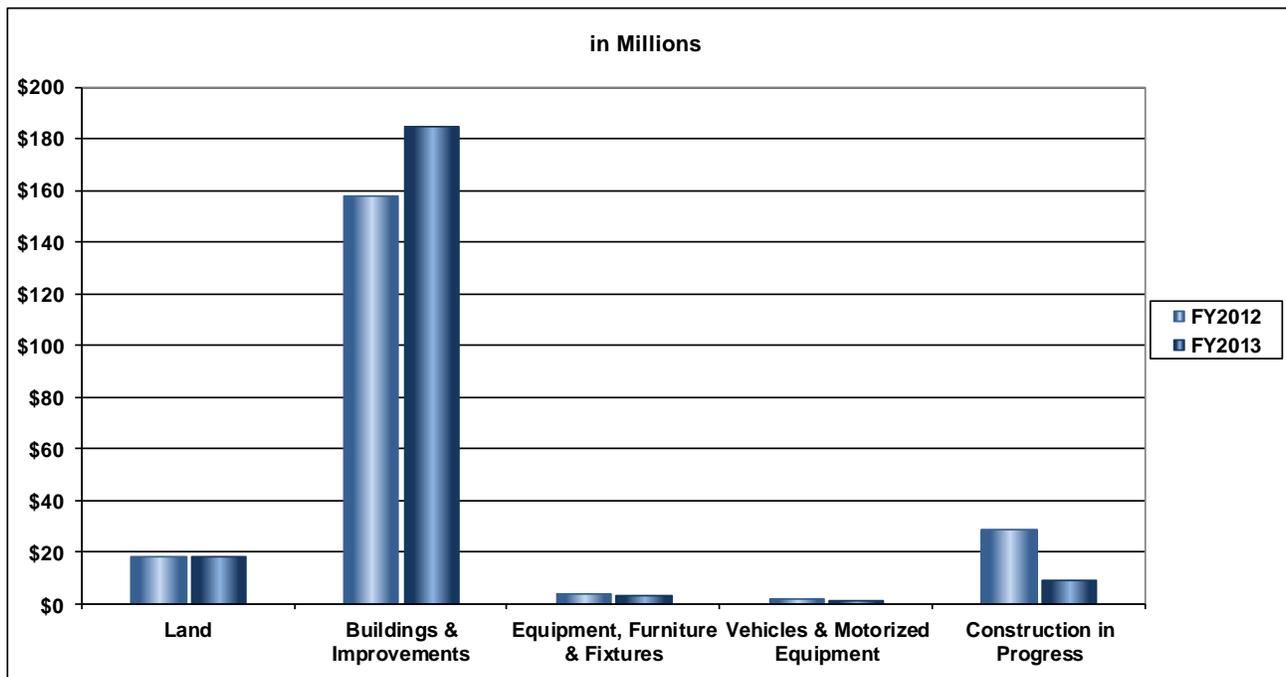
**Capital Assets.** The County’s capital assets, Table 3, for its governmental and business–type activities as of June 30, 2013, totals \$282,518,276 (net of accumulated depreciation). Capital assets include land, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other 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 \$19,443,537 decrease in construction-in-progress related primarily to completing construction on the New Century Middle School and projects funded by Qualified School Construction Bonds. Correspondingly, buildings and improvements increased as these projects are now accounted for in that category.

**CUMBERLAND COUNTY’S CAPITAL ASSETS**  
**Table 3**

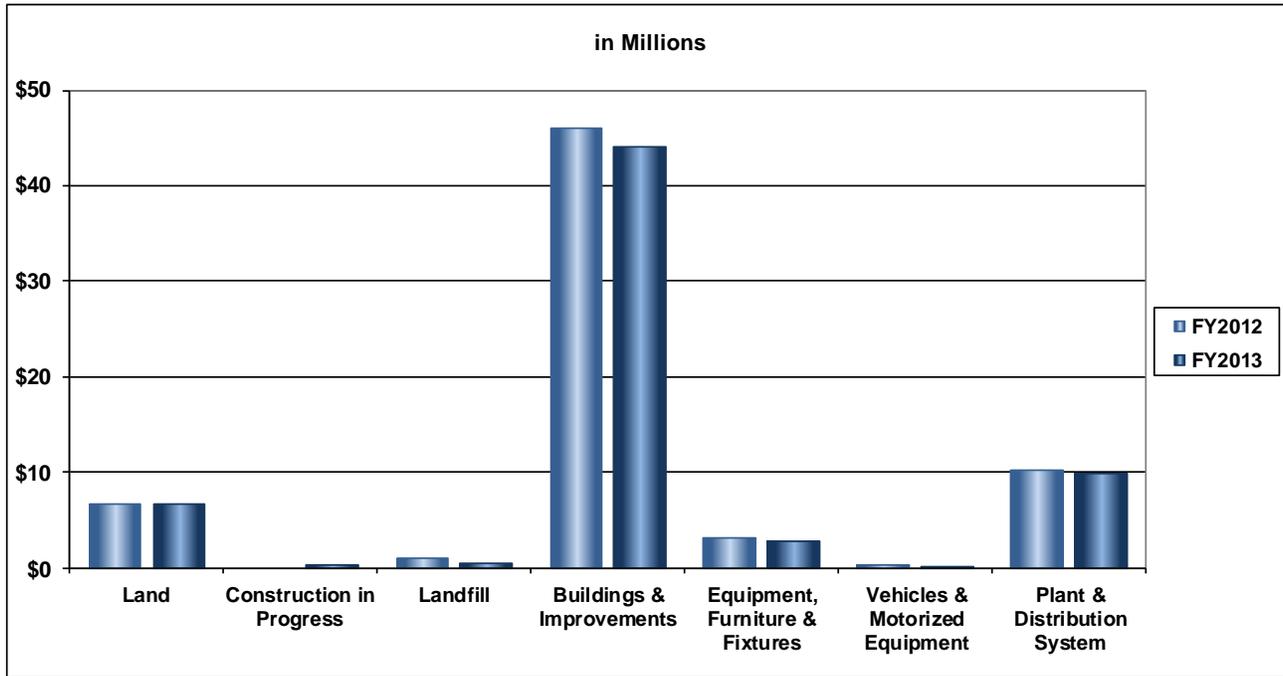
(net of depreciation)

	Government Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land	\$ 18,587,070	\$ 18,587,070	\$ 6,823,573	\$ 6,833,573	\$ 25,410,643	\$ 25,420,643
Construction in progress	28,598,386	9,154,849	-	439,068	28,598,386	9,593,917
Landfill	-	-	1,033,375	516,688	1,033,375	516,688
Buildings and improvements	158,227,673	184,955,724	46,077,753	44,227,056	204,305,426	229,182,780
Equipment, furniture and fixtures	3,758,171	3,370,488	3,291,765	2,792,078	7,049,936	6,162,566
Vehicles and motorized equipment	2,011,447	1,510,190	309,942	176,467	2,321,389	1,686,657
Plant and distribution system	-	-	10,259,830	9,955,025	10,259,830	9,955,025
Total net capital assets	<u>\$ 211,182,747</u>	<u>\$ 217,578,321</u>	<u>\$ 67,796,238</u>	<u>\$ 64,939,955</u>	<u>\$ 278,978,985</u>	<u>\$ 282,518,276</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.

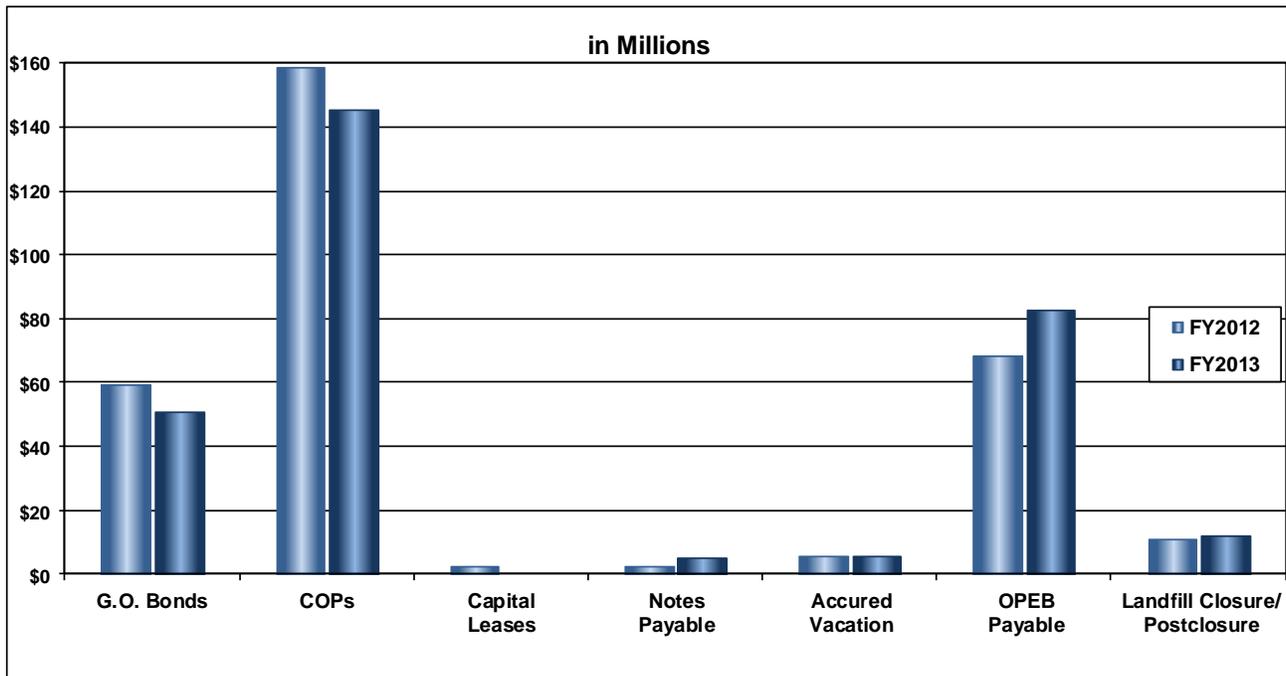
**Long-Term Debt.** As of June 30, 2013, Cumberland County had total bonded debt outstanding of \$53,594,072 all of which is backed by the full faith and credit of the County.

**CUMBERLAND COUNTY'S OUTSTANDING DEBT**  
Table 4

	Government Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
General obligation bonds (net)	\$ 60,755,177	\$ 52,440,072	\$ 1,172,000	\$ 1,154,000	\$ 61,927,177	\$ 53,594,072
Capital leases	2,437,416	2,032,294	-	-	2,437,416	2,032,294
Certificates of participation (net)	128,414,197	118,020,741	34,052,849	32,046,017	162,467,046	150,066,758
Notes Payable	-	2,878,317	2,494,400	2,182,600	2,494,400	5,060,917
Accrued vacation	5,408,836	5,519,958	265,574	265,444	5,674,410	5,785,402
OPEB payable	65,341,982	79,153,136	2,993,318	3,649,286	68,335,300	82,802,422
Accrued closure and postclosure costs	-	-	11,053,660	11,891,320	11,053,660	11,891,320
<b>Total debt</b>	<b>\$ 262,357,608</b>	<b>\$ 260,044,518</b>	<b>\$ 52,031,801</b>	<b>\$ 51,188,667</b>	<b>\$ 314,389,409</b>	<b>\$ 311,233,185</b>

The County's total debt, Table 4, of \$311,233,185 decreased \$3,156,224 (1.00%) during the past fiscal year. The County entered into an installment financing agreement with the Bank of American to borrow \$3,198,130 for HVAC and roofing projects at Fayetteville Technical Community College. Additionally, the County paid down existing debt obligations while incurring \$14,467,122 of additional OPEB obligations.

**OUTSTANDING DEBT**  
Figure 9



In September 2008, the 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 these bond ratings. 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, 2013, the County had bonds authorized but unissued of \$19,196,000,000 and a legal debt margin of \$1,971,139,000.

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

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

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

- Ad valorem current year tax collections rate for real and personal property increased slightly from 99.05% to 99.08%. The overall tax collection rate including prior years' collections is 99.44% and the running five year average is 99.39%.
- In contrast to the national economy, taxable sales for the County, has increased over the past five years; 3.36%, 8.18%, 9.71%, 4.61%, and 0.76% for 2013. Although sales have increased, the growth rate for the past two years has declined from 2010-2011 time period.
- The locally generated sales tax collection rate for the County increased 1.79% over FY2012 and was at least on par with the state average based on population.

## Budget Highlights for the Fiscal Year Ending June 30, 2014

The County approved a \$312,750,398 General Fund budget, excluding the legally adopted County School Special Revenue Fund, for fiscal year 2014, which represents an \$8,678,343 (2.85%) increase over fiscal year 2013 approved budget. The FY2013 budget eliminated the Mental Health Internal Special Revenue Fund and consolidated mental health activities into one Mental Health General Fund Agency. Effective July 8, 2013, funding for the Mental Health agency ceases and mental health services will be provided by contract with a four-county merged, State and locally funded, Managed Care Organization (MCO). Additionally, effective July 1, 2013, psychiatric services, previously provided by the County's Health Department will be assumed by the Cape Fear Valley Hospital System.

- *Ad Valorem Taxes* have been budgeted at an increase of \$7,437,102 (4.61%). Of this amount, \$3,000,000 represents a one-time increase due to the phase-in of the new "Tax & Tag" vehicle tax system. Natural growth is budgeted at \$4,437,102 or 2.75%. The total countywide tax rate remains at 74.0 cents.
- *Other Taxes*, comprised mostly of sales taxes, are projected to increase \$2,707,781 (6.98%) due to continuing steady increases in the local economy.
- *Unrestricted Intergovernmental* revenue is projected to increase \$429,327 (4.29%) due to increases in municipal sales tax hold harmless reimbursements related to a higher projection of overall sales tax collections.
- *Restricted Intergovernmental* revenue has been budgeted at a net decrease of \$3,133,557 (5.3%) based on a FY2014 budget of \$55,977,368. All of Mental Health's restricted revenue of approximately \$5.8 million last fiscal year was not budgeted as the County has divested itself of providing direct mental health services. Social Services revenues, on the other hand, are projected to increase \$1,789,327 (4.21%). The majority of that increase is due to Crisis Intervention, \$1,402,412 (76.08%).
- *Licenses and Fees* are projected to experience an overall decrease of \$166,613 (7.40%) based on an adopted budget of \$2,084,150. The Register of Deeds fees are expected to decrease \$111,239 and cablevision franchise fees of \$158,888 have been eliminated and combined in another revenue category.
- *Sales and Service* fees are projected to decrease \$4,740,882 (34.82%). Mental Health Departmental revenue is projected to decrease \$2,092,357 and the Health Department's Mental Health Clinic will decrease \$3,425,608 as these revenue sources are not budgeted for FY2014 due to divestiture.
- *Miscellaneous Revenue* will decrease \$144,123 (3.59%) due to a reduction of miscellaneous income of \$194,710.
- *Other Financing Sources* increased a total of \$6,001,062 (48.96%). General fund balance appropriated increased \$4,486,368 and Mental Health fund balance appropriated increased from \$984,125 to \$2,834,789.

Budgeted expenditures in the General Fund, excluding the legally adopted County School Special Revenue Fund, are \$312,750,398 which represents an \$8,678,343 (2.85%) increase over fiscal year 2013 approved budget.

- *Personal Services* increased \$4,234,526 (3.50%) due to a \$700 stipend for permanent full-time and part-time employees (\$1,400,945); implementation of the Phase II Pay & Classification Plan (\$1,300,000); the reduction of all positions in mental health, and the addition of 52 new positions (\$2,219,777) of which 36 were for the jail expansion and the remaining in various departments. In addition, the County will implement Phase II of a new classification and pay plan, effective in September, for the Social Services and Health Departments that reclassifies employees based on their actual job duties.
- *Operating Expenditures* decreased \$6,961,683 (20.43%). Major changes include a \$6,007,796 reduction in Mental Health contracted services due to the divestiture of services and a \$2,203,825 one-time Jail reserve budgeted in FY2013.

- *Other Charges and Services* will increase \$9,176,170 (7.61%) to \$129,776,363. The major contributor to the increase was \$7,414,609 to contract for mental health services with Cape Fear Valley Medical Center and the Alliance for Behavioral health. Social Services saw an increase of \$1,374,558 for its Low Income energy assistance Program.
- *Capital Outlay* expenditures increased \$2,325,265 (156.8%). The capital expenditure increase was due to a one-time expenditure for 46 vehicles (\$1,328,904) and a \$806,330 contingency for roof repairs.
- *Debt Service* payments decreased \$597,649 (2.34%) due to the net effect of paying down 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. You can also call 910-678-7753 or visit our website [www.co.cumberland.nc.us](http://www.co.cumberland.nc.us).

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Position  
June 30, 2013

	Governmental Activities	Business Type Activities	Total Primary Government	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau
<b>Assets</b>							
Cash and cash equivalents	\$ 53,737,523	\$ 10,476,430	\$ 64,213,953	\$ 3,391,481	\$ 518,567	\$ 1,303,608	\$ 536,633
Investments	50,712,942	31,975,770	82,688,712	-	-	-	473,809
Taxes receivable, net	4,551,248	132,247	4,683,495	-	-	-	-
Accounts receivable, net	-	-	-	-	216,445	-	-
Sales tax receivable	11,568,756	125,103	11,693,859	-	-	5,625	-
Due from other governments	11,847,449	659,826	12,507,275	-	500	-	194,874
Patient receivables, net	281,056	-	281,056	-	-	-	-
Other receivables, net	6,710,031	257,795	6,967,826	-	-	-	-
Internal balances	448,421	(448,421)	-	-	-	-	-
Due from component units	220,298	-	220,298	-	-	-	-
Inventories	244,949	67,472	312,421	2,167,781	-	-	8,306
Prepaid expenses	-	-	-	6,804	-	-	15,198
Restricted cash and cash equivalents	15,865,901	1,993,530	17,859,431	102,358	99,849	-	-
Restricted investments	36,362	9,690,965	9,727,327	-	-	-	227,113
Restricted accounts receivable	(2,727,249)	-	(2,727,249)	-	-	-	-
Other assets	50,790	-	50,790	-	-	-	-
Security deposits	-	-	-	4,501	-	-	-
Capital assets:							
Nondepreciable	27,741,919	7,272,641	35,014,560	2,070,516	-	-	-
Depreciable, net	189,836,402	57,667,314	247,503,716	2,971,960	20,183,670	-	166,471
Total capital assets	217,578,321	64,939,955	282,518,276	5,042,476	20,183,670	-	166,471
<b>Total assets</b>	<b>371,126,798</b>	<b>119,870,672</b>	<b>490,997,470</b>	<b>10,715,401</b>	<b>21,024,656</b>	<b>1,303,608</b>	<b>1,622,404</b>
<b>Deferred outflows of resources</b>	<b>3,409,355</b>	<b>2,379,101</b>	<b>5,788,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>							
Accounts and vouchers payable	10,341,964	663,994	11,005,958	942,069	77,302	502,686	14,116
Due to other governments	476,507	476,940	953,447	-	-	-	-
Accrued payroll	5,560,360	179,250	5,739,610	-	4,010	-	-
Accrued interest payable	1,270,956	121,709	1,392,665	-	42,306	-	-
Other payables	109,741	4,900	114,641	880,313	28,748	-	39,324
Due to primary government	-	-	-	593,692	-	-	-
Long-term liabilities:							
Due in less than one year	25,037,792	2,783,933	27,821,725	301,622	244,941	-	-
Due in more than one year	235,006,726	48,404,734	283,411,460	1,058,536	12,051,047	-	-
Total long-term liabilities	260,044,518	51,188,667	311,233,185	1,360,158	12,295,988	-	-
<b>Total liabilities</b>	<b>277,804,046</b>	<b>52,635,460</b>	<b>330,439,506</b>	<b>3,776,232</b>	<b>12,448,354</b>	<b>502,686</b>	<b>53,440</b>
<b>Deferred inflows of resources</b>	<b>794,045</b>	<b>-</b>	<b>794,045</b>	<b>84,489</b>	<b>-</b>	<b>-</b>	<b>49,674</b>
<b>Net position</b>							
Net investment in capital assets	152,206,505	32,095,383	184,301,888	3,843,544	7,887,683	-	166,471
Restricted for:							
Stabilization by State statute	30,808,958	-	30,808,958	-	-	-	-
Human services	119,324	-	119,324	-	-	-	-
Register of deeds	820,471	-	820,471	-	-	-	-
Inmates	264,683	-	264,683	-	-	-	-
Cemetery	44,980	-	44,980	-	-	-	-
School capital	7,183,758	-	7,183,758	-	-	-	-
Public safety	1,395,902	-	1,395,902	879,961	-	-	-
Economic and physical development	583,024	-	583,024	-	-	-	-
Cultural and recreation	3,689,809	-	3,689,809	-	-	-	-
Debt service	-	11,525,551	11,525,551	-	63,414	-	-
Capital projects	-	-	-	-	36,435	-	-
Claims	6,439,138	-	6,439,138	-	-	-	-
Unrestricted	(107,618,490)	25,993,379	(81,625,111)	2,131,175	588,770	800,922	1,352,819
<b>Total net position</b>	<b>\$ 95,938,062</b>	<b>\$ 69,614,313</b>	<b>\$ 165,552,375</b>	<b>\$ 6,854,680</b>	<b>\$ 8,576,302</b>	<b>\$ 800,922</b>	<b>\$ 1,519,290</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Activities  
Year Ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position							
	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	\$ 26,044,059	\$ 2,773,636	\$ 1,273,932	\$ 5,397,336	\$ (16,599,155)	\$ -	\$ (16,599,155)	\$ -	\$ -	\$ -	\$ -
Public safety	61,955,844	4,190,473	572,249	467,535	(56,725,587)	-	(56,725,587)	-	-	-	-
Economic and physical development	12,806,612	1,440,607	5,031,215	935,972	(5,398,818)	-	(5,398,818)	-	-	-	-
Human services	110,237,271	8,358,643	59,693,157	-	(42,185,471)	-	(42,185,471)	-	-	-	-
Cultural and recreational	17,031,729	290,288	690,144	-	(16,051,297)	-	(16,051,297)	-	-	-	-
Education	96,686,785	-	-	-	(96,686,785)	-	(96,686,785)	-	-	-	-
Interest on long-term debt	6,746,530	-	-	-	(6,746,530)	-	(6,746,530)	-	-	-	-
Total governmental activities	331,508,830	17,053,647	67,260,697	6,800,843	(240,393,643)	-	(240,393,643)	-	-	-	-
Business-type activities:											
Solid Waste	9,717,623	2,897,533	729,269	-	-	(6,090,821)	(6,090,821)	-	-	-	-
Crown Center	9,134,040	2,392,763	-	-	-	(6,741,277)	(6,741,277)	-	-	-	-
Kelly Hills Water and Sewer District	75,337	6,097	-	-	-	(69,240)	(69,240)	-	-	-	-
NORCRESS Water and Sewer District	517,050	385,599	-	-	-	(131,451)	(131,451)	-	-	-	-
Southpoint Water	3,529	4,700	-	361,239	-	362,410	362,410	-	-	-	-
Total business-type activities	19,447,579	5,686,692	729,269	361,239	-	(12,670,379)	(12,670,379)	-	-	-	-
Total primary government	\$ 350,956,409	\$ 22,740,339	\$ 67,989,966	\$ 7,162,082	(240,393,643)	(12,670,379)	(253,064,022)	-	-	-	-
Component unit:											
ABC Board	\$ 22,457,199	\$ 22,414,381	\$ -	\$ -	-	-	-	(42,818)	-	-	-
Eastover Sanitary District	1,787,213	1,662,107	-	-	-	-	-	-	(125,106)	-	-
Tourism Development Authority	5,169,562	5,213,880	-	-	-	-	-	-	-	44,318	-
Fayetteville Area Convention & Visitors Bureau	2,293,677	2,477,741	-	-	-	-	-	-	-	-	184,064
Total component unit	\$ 31,707,651	\$ 31,768,109	\$ -	\$ -	-	-	-	(42,818)	(125,106)	44,318	184,064
General revenues:											
Property taxes					176,659,705	-	176,659,705	-	-	-	-
Other taxes:											
Sales tax					46,755,716	-	46,755,716	-	-	-	-
Animal registration					372,925	-	372,925	-	-	-	-
Real estate transfer					840,163	-	840,163	-	-	-	-
Beer and wine					348,753	-	348,753	-	-	-	-
Solid waste					-	4,906,314	4,906,314	-	-	-	-
Food and beverage					5,809,026	-	5,809,026	-	-	-	-
Room and occupancy					-	1,274,901	1,274,901	-	-	-	-
Grants and contributions not restricted to specific programs					10,434,412	-	10,434,412	-	61,971	-	-
Unrestricted investment earnings					204,969	123,773	328,742	16	145	-	8,992
Gain on sale of capital assets					21,930	(1,223)	20,707	-	-	-	-
Miscellaneous					5,278,491	80,771	5,359,262	3,704	17,674	-	(856)
Transfers					(5,711,685)	5,711,685	-	-	-	-	-
Payment from primary government to component unit					(425,520)	-	(425,520)	-	425,520	-	-
Total general revenues and transfers					240,588,885	12,096,221	252,685,106	3,720	505,310	-	8,136
Change in net position					195,242	(574,158)	(378,916)	(39,098)	380,204	44,318	192,200
Net position - beginning					97,207,643	70,443,297	167,650,940	6,893,778	8,196,098	756,604	1,327,090
Restatement - Bond issuance costs					(1,464,823)	(254,826)	(1,719,649)	-	-	-	-
Net position - beginning - as restated					95,742,820	70,188,471	165,931,291	6,893,778	8,196,098	756,604	1,327,090
Net position - ending					\$ 95,938,062	\$ 69,614,313	\$ 165,552,375	\$ 6,854,680	\$ 8,576,302	\$ 800,922	\$ 1,519,290

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Balance Sheet  
Governmental Funds  
June 30, 2013**

	<b>General</b>	<b>Health Department Building Fund</b>	<b>Grays Creek Middle School Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 44,686,553	\$ -	\$ 317,648	\$ 8,733,322	\$ 53,737,523
Investments	50,638,390	-	-	74,552	50,712,942
Taxes receivable, net	3,331,139	-	-	439,199	3,770,338
Sales tax receivable	11,319,551	-	-	248,952	11,568,503
Due from other governments	11,215,426	-	-	697,127	11,912,553
Patient receivables	281,056	-	-	-	281,056
Other receivables, net	2,781,708	-	-	157,171	2,938,879
Due from other funds	972,618	-	-	-	972,618
Due from component units	220,298	-	-	-	220,298
Inventories	139,885	-	-	-	139,885
Restricted assets:					
Cash and cash equivalents	343,543	-	345,774	8,737,426	9,426,743
Investments	-	-	-	36,382	36,382
Accounts receivable	-	-	-	3	3
<b>Total assets</b>	<b>\$ 125,930,167</b>	<b>\$ -</b>	<b>\$ 663,422</b>	<b>\$ 19,124,134</b>	<b>\$ 145,717,723</b>
<b>Liabilities:</b>					
Accounts and vouchers payable	4,984,316	\$ -	10,900	\$ 2,504,150	\$ 7,499,366
Due to other governments	422,388	-	-	54,119	476,507
Accrued payroll	5,442,627	-	-	87,661	5,530,288
Other payables	107,105	-	-	2,636	109,741
Due to other funds	-	-	-	524,197	524,197
<b>Total liabilities</b>	<b>10,956,436</b>	<b>-</b>	<b>10,900</b>	<b>3,172,763</b>	<b>14,140,099</b>
<b>Deferred inflows of resources</b>	<b>5,073,080</b>	<b>-</b>	<b>-</b>	<b>439,211</b>	<b>5,512,291</b>
<b>Fund balances:</b>					
Nonspendable:					
Inventories	139,885	-	-	-	139,885
Restricted:					
Stabilization by State Statute	29,317,680	-	-	1,491,278	30,808,958
Register of Deeds	820,471	-	-	-	820,471
Inmates	-	-	-	264,683	264,683
Cemetery	-	-	-	44,980	44,980
School capital	-	-	652,522	1,091,661	1,744,183
County School	5,439,575	-	-	-	5,439,575
Fire protection	-	-	-	227,257	227,257
Public safety	-	-	-	1,168,645	1,168,645
Economic and physical development	-	-	-	583,024	583,024
Human services	-	-	-	119,324	119,324
Cultural and recreational	-	-	-	3,689,809	3,689,809
Committed:					
Property revaluation	494,773	-	-	-	494,773
Public safety	-	-	-	5,298,480	5,298,480
Assigned:					
Subsequent year's expenditures	13,214,992	-	-	2,276,469	15,491,461
Finance office software	7,175,000	-	-	-	7,175,000
Water & sewer industrial expansion	5,845,409	-	-	-	5,845,409
Economic development incentives	1,500,448	-	-	-	1,500,448
Mental health services	10,448,756	-	-	-	10,448,756
Renovations and maintenance	3,472,205	-	-	-	3,472,205
Special purposes	267,719	-	-	-	267,719
Unassigned	31,763,738	-	-	(743,450)	31,020,288
<b>Total fund balances</b>	<b>109,900,651</b>	<b>-</b>	<b>652,522</b>	<b>15,512,160</b>	<b>126,065,333</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 125,930,167</b>	<b>\$ -</b>	<b>\$ 663,422</b>	<b>\$ 19,124,134</b>	<b>\$ 145,717,723</b>

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 Position  
June 30, 2013**

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

Ending fund balance - governmental funds		\$ 126,065,333
Capital assets (excluding internal service fund capital assets of \$155) are not financial resources, and therefore, are not reported in the funds (see note 4).		217,578,166
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Prepaid Pension benefit	\$ 50,790	
		50,790
Deferred inflows of resources for taxes and special assessments receivable		
Unearned Revenue	4,718,246	
Accrued Tax Penalties	778,420	
		5,496,666
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.		4,429,374
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	(259,820,666)	
Accrued interest payable	(1,270,956)	
		(261,091,622)
Deferred outflows of resources for deferred charge on refunding		3,409,355
Net position of governmental activities		\$ 95,938,062

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2013**

	<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>
<b>Revenues</b>					
Ad valorem taxes	\$ 163,865,023	\$ -	\$ -	\$ 12,685,385	\$ 176,550,408
Other taxes	48,317,557	-	-	5,809,026	54,126,583
Unrestricted intergovernmental revenue	11,175,941	-	-	-	11,175,941
Restricted intergovernmental revenue	67,387,322	-	-	7,199,280	74,586,602
Licenses and permits	2,628,527	-	-	-	2,628,527
Sales and services	13,223,285	-	-	214,993	13,438,278
Interest earned on investments	194,481	1,005	875	7,956	204,317
Miscellaneous	4,673,385	(4,534)	-	798,532	5,467,383
Total revenues	<u>311,465,521</u>	<u>(3,529)</u>	<u>875</u>	<u>26,715,172</u>	<u>338,178,039</u>
<b>Expenditures</b>					
Current:					
General government	23,036,995	-	-	-	23,036,995
Public safety	46,630,470	-	-	16,706,078	63,336,548
Economic and physical development	5,440,404	-	-	5,855,246	11,295,650
Human services	99,870,710	300,664	-	1,799,193	101,970,567
Cultural and recreational	10,715,013	-	-	4,235,107	14,950,120
Education	95,790,067	-	338,333	4,257,758	100,386,158
Principal payments	18,325,685	-	-	-	18,325,685
Interest and fees	7,524,594	-	-	-	7,524,594
Debt issuance costs	-	-	-	-	-
Total expenditures	<u>307,333,938</u>	<u>300,664</u>	<u>338,333</u>	<u>32,853,382</u>	<u>340,826,317</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>4,131,583</u>	<u>(304,193)</u>	<u>(337,458)</u>	<u>(6,138,210)</u>	<u>(2,648,278)</u>
<b>Other financing sources (uses)</b>					
Sale of capital assets	205,049	-	-	16,631	221,680
Proceeds from installment notes	3,198,130	-	-	-	3,198,130
Transfers in	484,324	-	-	10,188,607	10,672,931
Transfers out	(9,877,922)	(1,354,317)	-	(6,254,577)	(17,486,816)
Payment to component unit	(425,520)	-	-	-	(425,520)
Appropriated fund balance	-	-	-	-	-
Total other financing sources (uses)	<u>(6,415,939)</u>	<u>(1,354,317)</u>	<u>-</u>	<u>3,950,661</u>	<u>(3,819,595)</u>
<b>Net change in fund balances</b>	<u>(2,284,356)</u>	<u>(1,658,510)</u>	<u>(337,458)</u>	<u>(2,187,549)</u>	<u>(6,467,873)</u>
<b>Fund balance - beginning</b>	<u>112,185,007</u>	<u>1,658,510</u>	<u>989,980</u>	<u>17,699,709</u>	<u>132,533,206</u>
<b>Fund balance - ending</b>	<u>\$ 109,900,651</u>	<u>\$ -</u>	<u>\$ 652,522</u>	<u>\$ 15,512,160</u>	<u>\$ 126,065,333</u>

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, 2013**

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

Net change in fund balances - total governmental funds \$ (6,467,873)

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	\$ 14,436,050	
Depreciation	(7,954,370)	
Other asset activity	<u>(75,351)</u>	6,406,329

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

Change in accrued tax penalties	28,382	
Change in pension costs	(6,454)	
Change in unavailable revenue for taxes	<u>80,915</u>	102,843

The issuance of long-term debt 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 has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	18,325,685	
Proceeds from debt issuance	(3,198,130)	
Changes in premium/deferred	1,107,813	
Accrued interest payable	<u>166,168</u>	16,401,536

Some expenses reported in the statement of activities does not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.

Accrued vacation payable	(106,859)	
Other postemployment benefits	<u>(13,747,500)</u>	(13,854,359)

The net revenue of certain activities of the internal service fund is reported with governmental activities. (1,897,322)

Change in deferred outflows of resources for deferred charge on refunding (495,912)

Change in net position of governmental activities \$ 195,242

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances-  
Budget and Actual  
Year Ended June 30, 2013**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 161,496,278	\$ 161,496,278	\$ 163,865,023	\$ 2,368,745
Other taxes	38,814,227	38,814,227	39,662,457	848,230
Unrestricted intergovernmental revenue	10,007,346	10,007,346	10,400,770	393,424
Restricted intergovernmental revenue	59,110,925	65,154,670	61,989,986	(3,164,684)
Licenses and permits	2,250,763	2,250,763	2,628,527	377,764
Sales and services	13,616,727	15,132,651	13,223,285	(1,909,366)
Interest earned on investments	125,000	125,000	189,151	64,151
Miscellaneous	3,891,401	4,023,991	4,540,023	516,032
Total revenues	<u>289,312,667</u>	<u>297,004,926</u>	<u>296,499,222</u>	<u>(505,704)</u>
<b>Expenditures:</b>				
Current:				
General government	27,504,585	27,320,968	23,036,995	4,283,973
Public safety	46,290,644	47,791,596	46,630,470	1,161,126
Economic and physical development	6,464,485	7,293,233	5,440,404	1,852,829
Human services	99,221,914	108,715,334	99,870,710	8,844,624
Cultural and recreational	10,914,053	11,430,176	10,715,013	715,163
Education	86,603,583	91,149,216	89,947,466	1,201,750
Debt service:				
Principal payments	18,755,873	18,325,685	18,325,685	-
Interest and fees	7,506,843	7,524,594	7,524,594	-
Total expenditures	<u>303,261,980</u>	<u>319,550,802</u>	<u>301,491,337</u>	<u>18,059,465</u>
<b>Revenues over (under) expenditures</b>	<u>(13,949,313)</u>	<u>(22,545,876)</u>	<u>(4,992,115)</u>	<u>(17,553,761)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	79,033	205,049	126,016
Proceeds from installment notes	-	3,198,130	3,198,130	-
Transfers in	8,470,142	8,850,272	8,834,641	(15,631)
Transfers out	(384,555)	(9,928,172)	(9,672,922)	255,250
Payment to component unit	(425,520)	(425,520)	(425,520)	-
Appropriated fund balance	6,289,246	20,772,133	-	(20,772,133)
Total other financing sources (uses)	<u>13,949,313</u>	<u>22,545,876</u>	<u>2,139,378</u>	<u>(20,406,498)</u>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,852,737)</u>	<u>\$ (2,852,737)</u>
<b>Fund Balances:</b>				
<b>Beginning of year, July 1</b>			<u>105,200,253</u>	
<b>End of year, June 30</b>			<u>\$ 102,347,516</u>	
<b>A legally budgeted County School Fund (not included above) is consolidated into the General Fund for Reporting Purposes:</b>				
Other taxes	\$ 7,960,135	\$ 6,110,275	\$ 8,655,100	\$ 2,544,825
Unrestricted intergovernmental revenue	800,000	800,000	775,171	(24,829)
Restricted intergovernmental revenue	3,600,000	5,449,860	5,397,336	(52,524)
Interest earned on investments	-	-	5,330	5,330
Miscellaneous	-	-	133,362	133,362
Education	(4,020,000)	(6,988,110)	(5,842,601)	1,145,509
Transfers out	(8,340,135)	(8,570,641)	(8,555,317)	15,324
Appropriated fund balance	-	3,198,616	-	(3,198,616)
	-	-	568,381	568,381
Fund Balance, Beginning of year	-	-	6,984,754	-
	<u>\$ -</u>	<u>\$ -</u>	<u>7,553,135</u>	<u>\$ 568,381</u>
<b>Fund Balance, End of year</b>			<u>\$ 109,900,651</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Enterprise Funds						Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund	Southpoint Water and Sewer District Fund	Total	
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 4,558,364	\$ 5,586,845	\$ 24,094	\$ 299,185	\$ 7,942	\$ 10,476,430	\$ -
Investments	31,975,770	-	-	-	-	31,975,770	-
Taxes receivable, net	132,247	-	-	-	-	132,247	2,490
Sales tax receivable	85,171	23,342	-	3,698	12,892	125,103	253
Due from other governments	143,347	-	450	64,480	451,549	659,826	-
Other receivables, net	(134,278)	385,278	558	6,237	-	257,795	978,796
Inventories	67,472	-	-	-	-	67,472	105,064
Total current assets	<u>36,828,093</u>	<u>5,995,465</u>	<u>25,102</u>	<u>373,600</u>	<u>472,383</u>	<u>43,694,643</u>	<u>1,086,603</u>
Noncurrent assets							
Restricted:							
Cash and cash equivalents	281,559	1,711,971	-	-	-	1,993,530	6,439,158
Investments	9,532,041	158,924	-	-	-	9,690,965	(20)
Capital assets, net of accumulated depreciation	7,987,536	46,558,326	2,213,652	7,741,373	439,068	64,939,955	155
Total noncurrent assets	<u>17,801,136</u>	<u>48,429,221</u>	<u>2,213,652</u>	<u>7,741,373</u>	<u>439,068</u>	<u>76,624,450</u>	<u>6,439,293</u>
<b>Total assets</b>	<u>54,629,229</u>	<u>54,424,686</u>	<u>2,238,754</u>	<u>8,114,973</u>	<u>911,451</u>	<u>120,319,093</u>	<u>7,525,896</u>
Deferred outflows of resources - deferred loss on refunding	-	2,379,101	-	-	-	2,379,101	-
<b>Liabilities</b>							
Current liabilities							
Accounts and vouchers payable	336,780	197,853	-	29,473	99,888	663,994	201,230
Due to other governments	-	476,940	-	-	-	476,940	-
Accrued payroll	97,613	81,637	-	-	-	179,250	30,072
Accrued interest payable	-	117,742	-	3,967	-	121,709	-
Other payables	4,500	-	-	-	400	4,900	-
Incurred but not reported	-	-	-	-	-	-	2,641,368
Current portion of long-term debt and accrued vacation	166,177	2,599,756	-	18,000	-	2,783,933	25,536
Due to other funds	-	5,500	-	-	442,921	448,421	-
Total current liabilities	<u>605,070</u>	<u>3,479,428</u>	<u>-</u>	<u>51,440</u>	<u>543,209</u>	<u>4,679,147</u>	<u>2,898,206</u>
Noncurrent liabilities							
Post closing liability	11,856,320	-	-	-	-	11,856,320	-
Long-term debt	-	31,749,855	-	1,136,000	-	32,885,855	-
Accrued vacation	6,905	6,368	-	-	-	13,273	1,344
Other postemployment benefits liability	2,253,858	1,395,428	-	-	-	3,649,286	196,972
Total noncurrent liabilities	<u>14,117,083</u>	<u>33,151,651</u>	<u>-</u>	<u>1,136,000</u>	<u>-</u>	<u>48,404,734</u>	<u>198,316</u>
<b>Total liabilities</b>	<u>14,722,153</u>	<u>36,631,079</u>	<u>-</u>	<u>1,187,440</u>	<u>543,209</u>	<u>53,083,881</u>	<u>3,096,522</u>
<b>Net position</b>							
Net investment in capital assets	7,987,536	14,867,754	2,213,652	6,587,373	439,068	32,095,383	155
Restricted net position - debt service	9,813,600	1,711,951	-	-	-	11,525,551	-
Restricted net position - claims	-	-	-	-	-	-	6,439,138
Unrestricted	22,105,940	3,593,003	25,102	340,160	(70,826)	25,993,379	(2,009,919)
<b>Total net position</b>	<u>\$ 39,907,076</u>	<u>\$ 20,172,708</u>	<u>\$ 2,238,754</u>	<u>\$ 6,927,533</u>	<u>\$ 368,242</u>	<u>\$ 69,614,313</u>	<u>\$ 4,429,374</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 Year Ended June 30, 2013

	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	Southpoint Water and Sewer District Fund		
<b>Operating revenues</b>							
Charges for services	\$ 2,886,145	\$ 2,392,763	\$ 6,097	\$ 385,599	\$ 4,700	\$ 5,675,304	\$ -
Contributions	-	-	-	-	-	-	2,117,696
Other operating revenue	11,388	-	-	-	-	11,388	-
Contributions - Group health insurance	-	-	-	-	-	-	16,746,022
Solid waste fees	4,906,314	-	-	-	-	4,906,314	-
Pharmacy services	-	-	-	-	-	-	227,021
Total operating revenues	<u>7,803,847</u>	<u>2,392,763</u>	<u>6,097</u>	<u>385,599</u>	<u>4,700</u>	<u>10,593,006</u>	<u>19,090,739</u>
<b>Operating expenses</b>							
Salaries and employee benefits	3,291,280	2,631,457	-	-	-	5,922,737	2,505,164
Repairs and maintenance	1,089,699	464,192	8,184	75,099	-	1,637,174	-
Utilities	92,900	859,522	-	154,375	-	1,106,797	-
Administrative costs	3,243,382	1,579,050	288	1,353	3,529	4,827,602	504,041
Depreciation	1,156,314	2,007,711	66,865	237,940	-	3,468,830	954
Landfill closure and postclosure care costs	844,048	-	-	-	-	844,048	-
Group health insurance	-	-	-	-	-	-	17,626,141
Employee pharmacy	-	-	-	-	-	-	1,054,082
Employee clinic	-	-	-	-	-	-	252,914
Employee wellness program	-	-	-	-	-	-	153,208
Total operating expenses	<u>9,717,623</u>	<u>7,541,932</u>	<u>75,337</u>	<u>468,767</u>	<u>3,529</u>	<u>17,807,188</u>	<u>22,096,504</u>
<b>Operating income (loss)</b>	<u>(1,913,776)</u>	<u>(5,149,169)</u>	<u>(69,240)</u>	<u>(83,168)</u>	<u>1,171</u>	<u>(7,214,182)</u>	<u>(3,005,765)</u>
<b>Nonoperating revenue (expense)</b>							
Interest earned on investments	78,404	45,369	-	-	-	123,773	4,868
Motel occupancy tax	-	1,274,901	-	-	-	1,274,901	-
Gain (loss) on disposal of capital assets	-	(1,223)	-	-	-	(1,223)	-
Miscellaneous	80,436	335	-	-	-	80,771	1,375
Grant revenue	729,269	-	-	-	361,239	1,090,508	-
Interest expense	-	(1,592,108)	-	(48,283)	-	(1,640,391)	-
Total nonoperating revenue (expense)	<u>888,109</u>	<u>(272,726)</u>	<u>-</u>	<u>(48,283)</u>	<u>361,239</u>	<u>928,339</u>	<u>6,243</u>
<b>Income (loss) before transfers and contributions</b>	<u>(1,025,667)</u>	<u>(5,421,895)</u>	<u>(69,240)</u>	<u>(131,451)</u>	<u>362,410</u>	<u>(6,285,843)</u>	<u>(2,999,522)</u>
Transfers in	-	5,761,046	-	-	5,832	5,766,878	1,102,200
Transfers out	-	(55,193)	-	-	-	(55,193)	-
<b>Change in net position</b>	<u>(1,025,667)</u>	<u>283,958</u>	<u>(69,240)</u>	<u>(131,451)</u>	<u>368,242</u>	<u>(574,158)</u>	<u>(1,897,322)</u>
<b>Total net position - beginning</b>	40,932,743	20,143,576	2,307,994	7,058,984	-	70,443,297	6,326,696
<b>Restatement - bond issue costs</b>	-	(254,826)	-	-	-	(254,826)	-
<b>Total net position - beginning, as restated</b>	<u>40,932,743</u>	<u>19,888,750</u>	<u>2,307,994</u>	<u>7,058,984</u>	<u>-</u>	<u>70,188,471</u>	<u>6,326,696</u>
<b>Total net position - ending</b>	<u>\$ 39,907,076</u>	<u>\$ 20,172,708</u>	<u>\$ 2,238,754</u>	<u>\$ 6,927,533</u>	<u>\$ 368,242</u>	<u>\$ 69,614,313</u>	<u>\$ 4,429,374</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2013

	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	Southpoint Water and Sewer District Fund		
<b>Operating activities</b>							
Cash received from customers	\$ 7,794,204	\$ 2,179,875	\$ 6,097	\$ 385,599	\$ 4,650	\$ 10,370,425	\$ -
Other operating revenue	(34,841)	-	-	-	-	(34,841)	-
Cash received from contributions	-	-	-	-	-	-	17,969,233
Cash paid to employees	(2,884,122)	(2,392,515)	-	-	-	(5,276,637)	(456,929)
Cash paid for goods and services	(4,552,587)	(2,564,226)	(9,028)	(233,766)	65,488	(7,294,119)	(389,233)
Cash received for goods and services	-	-	-	-	-	-	126,774
Cash paid for claims	-	-	-	-	-	-	(19,776,631)
<b>Net cash provided by (used in) operating activities</b>	<b>322,654</b>	<b>(2,776,866)</b>	<b>(2,931)</b>	<b>151,833</b>	<b>70,138</b>	<b>(2,235,172)</b>	<b>(2,526,786)</b>
<b>Noncapital financing activities</b>							
Transfers in	-	5,761,046	-	-	5,832	5,766,878	1,102,200
Transfers out	-	(55,193)	-	-	-	(55,193)	-
Operating grants	729,269	-	-	-	-	729,269	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>729,269</b>	<b>5,705,853</b>	<b>-</b>	<b>-</b>	<b>5,832</b>	<b>6,440,954</b>	<b>1,102,200</b>
<b>Capital and related financing activities</b>							
Acquisition and construction of capital assets	(99,496)	(73,983)	-	-	(429,267)	(602,746)	-
Other financing transactions	80,436	335	-	-	361,239	442,010	-
Proceeds from sales of capital assets	-	(1,223)	-	-	-	(1,223)	-
Principal paid on long-term debt	-	(2,319,082)	-	(18,000)	-	(2,337,082)	-
Interest paid on bonds	-	(1,387,241)	-	(48,345)	-	(1,435,586)	-
Motel occupancy tax	-	1,274,901	-	-	-	1,274,901	-
Miscellaneous	-	-	-	-	-	-	1,375
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(19,060)</b>	<b>(2,506,293)</b>	<b>-</b>	<b>(66,345)</b>	<b>(68,028)</b>	<b>(2,659,726)</b>	<b>1,375</b>
<b>Investing activities</b>							
Proceeds from sale of investments	-	-	-	-	-	-	499,813
Purchase of investments	(2,141,152)	(231)	-	-	-	(2,141,383)	-
Investment earnings	78,404	45,369	-	-	-	123,773	4,868
<b>Net cash provided (used) in investing activities</b>	<b>(2,062,748)</b>	<b>45,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,017,610)</b>	<b>504,681</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,029,885)</b>	<b>467,832</b>	<b>(2,931)</b>	<b>85,488</b>	<b>7,942</b>	<b>(471,554)</b>	<b>(918,530)</b>
<b>Cash and cash equivalents</b>							
<b>Beginning of year</b>	<b>5,869,808</b>	<b>6,830,984</b>	<b>27,025</b>	<b>213,697</b>	<b>-</b>	<b>12,941,514</b>	<b>7,357,688</b>
<b>End of year</b>	<b>\$ 4,839,923</b>	<b>\$ 7,298,816</b>	<b>\$ 24,094</b>	<b>\$ 299,185</b>	<b>\$ 7,942</b>	<b>\$ 12,469,960</b>	<b>\$ 6,439,158</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>							
Operating income (loss)	\$ (1,913,776)	\$ (5,149,169)	\$ (69,240)	\$ (83,168)	\$ 1,171	\$ (7,214,182)	\$ (3,005,765)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	1,156,314	2,007,711	66,865	237,940	-	3,468,830	954
Landfill closure and post closure care costs	844,048	-	-	-	-	844,048	-
Change in assets and liabilities							
(Increase) decrease in accounts receivable	1,745	10,756	-	-	(12,892)	(391)	(1,594)
(Increase) decrease in other receivables	(46,229)	103,511	(556)	3,104	(451,549)	(391,719)	(947,648)
(Increase) decrease in inventories	26,086	-	-	(14,548)	-	11,538	(105,064)
(Increase) decrease in internal balances	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	260,510	250,349	-	8,505	433,120	952,484	1,490,236
Increase (decrease) in due to other funds	-	-	-	-	-	-	-
Increase (decrease) in accrued landfill	(6,388)	-	-	-	-	(6,388)	-
Increase (decrease) in compensated absences payable	18	(24)	-	-	100,288	100,282	4,481
Increase (decrease) in OPEB	-	-	-	-	-	-	36,443
Increase (decrease) in contract retainage	326	-	-	-	-	326	1,171
Total adjustments	2,236,430	2,372,303	66,309	235,001	68,967	4,979,010	478,979
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 322,654</b>	<b>\$ (2,776,866)</b>	<b>\$ (2,931)</b>	<b>\$ 151,833</b>	<b>\$ 70,138</b>	<b>\$ (2,235,172)</b>	<b>\$ (2,526,786)</b>
<b>Cash and cash equivalents</b>							
Unrestricted	\$ 4,558,364	\$ 5,586,845	\$ 24,094	\$ 299,185	\$ 7,942	\$ 10,476,430	\$ -
Restricted	281,559	1,711,971	-	-	-	1,993,530	6,439,158
Total	<b>\$ 4,839,923</b>	<b>\$ 7,298,816</b>	<b>\$ 24,094</b>	<b>\$ 299,185</b>	<b>\$ 7,942</b>	<b>\$ 12,469,960</b>	<b>\$ 6,439,158</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013**

	<b>Pension Trust Fund</b>	
	<b>Special Separation Allowance Fund</b>	<b>Agency Funds</b>
<b>Assets</b>		
Taxes receivable	\$ -	\$ 5,057,582
Due from other governments	-	26,061
Restricted cash and cash equivalents	356,919	648,340
Restricted investments - U.S. Government Agencies	1,429,287	-
Total assets	<u>1,786,206</u>	<u>\$ 5,731,983</u>
<b>Liabilities</b>		
Accounts and vouchers payable	-	\$ 5,708,487
Due to other governments	-	23,496
Accrued payroll	12,225	-
Total liabilities	<u>12,225</u>	<u>\$ 5,731,983</u>
<b>Net position</b>		
Net position held in trust for pension benefits	<u>\$ 1,773,981</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2013

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	<u>Pension Trust Fund</u> <u>Special Separation Allowance Fund</u>
<b>Additions</b>	
Employer contributions	\$ 452,376
Interest earned on investments	946
Total additions	<u>453,322</u>
<b>Deductions</b>	
Benefits	<u>314,140</u>
Total deductions	<u>314,140</u>
<b>Change in net position</b>	139,182
<b>Total net position - beginning</b>	<u>1,634,799</u>
<b>Total net position - ending</b>	<u>\$ 1,773,981</u>

## NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

**A - Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion and blending of component units and adds clarification for "misleading to exclude" criterion. Under this standard, entities included as component units due to meeting fiscal dependency criteria must also provide a financial benefit or burden to continue such reporting. Entities blended due to meeting substantially the same governing body criteria will also be required to either provide a financial benefit or burden or be subject to operational responsibility by management of the primary government. The standard also redefines major discretely presented component units and provides certain clarifications as to when it is misleading to exclude an entity as a component unit.

There are 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, Kelly Hills Water and Sewer Authority, and Southpoint 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, 2013**

**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 serve as the governing board for the Authority. The County also provides financial benefits to the Authority and maintains operational responsibility.	None issued.
Kelly Hills Water and Sewer Authority	Blended	Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the Authority. The County also provides financial benefits to the Authority and maintains operational responsibility.	None issued.
Southpoint Water and Sewer Authority	Blended	Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the Authority. The County also provides financial benefits to the Authority and maintains operational responsibility.	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 Alcohol and Beverage Control 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, 2013

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

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

**Basis of Presentation**

*Government-wide Statements:* The statement of net position 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, 2013

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

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

**Basis of Presentation (continued)**

The County reports the following 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 and the 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 and the Overhills Sewer Project Fund.

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

The County reports the following major enterprise funds:

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

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

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

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

*Southpoint 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, 2013

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

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

**Basis of Presentation (continued)**

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the City Tax Fund, which accounts for registered motor vehicle and property taxes that are billed and collected by the County for various municipalities and special districts within the County; the Payee Account Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Inmate Payee Fund, which accounts for funds held by the County on behalf of inmates of the County jail; the Intergovernmental Custodial Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Cumberland County Board of Education; Stormwater Utility Fund, which accounts for monies collected in connection with the joint storm water utility agreement with the City of Fayetteville; and the Vehicle Interest Fund, which accounts for a 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, 2013

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

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

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

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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources..

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 position 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.

**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. 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.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

**C - Budgetary Data (continued)**

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, Deferred Inflows and Outflows, 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).

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

**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, 2012.

**5. Allowance for Doubtful Accounts**

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

**6. Inventories and Prepaid Items**

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

The cost of the inventory carried in the County's enterprise funds and that of the ABC Board and the Bureau is recorded as an expense as it is consumed or sold.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

**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 Eastover Sanitary District, water lines are depreciated over a 40-year life.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

**D - Assets, Liabilities, Deferred Inflows and Outflows 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. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion - a charge on refunding that had previously been classified as an asset. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only three items that meet the criterion for this category - prepaid taxes, special assessments receivable, and other governmental receivables.

**9. 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 position.

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.

**10. 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

**10. Compensated Absences (continued)**

accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

**11. Net Position/Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, restricted; and unrestricted. Restricted net position 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.

**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 inflows 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

**11. Net Position/Fund Balances (continued)**

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.

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 a specific purpose requires a resolution approved by majority vote of Cumberland County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes also requires a resolution approved by majority vote of 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.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

**11. Net Position/Fund Balances (continued)**

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

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

**Unassigned**

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

**Spending and Fund Balance Policies**

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	\$109,900,651
Less:	
Inventories	139,885
Restricted	6,260,046
Stabilization by State Statute	29,317,680
Committed	494,773
Assigned	28,709,537
Appropriated fund balance in FY2014 budget	13,214,992
10% fund balance policy	<u>31,763,738</u>
Remaining fund balance	<u>\$ -</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

**11. Net Position/Fund Balances (continued)**

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

<b>Fund Type</b>	<b>Encumbrances</b>
General Fund	\$ 3,474,919
Other Governmental funds	448,212
Enterprise funds	<u>1,486,309</u>
Total	<u>\$ 5,409,440</u>

**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. 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 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.

**GASB Statement No. 67, Financial Reporting for Pension Plans.** An amendment of GASB Statement No. 25, effective for periods beginning after June 15, 2013, replaces the requirements of Statement No. 25 and 50, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The standard provides for financial statements to be presented in accordance with Statement No. 63, which separates the deferred inflows and outflows and arrives at a net position, and requires disclosure of the pension plan's fiduciary net position, net pension liability, the pension plan's fiduciary net position as a percentage of total pension liability, and related assumptions used to calculate the pension liability. The standard also provides for presentation of required supplementary information for each of the 10 most recent fiscal years, including the sources of changes in the net pension liability and information about the components of the liability and related ratios.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

**E – Upcoming Pronouncements (continued)**

**GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.** An amendment of GASB Statement No. 27, effective for periods beginning after June 15, 2014, replaces the requirements of Statement No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The standard requires government employers to recognize as a liability, for the first time, their long-term obligation for pension benefits. The employer liability is to be measured as the difference between the present value of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position, with obligations for employers with cost sharing plans based on their proportionate share of contributions to the pension plan. The standard also requires more immediate recognition of annual service cost, interest and changes in benefits for pension expense, specifies requirements for discount rates and actuarial methods and changes disclosure requirements

**GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.** Establishes accounting and financial reporting standards for government combinations and disposals of government operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement is effective for government combinations and disposals of government operations occurring in the financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

**GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.** Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively.

**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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

**A – Deposits (continued)**

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, 2013, the County's deposits had a carrying amount of \$76,146,942 and a bank balance of \$77,501,834. Of the bank balance, \$1,846,446 was covered by federal depository insurance and \$75,655,388 was covered by collateral under the Pooling Method. Included in the County's deposits is cash of \$618,326 and \$1,303,608 for the District and the TDA, respectively. The County had \$15,333 in the petty cash and change funds. The District had \$90 of petty cash and the TDA had \$0 of petty cash.

At June 30, 2013, the ABC Board's deposits had a carrying amount of \$3,469,839 and a bank balance of \$3,604,208. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,354,208 was covered by collateral under the Pooling Method. The ABC Board had petty cash of \$24,000.

At June 30, 2013, the Bureau's deposits had a carrying amount of \$536,633 and a bank balance of \$658,253. Of the bank balance, \$250,000 was covered by federal depository insurance. Total investments at June 30, 2013 include a 22-month Certificate of Deposit for \$129,649 maturing on January 29, 2014, plus interest; a 22-month Certificate of Deposit for \$113,458 maturing February 24, 2014, plus interest; a 26-month Certificate of Deposit for \$230,702 maturing November 21, 2013, plus interest; and a 60-month Certificate of Deposit for \$227,113 maturing on July 21, 2017, plus interest.

**B – Investments - County**

As of June 30, 2013 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	\$ 7,586,514	\$ -	\$ 7,586,514	\$ -
US Government Agencies	33,973,176	-	21,988,807	11,984,369
Commercial Paper	14,995,641	14,995,641	-	-
NC Capital Management Trust -- Cash Portfolio	36,729,015	N/A	N/A	N/A
NC Capital Management Trust -- Term Portfolio	9,399,282	N/A	N/A	N/A
Total	<u>\$ 102,683,628</u>	<u>\$ 14,995,641</u>	<u>\$ 29,575,321</u>	<u>\$ 11,984,369</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, 2013, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

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

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, 2013. 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 \$4 million 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 19%, 25%, 12%, and 0% of total investments, respectively. The County has approximately 4% invested in U.S. Treasury Bills.

**C – Reconciliation to Cash and Investments**

Total per Footnote:

	<u>County</u>	<u>ABC Board</u>	<u>District</u>	<u>TDA</u>	<u>Bureau</u>
Total investments	\$ 102,683,628	\$ -	\$ -	\$ -	\$ 700,922
Cash (demand deposits)	74,225,008	3,469,839	618,326	1,303,608	536,633
Petty cash	15,333	24,000	90	-	-
Total cash and investments	<u>176,923,969</u>	<u>3,493,839</u>	<u>618,416</u>	<u>1,303,608</u>	<u>1,237,555</u>
Less: investments	<u>(93,845,326)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(700,922)</u>
Total cash and equivalents	<u>\$ 83,078,643</u>	<u>\$ 3,493,839</u>	<u>\$ 618,416</u>	<u>\$ 1,303,608</u>	<u>\$ 536,633</u>

Total per Statement of Net Position:

Cash and cash equivalent - unrestricted	\$ 64,213,953	\$ 3,391,481	\$ 518,567	\$ 1,303,608	\$ 536,633
Cash and cash equivalent - restricted	17,859,431	102,358	99,849	-	-
Cash and cash equivalent - pension trust fund	356,919	-	-	-	-
Cash and cash equivalent - agency funds	648,340	-	-	-	-
Total cash and equivalents	<u>\$ 83,078,643</u>	<u>\$ 3,493,839</u>	<u>\$ 618,416</u>	<u>\$ 1,303,608</u>	<u>\$ 536,633</u>
Investments - unrestricted	\$ 82,688,712	\$ -	\$ -	\$ -	\$ 473,809
Investments - restricted	9,727,327	-	-	-	227,113
Investments - restricted - pension trust fund	1,429,287	-	-	-	-
Total investments	<u>\$ 93,845,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,922</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

**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, 2013 is as follows:

Taxes receivable - General Fund	\$ 3,331,139
Sales taxes receivable - General Fund	11,319,551
Patient receivable - General Fund	<u>281,056</u>
Total receivables	<u><u>\$ 14,931,746</u></u>

**Note 4 - Capital Assets**

	<u>Beginning Balances</u>	<u>Increases &amp; Adjustments</u>	<u>Decreases &amp; Adjustments</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,587,070	\$ -	\$ -	\$ 18,587,070
Construction in progress	28,598,386	8,188,537	27,632,074	9,154,849
Total capital assets not being depreciated	<u>47,185,456</u>	<u>8,188,537</u>	<u>27,632,074</u>	<u>27,741,919</u>
Capital assets being depreciated:				
Buildings and improvements	232,447,353	32,970,510	8,578	265,409,285
Equipment, furniture and fixtures	18,678,951	600,095	1,576,793	17,702,253
Vehicles	10,534,325	308,982	997,805	9,845,502
Total capital assets being depreciated	<u>261,660,629</u>	<u>33,879,587</u>	<u>2,583,176</u>	<u>292,957,040</u>
Less accumulated depreciation for:				
Buildings and improvements	74,219,680	6,234,116	235	80,453,561
Equipment, furniture and fixtures	14,920,780	974,031	1,563,046	14,331,765
Vehicles	8,522,878	746,223	933,789	8,335,312
Total accumulated depreciation	<u>97,663,338</u>	<u>\$ 7,954,370</u>	<u>\$ 2,497,070</u>	<u>103,120,638</u>
Total capital assets being depreciated, net	<u>163,997,291</u>			<u>189,836,402</u>
Governmental activity capital assets, net	<u>\$ 211,182,747</u>			<u>\$ 217,578,321</u>

Total governmental activities capital assets include internal service fund capital assets with a book value of \$155.

**Primary Government**

Capital asset activity for the governmental activities for the year ended June 30, 2013 was as follows:

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

General government	\$ 2,219,834
Public safety	2,404,994
Human services	1,710,384
Economic and physical development	552,784
Cultural and recreational	1,065,420
Internal Service	954
Total depreciation expense	<u><u>\$ 7,954,370</u></u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

**Primary Government (continued)**

<b>Business-type activities:</b>	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
<b><i>Cumberland County Solid Waste</i></b>				
Capital assets not being depreciated:				
Land	\$ 3,320,411	\$ 10,000	\$ -	\$ 3,330,411
Capital assets being depreciated:				
Landfill	11,332,316	-	-	11,332,316
Buildings and building improvements	6,863,455	47,505	(1,300)	6,909,660
Furniture, fixtures and equipment	8,438,389	33,712	(54,754)	8,417,347
Vehicles	2,553,515	8,279	-	2,561,794
Total capital assets being depreciated	<u>29,187,675</u>	<u>89,496</u>	<u>(56,054)</u>	<u>29,221,117</u>
Less accumulated depreciation for:				
Landfill	10,298,941	516,687	-	10,815,628
Building and building improvements	4,659,926	95,564	(1,300)	4,754,190
Furniture, fixtures and equipment	6,261,292	402,308	(54,754)	6,608,846
Vehicles	2,243,573	141,755	-	2,385,328
Total accumulated depreciation	<u>23,463,732</u>	<u>\$ 1,156,314</u>	<u>\$ (56,054)</u>	<u>24,563,992</u>
Total capital assets being depreciated, net	<u>5,723,943</u>			<u>4,657,125</u>
Cumberland County Solid Waste capital assets, net	<u>\$ 9,044,354</u>			<u>\$ 7,987,536</u>
<b><i>Cumberland County Crown Center</i></b>				
Capital assets not being depreciated:				
Land	\$ 3,503,162	\$ -	\$ -	\$ 3,503,162
Capital assets being depreciated:				
Buildings and building improvements	72,576,785	-	-	72,576,785
Furniture, fixtures and equipment	4,129,306	77,446	(168,101)	4,038,651
Vehicles	40,263	-	(13,644)	26,619
Total capital assets being depreciated	<u>76,746,354</u>	<u>77,446</u>	<u>(181,745)</u>	<u>76,642,055</u>
Less accumulated depreciation for:				
Building and building improvements	28,702,561	1,802,638	-	30,505,199
Furniture, fixtures and equipment	3,014,638	205,074	(164,639)	3,055,073
Vehicles	40,263	-	(13,644)	26,619
Total accumulated depreciation	<u>31,757,462</u>	<u>\$ 2,007,712</u>	<u>\$ (178,283)</u>	<u>33,586,891</u>
Total capital assets being depreciated, net	<u>44,988,892</u>			<u>43,055,164</u>
Cumberland County Crown Center capital assets, net	<u>\$ 48,492,054</u>			<u>\$ 46,558,326</u>
<b><i>Kelly Hills Water and Sewer District</i></b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Plant and distribution system	2,676,498	-	-	2,676,498
Total capital assets being depreciated	<u>2,676,498</u>	<u>-</u>	<u>-</u>	<u>2,676,498</u>
Less accumulated depreciation for:				
Plant and distribution system	395,981	66,865	-	462,846
Total accumulated depreciation	<u>395,981</u>	<u>\$ 66,865</u>	<u>\$ -</u>	<u>462,846</u>
Total capital assets being depreciated, net	<u>2,280,517</u>			<u>2,213,652</u>
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 2,280,517</u>			<u>\$ 2,213,652</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

**Primary Government (continued)**

<b>Business-type activities:</b>	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
<b>Norcross Water and Sewer District</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Plant and distribution system	9,523,623	-	-	9,523,623
Total capital assets being depreciated	9,523,623	-	-	9,523,623
Less accumulated depreciation for:				
Plant and distribution system	1,544,310	237,940	-	1,782,250
Total accumulated depreciation	1,544,310	\$ 237,940	\$ -	1,782,250
Total capital assets being depreciated, net	7,979,313			7,741,373
Norcross Water and Sewer District capital assets, net	<u>\$ 7,979,313</u>			<u>\$ 7,741,373</u>
<b>Southpoint Water and Sewer District</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 439,068	\$ -	\$ 439,068
Total capital assets not being depreciated	-	\$ 439,068	\$ -	439,068
Southpoint Water and Sewer District capital assets, net	<u>\$ -</u>			<u>\$ 439,068</u>
<b>Total Business-type activities capital assets, net</b>	<u>\$ 67,796,238</u>			<u>\$ 64,939,955</u>

The County has construction contracts in progress in the approximate amount of \$15,595,527 for various renovation and construction projects. At June 30, 2013, the remaining commitment on these contracts is approximately \$6,865,541. Eastover Sanitary District has no outstanding construction contracts at June 30, 2013.

**Discretely Presented Component Units**

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

<b>ABC Board</b>	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,070,516	\$ -	\$ -	\$ 2,070,516
Capital assets being depreciated:				
Buildings and building improvements	3,703,458	-	-	3,703,458
Leasehold improvements	987,874	-	-	987,874
Furniture and equipment	987,229	15,001	-	1,002,230
Vehicles	324,320	35,185	-	359,505
Total capital assets being depreciated	6,002,881	50,186	-	6,053,067
Less accumulated depreciation	(2,739,471)	(341,636)	-	(3,081,107)
Total capital assets being depreciated, net	3,263,410	\$ (291,450)	\$ -	2,971,960
ABC capital assets, net	<u>\$ 5,333,926</u>			<u>\$ 5,042,476</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

**Discretely Presented Component Units (continued)**

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

<b><i>Eastover Sanitary District</i></b>	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets not being depreciated:				
Construction in progress	\$ 7,876,583	\$ -	\$ (7,876,583)	\$ -
Capital assets being depreciated:				
Water lines	11,474,676	11,285,913	-	22,760,589
Total capital assets being depreciated	11,474,676	11,285,913	-	22,760,589
Less accumulated depreciation	(2,078,524)	(498,395)	-	(2,576,919)
Total capital assets being depreciated, net	9,396,152	\$10,787,518	\$ -	20,183,670
Eastover Sanitary District capital assets, net	<u>\$ 17,272,735</u>			<u>\$ 20,183,670</u>

The following is a summary of proprietary fund-type capital assets for the Fayetteville Area Visitors and Convention Bureau at June 30:

<b><i>Fayetteville Area Visitors and Convention Bureau</i></b>	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets being depreciated:				
Furniture and fixtures	\$ 23,859	\$ -	\$ -	\$ 23,859
Equipment	227,513	4,250	(5,708)	226,055
Software	74,875	-	1,379	76,254
Capital improvements	139,156	-	-	139,156
Total capital assets being depreciated	465,403	4,250	(4,329)	465,324
Less accumulated depreciation	(271,630)	(30,695)	3,472	(298,853)
Total capital assets being depreciated, net	193,773	\$ (26,445)	\$ (857)	166,471
FAVCB capital assets, net	<u>\$ 193,773</u>			<u>\$ 166,471</u>

**Note 5 - Pension Plan Obligations**

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

**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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

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, 2012 the Separation Allowance's membership consisted of:

Retirees receiving benefits	23
Active plan members	<u>302</u>
Total	<u>325</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 \$452,376. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the fiscal year ended June 30, 2013 was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions did not include post retirement benefit increases. The actuarial value of assets was market value. 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, 2011 was 19 years.

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

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

**Contributions (continued)**

Annual required contribution	\$ 458,130
Interest on net pension obligation	(2,862)
Adjustment to annual required contribution	3,562
Annual pension cost	<u>458,830</u>
Contributions made	<u>(452,376)</u>
Increase (decrease) in net pension obligation	6,454
Net pension obligation beginning of year	<u>(57,244)</u>
Prepaid pension benefit end of year	<u>\$ (50,790)</u>

**Three Year Trend Information**

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Prepaid)</u>
2011	\$ 452,376	99.97%	\$ (39,577)
2012	434,569	104.07%	(57,244)
2013	458,830	98.59%	(50,790)

**Funded Status and Funding Progress**

As of December 31, 2012, the most recent actuarial valuation date, the plan was 38.64% funded. The actuarial accrued liability for benefits (AAL) was \$5,037,575 and the actuarial value of the assets was \$1,946,283 resulting in an unfunded actuarial accrued liability (UAAL) of \$3,091,292. The covered payroll (annual payroll of active employees covered by the plan) was \$14,435,512 and the ratio of the UAAL to the covered payroll was 21.41%.

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

**ABC Board**

In regard to the Law Enforcement Officers Special Separation Allowance System (LEO), 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, 2013, membership of the Board's Separation Allowance consisted of 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 \$4,390 and \$17,568 for the years ending June 30, 2013 and 2012, respectively. No contributions were made to the plan by employees. The ABC Board's Actuarial Valuation for the LEO Retirement plan is reported in the ABC Board's Annual Independent Audit. This report may be obtained by writing the Cumberland County ABC Board; 1705 Owen Drive, Fayetteville, NC 28303; or calling (910) 484-8167.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

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

**Plan Description**

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

**Funding Policy**

Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement, for law enforcement officers, and Crown Center employees is 6.74%, 6.77%, and 6.74%, 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 6.74% and 6.77% 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, 2013, 2012 and 2011 were \$6,023,224, \$6,055,109 and \$5,730,413 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$147,554, \$200,913 and \$189,087 respectively. The contributions made by the County and the ABC Board equaled the required contributions for the year.

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

**Plan Description**

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

**Funding Policy**

Article 12E of G. S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$1,061,422 which consisted of \$736,214 from the County and \$325,208 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. The Board also contributes five percent of each employee's salary for employees not engaged in law enforcement. All amounts contributed are vested immediately. Also, employees participating may make voluntary contributions to the plan.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

**Funding Policy (continued)**

For the year ended June 30, 2013, contributions for law enforcement officers were \$18,882 which consisted of \$13,596 from the ABC Board and \$5,286 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2013 were \$128,235 which consisted of \$93,885 from the ABC Board and \$34,350 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, 2013, the County's required and actual contributions were \$32,823.

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

*Plan Description* - 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 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>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

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

Currently, active County employees pay a monthly premium for the HCB Plan. The premium is adjusted based on whether or not the employee submitted to the County's health risk assessment. Premiums for dependants are based on the number of dependants and whether or not the dependant has submitted to the County's risk assessment. Retirees not eligible for Medicare are enrolled in the same plan as active County employees. The retiree may also purchase coverage for their dependents at the County's existing group rates until the dependent attains age 65 at which time the coverage ceases. Retirees eligible for Medicare who have Medicare Part A & B are enrolled in a Medicare carve-out plan with Medicare being the primary provider. The retiree pays the premium for Part A & B and the County pays all remaining costs. The Board of Commissioners has established the contribution requirements of plan and may amend the plan. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 21.05% of annual covered payroll. For the current year the County contributed \$4,610,071 or 5.19% 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	\$ 18,702,008
Interest on net OPEB obligation	2,733,412
Adjustment to annual required contribution	<u>(2,358,227)</u>
Annual OPEB cost	19,077,193
Employer contributions made	<u>(4,610,071)</u>
Increase (decrease) in net OPEB obligation	14,467,122
Net OPEB obligation beginning of year	68,335,300
Net OPEB obligation end of year	<u><u>\$ 82,802,422</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2013 were as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2011	\$ 18,074,105	19.30%	\$ 53,626,691
2012	18,823,932	21.86%	68,335,300
2013	19,077,193	24.17%	82,802,422

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

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

**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.

**ABC Board**

*Plan Description* - Under the terms of an ABC Board Resolution the ABC Board administers a single-employer defined benefit, Healthcare Benefits Plan (HCB). The plan provides postemployment healthcare benefits to retirees of the ABC Board, provided they participate in the LGERS and have at least thirty years of creditable service with the ABC Board. The ABC Board pays the full cost of coverage for these benefits through private insurers. The ABC Board's retirees cannot purchase spouse or dependent coverage. The ABC Board's Actuarial Valuation for OPEB benefits is reported in the ABC Board's Annual Independent Audit. This report may be obtained by writing the Cumberland County ABC Board; 1705 Owen Drive, Fayetteville, NC 28303; or calling (910) 484-8167.

**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 (LGERS), 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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

**F - Other Employment Benefits (continued)**

membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to employees' death, but the benefit may not be less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2013, the County was not required to make contributions to the State for the LGERS Death Benefit Plan due to a surplus in the Plan. This suspension of contributions is temporary.

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 \$1,000 in benefits for the year ended June 30, 2013. No benefits were paid for the years ended June 30, 2012. There are currently 16 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 \$11,891,320 reported as landfill closure and postclosure care liability at June 30, 2013 consists of a closed landfill with estimated costs of \$1,436,748, a Construction & Demolition (C&D) landfill with estimated costs of \$2,495,734 and the subtitle D landfill with estimated costs of \$7,958,837. 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 39.14% and 55.13%, respectively of the total estimated capacity. The County will recognize the remaining estimated post-closure costs of \$248,236 for the old unlined landfill and the cost of closure and post-closure care of \$3,880,318 and \$6,476,693 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 2013. The life expectancy of the C & D landfill is estimated at 15.08 years and the subtitle D landfill at 13.42 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, 2013

**Note 7 – Deferred Outflows and Inflows of Resources**

**Primary Government**

At June 30, 2013, the various components of the primary government's deferred inflows of resources are as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Unavailable revenue:</b>			
Taxes receivable net of allowance	\$ 3,331,139	\$ 439,199	\$ 3,770,338
Other receivables	947,896	12	947,908
	<u>4,279,035</u>	<u>439,211</u>	<u>4,718,246</u>
<b>Unearned revenue:</b>			
Prepaid taxes not yet earned	794,045	-	794,045
	<u>794,045</u>	<u>-</u>	<u>794,045</u>
<b>Total deferred inflows</b>	<u>\$ 5,073,080</u>	<u>\$ 439,211</u>	<u>\$ 5,512,291</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

The government wide financial statements include deferred outflows of resources related to deferred amounts on defeasance of debt of \$3,409,355 in governmental activities and \$2,379,101 in business-type activities.

**ABC Board**

During the year ended June 30, 2013, the ABC Board received a cash payment related to condemnation proceedings for the Spring Lake store. The board is holding funds in a reserve account until such proceedings have concluded. Deferred inflows of resources and restricted cash of \$84,489 were recorded at June 30, 2013 related to this matter.

**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 \$550,000 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, 2013 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.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

Changes in the balances of claim liabilities for the County during the years ended June 30, 2013 and 2012 were as follows:

	<b>Beginning-of- Fiscal-Year Liability</b>	<b>Current-Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year-End</b>
2012-13	\$ 1,284,782	\$ 18,382,362	\$ (17,025,776)	\$ 2,641,368
2011-12	1,136,547	16,834,343	(16,686,108)	1,284,782

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, 2013**

**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, 2013:

<b>Name of Debt Issue</b>	<b>Issue Date</b>	<b>Purpose of Debt Issue</b>	<b>Interest Rates</b>	<b>Issue Amount</b>	<b>Principal 6/30/13</b>
<b>General Obligation Bonds</b>					
Series 2004 (1)	11/9/2004	Schools	4.0 - 5.0%	\$ 5,075,000	\$ 200,000
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>	16,430,000 - 2,320,000 <u>18,750,000</u>
Sanitary Sewer Series 2005	8/22/2005	NORCRESS Sewer	4.125%	1,250,000	1,154,000
Refunding Series 2009	7/8/2009	Refund Schools	2.5 - 5.0%	34,670,000	17,965,000
Refunding Series 2011	7/12/2011	Refund Schools	2.0 - 5.0%	12,735,000	12,200,000
				<u>\$ 89,235,000</u>	<u>\$ 50,269,000</u>
<b>Certificates of Participation &amp; Limited Obligation Bonds</b>					
COPS Series 1995A (2)	1/1/1995	Crown Coliseum	5.25 - 6.80%	\$ 53,003,781	\$ 440,936
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>	14,429,984 4,450,016 <u>18,880,000</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>	28,970,000 12,565,000 22,580,000 <u>64,115,000</u>
COPS Tax Credit Series 2009 (QSCB)	12/1/2009	Schools Projects	1.25%	15,900,000	12,918,750
LOBS Series 2011A (QSCB) (3)	1/26/2011	New Century Middle School	6.1%	14,805,000	12,831,000
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>	18,425,000 14,540,000 <u>32,965,000</u>
				<u>\$ 233,378,781</u>	<u>\$ 142,150,686</u>
<b>Capital Leases</b>					
SunTrust Leasing	12/9/2004	Energy Savings Projects	3.945%	\$ 4,537,080	\$ 2,032,294
<b>Installment Financing Notes</b>					
Build America Bonds (ARRA) (4)	5/14/2010	Crown Center Renovations	3.2045%	\$ 1,980,000	\$ 1,386,000
Recovery Zone Econ Dev Bonds (ARRA) (4)	5/14/2010	Crown Center Renovations	2.7115%	1,138,000	796,600
Fayetteville Tech Comm College Renovations	12/14/2012	HVAC and Roofing Projects	1.1100%	3,198,130	2,878,317
				<u>\$ 6,316,130</u>	<u>\$ 5,060,917</u>
<b>Total</b>				<u>\$ 333,466,991</u>	<u>\$ 199,512,897</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, 2013

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**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, 2013 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%.

200,000

**\$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%.

18,750,000

**\$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%.

17,965,000

**\$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%.

12,200,000

49,115,000

Bond premium

3,325,072

\$ 52,440,072

*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%

\$ 1,154,000

At June 30, 2013, the County had bonds authorized but unissued of \$19,196,000 and a legal debt margin of \$1,971,139,000.

**C - Certificates of Participation and Limited Obligation Bonds**

Certificates of participation and other limited obligation bonds outstanding for the year ended June 30, 2013 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%.

18,880,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

**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%. 17,235,000

**\$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%. 10,005,000

**\$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%. 7,905,000

**\$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%. 12,918,750

**\$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%. 12,831,000

**\$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%. 32,965,000

Premium 112,739,750  
5,280,991  
\$ 118,020,741

*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%. 440,936

**\$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%. 18,160,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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**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%. 8,160,000

**\$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%. 2,650,000  
Premium 29,410,936  
Accreted Interest on 1995A Certificates 1,563,637  
1,071,444  
\$ 32,046,017

**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%. \$ 2,032,294

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, 2013, the value of the capital assets associated with this lease is \$3,275,836.

**E - Installment Financing Obligations**

Installment notes payable at June 30, 2013 are comprised of the following:

*Governmental Activities:*

**\$3,198,000 Community College Installment Financing (BOA)**

Payable in ten semiannual principal payments of \$319,813 beginning June 14, 2013 plus interest of 1.11%. \$ 2,878,317

*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. 1,386,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

**E - Installment Financing Obligations (continued)**

*Business-type Activities* (continued)

**\$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.

796,600  
\$ 2,182,600

**F - Long-term Obligation Activity**

The following is a summary of changes in the County's long-term obligations as of June 30, 2013:

	<b>Balance</b>				<b>Balance</b>	<b>Current</b>
	<b>June 30, 2012</b>	<b>Additions</b>	<b>Refundings</b>	<b>Payments</b>	<b>June 30, 2013</b>	<b>Portion of</b>
						<b>Long-term</b>
						<b>Liabilities</b>
<b>Governmental activities:</b>						
General obligation bonds	\$ 56,830,000	\$ -	\$ -	\$ 7,715,000	\$ 49,115,000	\$ 7,750,000
Premium	3,925,177	-	-	600,105	3,325,072	574,489
Capital lease obligations	2,437,416	-	-	405,122	2,032,294	421,261
COPS & limited obligation bonds	122,625,500	-	-	9,885,750	112,739,750	9,900,750
Premium	5,788,697	-	-	507,706	5,280,991	507,706
Installment notes	-	3,198,130	-	319,813	2,878,317	639,626
Accrued vacation	5,408,836	5,271,006	-	5,159,884	5,519,958	5,243,960
OPEB liability	65,341,982	18,212,195	-	4,401,041	79,153,136	-
<b>Total governmental activities</b>	<u>\$ 262,357,608</u>	<u>\$ 26,681,331</u>	<u>\$ -</u>	<u>\$ 28,994,421</u>	<u>\$ 260,044,518</u>	<u>\$ 25,037,792</u>

Of the total governmental activities debt listed above, only \$125,385,457 relates to assets for which the County holds title. The Board of Education holds title to certain schools even though the related debt is held by the County. Unspent proceeds related to governmental activities debt amounts to \$2,197,203.

	<b>Balance</b>				<b>Balance</b>	<b>Current</b>
	<b>June 30, 2012</b>	<b>Additions</b>	<b>Refundings</b>	<b>Payments</b>	<b>June 30, 2013</b>	<b>Portion of</b>
						<b>Long-term</b>
						<b>Liabilities</b>
<b>Business-type activities:</b>						
General obligation bonds	\$ 1,172,000	\$ -	\$ -	\$ 18,000	\$ 1,154,000	\$ 18,000
COPS & limited obligation bonds	30,341,455	-	-	930,519	29,410,936	915,936
Premium	1,700,598	-	-	136,961	1,563,637	136,961
Accreted Interest on 1995A COPS	2,010,796	140,129	-	1,079,481	1,071,444	1,114,064
Installment notes	2,494,400	-	-	311,800	2,182,600	311,800
Accrued landfill closure and postclosure costs	11,053,660	843,001	-	5,341	11,891,320	35,000
Accrued vacation	265,574	252,165	-	252,295	265,444	252,172
OPEB liability	2,993,318	864,998	-	209,030	3,649,286	-
<b>Total business-type activities</b>	<u>\$ 52,031,801</u>	<u>\$ 2,100,293</u>	<u>\$ -</u>	<u>\$ 2,943,427</u>	<u>\$ 51,188,667</u>	<u>\$ 2,783,933</u>

Unspent proceeds related to business-type activities debt shown above amounts to \$158,920.

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, 2013**

**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
<b>Governmental Activities:</b>										
2014	\$ 7,750,000	\$ 2,142,687	\$ 9,900,750	\$ 4,704,505	\$ 421,261	\$ 76,060	\$ 639,626	\$ 30,174	\$ 18,711,637	\$ 6,953,426
2015	7,635,000	1,828,763	9,925,750	4,421,406	438,044	59,277	639,626	23,075	18,638,420	6,332,521
2016	7,510,000	1,555,613	9,985,750	4,105,293	455,495	41,826	639,626	15,975	18,590,871	5,718,707
2017	7,360,000	1,238,912	10,020,750	3,802,781	473,642	23,679	639,626	8,875	18,494,018	5,074,247
2018	6,780,000	827,513	10,070,750	3,500,243	243,852	4,810	319,813	1,775	17,414,415	4,334,341
2019-2023	12,080,000	820,425	36,538,750	13,513,857	-	-	-	-	48,618,750	14,334,282
2024-2028	-	-	24,667,250	5,283,112	-	-	-	-	24,667,250	5,283,112
2029-2033	-	-	1,630,000	39,519	-	-	-	-	1,630,000	39,519
	<u>49,115,000</u>	<u>8,413,913</u>	<u>112,739,750</u>	<u>39,370,716</u>	<u>2,032,294</u>	<u>205,652</u>	<u>2,878,317</u>	<u>79,874</u>	<u>166,765,361</u>	<u>48,070,155</u>
Premium	3,325,072	-	5,280,991	-	-	-	-	-	8,606,063	-
(Total net of amortization)	<u>\$ 52,440,072</u>	<u>\$ 8,413,913</u>	<u>\$ 118,020,741</u>	<u>\$ 39,370,716</u>	<u>\$ 2,032,294</u>	<u>\$ 205,652</u>	<u>\$ 2,878,317</u>	<u>\$ 79,874</u>	<u>\$ 175,371,424</u>	<u>\$ 48,070,155</u>
<b>Business-type Activities:</b>										
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	22,000	44,385	2,340,000	934,075	-	-	311,800	46,115	2,673,800	1,024,575
2019-2023	120,000	207,900	13,425,000	2,919,687	-	-	623,600	46,115	14,168,600	3,173,702
2024-2028	149,000	180,840	6,240,000	300,250	-	-	-	-	6,389,000	481,090
2029-2033	182,000	147,428	-	-	-	-	-	-	182,000	147,428
2034-2038	223,000	106,673	-	-	-	-	-	-	223,000	106,673
2039-2043	268,000	56,925	-	-	-	-	-	-	268,000	56,925
2044-2048	112,000	6,930	-	-	-	-	-	-	112,000	6,930
2049-2053	-	-	-	-	-	-	-	-	-	-
	<u>1,154,000</u>	<u>936,871</u>	<u>29,410,936</u>	<u>9,821,539</u>	<u>-</u>	<u>-</u>	<u>2,182,600</u>	<u>430,408</u>	<u>32,747,536</u>	<u>11,188,818</u>
Premium	-	-	1,563,637	-	-	-	-	-	1,563,637	-
Accreted Interest 1995A COPS	-	-	1,071,444	-	-	-	-	-	1,071,444	-
(Total net of amortization)	<u>\$ 1,154,000</u>	<u>\$ 936,871</u>	<u>\$ 32,046,017</u>	<u>\$ 9,821,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,182,600</u>	<u>\$ 430,408</u>	<u>\$ 35,382,617</u>	<u>\$ 11,188,818</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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**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, 2013, there were no industrial revenue bonds outstanding.

**H - Future Debt Obligations for the Southpoint Water Project**

On March 13, 2013, the County entered into an agreement with the North Carolina Department of Environment and Natural Resources (DENR) concerning funding for the Southpoint Water Project. DENR agreed to provide funding in an amount up to \$540,802 in the form of a Clean Water Drinking Grant which is 80% immediately forgiven with the 20% balance becoming a loan to be repaid in annual installments over 20 years without interest. As of June 30, 2013, the County had incurred expenses for the project, but had not yet received any funding from DENR. Annual debt payments beginning May 1, 2014 will be based on the final loan amount and will not exceed \$5,408.

**I - Defeasance of Debt**

**Current Year Defeasance of Debt**

During fiscal year 2013, the County did not issue any refunding debt.

**Prior Years' Defeasance of Debt**

In prior years, the County has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities. As of June 30, 2013, prior years' outstanding defeased general obligation debt was \$3,275,000.

Gains and losses from debt refundings must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains or losses related to the debt refundings are to be used in determining the carrying value of the new debt issued to finance debt refundings. The carrying value of prior years' general obligation refunding bonds has been adjusted (net of amortization) for the deferred amounts on defeasance of (\$2,215,607) and premium of \$3,325,072. The carrying value of prior years' refunding certificates of participation and other limited obligation bonds has been adjusted (net of amortization) for the deferred amounts on defeasance of (\$3,572,847) and premium of \$6,844,628.

**J - 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 \$1,071,444 at June 30, 2013.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

**K - 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, 2013 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%. \$ 137,499

**\$380,000 Cumberland County Note**

Note payable in quarterly installments of \$9,190 including interest at a fixed rate of 5.25% 262,333

**\$1,300,000 BB&T Note**

Note payable in annual installments of \$279,740 including interest at a fixed rate of 2.49%. 799,100

	<u>1,198,932</u>
Total	1,198,932
Less current portion	<u>(301,622)</u>
Noncurrent portion	<u>\$ 897,310</u>

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

<u>Fiscal Year</u>	<u>Principal</u>
2014	\$ 301,622
2015	309,348
2016	317,301
2017	45,750
2018	47,218
2019-2022	<u>177,693</u>
	<u>\$ 1,198,932</u>

The following is a summary of changes in the ABC Board's long-term obligations as of June 30, 2013:

	<u>Balance</u>	<u>Additions</u>	<u>Refundings</u>	<u>Payments</u>	<u>Balance</u>	<u>Current Portion</u>
	<u>June 30, 2012</u>				<u>June 30, 2013</u>	<u>of Long-term</u>
						<u>Liabilities</u>
Notes payable	\$ 1,493,050	\$ -	\$ -	\$ 294,118	\$ 1,198,932	\$ 301,622
Separation allowance	-	122,258		4,392	117,866	-
OPEB liability	27,746	23,847		8,233	43,360	-
	<u>\$ 1,520,796</u>	<u>\$ 146,105</u>	<u>\$ -</u>	<u>\$ 306,743</u>	<u>\$ 1,360,158</u>	<u>\$ 301,622</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

**L - 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 2013. Principal payments amounted to \$59,500 during fiscal year 2013.

The District's general obligation bonds payable at June 30, 2013 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%.

\$ 2,472,000

**\$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>976,500</u>
Total	3,448,500
Less current portion	<u>(62,500)</u>
Noncurrent portion	<u>\$ 3,386,000</u>

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

<b>Eastover Sanitary District</b>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 62,500	\$ 154,534
2015	65,500	151,734
2016	68,500	148,799
2017	71,500	145,728
2018	74,500	142,525
2019-2023	427,000	659,348
2024-2028	531,000	554,724
2029-2033	661,500	424,472
2034-2038	806,500	262,777
2039-2043	680,000	76,100
	<u>\$ 3,448,500</u>	<u>\$ 2,720,741</u>

**M - 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, 2013**

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

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

The District's revenue bonds payable at June 30, 2013 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%.

1,206,000

Total 6,177,000

Less current portion (72,000)

Noncurrent portion \$ 6,105,000

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.

During fiscal year 2012, the District 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 of water per day; and the District will repay the City of Dunn for the actual final cost of construction in monthly installments of \$16,000 over approximately 20 years at 4.0% interest. Construction was completed in FY 2013 at a total cost of \$2,604,064 and the District began making monthly debt payments of principal and interest totaling \$16,000 in January 2013.

The District's installment financing notes payable at June 30, 2013 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 \$ 102,560

Less current portion (19,503)

Noncurrent portion \$ 83,057

**\$2,604,064 Dunn Water Line Note**

Payable in monthly installments of \$16,000 including interest at a fixed rate of 4.0% beginning January 8, 2013 and ending August 8, 2032.

Total \$ 2,567,928

Less current portion (90,938)

Noncurrent portion \$ 2,476,990

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 182,441	\$ 354,089
2015	188,634	347,006
2016	195,989	339,676
2017	203,515	332,057
2018	212,261	324,091
2019-2023	1,071,295	1,496,014
2024-2028	1,308,399	1,260,192
2029-2033	1,435,954	974,517
2034-2038	851,000	756,727
2039-2043	1,039,000	569,497
2044-2048	1,269,000	340,392
2049-2053	890,000	73,559
	<u>\$ 8,847,488</u>	<u>\$ 7,167,817</u>

**N - 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, 2013:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2013</u>	<u>Current Portion of Long-term Liabilities</u>
USDA general obligation bonds	\$ 3,508,000	\$ -	\$ 59,500	\$ 3,448,500	\$ 62,500
USDA revenue bonds	6,177,000	-	-	6,177,000	72,000
Installment notes	221,696	2,604,064	155,272	2,670,488	110,441
<b>Total</b>	<u>\$ 9,906,696</u>	<u>\$ 2,604,064</u>	<u>\$ 214,772</u>	<u>\$ 12,295,988</u>	<u>\$ 244,941</u>

**Note 10 - Interfund Balances and Activity**

**Due From/To Other Funds**

The composition of interfund balances included in the fund financial statements as of June 30, 2013 is as follows:

	<u>Payable Fund</u>			<u>Total</u>
	<u>Nonmajor Governmental</u>	<u>Cumberland County Crown Center</u>	<u>Southpoint Water &amp; Sewer District</u>	
<b>Receivable Fund</b> General Fund	<u>\$ 524,197</u>	<u>\$ 5,500</u>	<u>\$ 442,921</u>	<u>\$ 972,618</u>

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**June 30, 2013**

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

**Transfers to/from Other Funds**

Transfers in (out) for the year ended June 30, 2013 are summarized below:

	<b>Transfers in:</b>					Total
	General	Nonmajor Governmental	Cumberland County Crown Center	Southpoint Water Project	Internal Service	
<b>Transfers out:</b>						
General	\$ -	\$ 9,769,890	\$ -	\$ 5,832	\$ 102,200	\$ 9,877,922
Major governmental	354,317	-	-	-	1,000,000	1,354,317
Nonmajor governmental	74,814	418,717	5,761,046	-	-	6,254,577
Crown Center	55,193	-	-	-	-	55,193
Total Transfers out	<u>\$ 484,324</u>	<u>\$ 10,188,607</u>	<u>\$ 5,761,046</u>	<u>\$ 5,832</u>	<u>\$ 1,102,200</u>	<u>\$ 17,542,009</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 or limited obligation bonds to provide financing for new and restructured facilities.

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. During fiscal year 2005, the County refunded the outstanding \$3,260,000 Series 1994 FTCC general obligation bonds. During fiscal year 2013, the County made the final payment on these refunding bonds. In December 2012, the County borrowed \$3,198,130 from Bank of America to fund various HVAC and roofing projects at the Community College. As a result, the County has \$2,878,317 in debt outstanding at June 30, 2013 related to the Community College.

The County contributed \$9,163,305 and \$3,529,710 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2013. In addition, during the fiscal year, the County made debt service payments of \$483,000 on the general obligation refunding bonds and \$337,563 on the installment financing. 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, 2013. 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, 2013**

**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	\$238,424,509	\$132,461,796
TANF	3,635,225	(2,289)
Special Assistance for Adults	-	2,083,580
Adoption Subsidy	-	1,193,446
WIC Food Vouchers	9,727,249	-
Adoption Assistance	1,283,647	339,754
	<u>\$253,070,630</u>	<u>\$136,076,287</u>

**Note 13 - Leases**

**A - Lessor Arrangements**

**Operating Leases**

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 2013, the County extended the lease for an additional 5-year term.

Remaining payments are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2014	\$ 9,125
2015	9,125
2016	9,125
2017	9,125
2018	9,125
	<u>\$ 45,625</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

**Note 13 – Leases (continued)**

**A - Lessor Arrangements (continued)**

**Operating Leases (continued)**

The Bureau leases its building from Cumberland County for \$6,168 per month for ten years, ending November 30, 2022. The lease includes no provision for increases in rent. 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 annual rental payment is subject to a cost of living increase after the first five years of the original term. Minimum future rental payments under non-cancelable leases having remaining terms in excess of one year as of June 30, 2013 for each of the next five years and in the aggregate are:

<b>Fiscal Year Ended</b>	<b>Amount</b>
2014	\$ 85,196
2015	85,196
2016	85,196
2017	85,196
2018	85,196
Thereafter	407,864
	<u>\$ 833,844</u>

Rental expense for leases was \$58,523 and \$32,820 in 2013 and 2012, respectively.

**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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

**Note 13 – Leases (continued)**

**A - Lessor Arrangements (continued)**

**Management Leases (continued)**

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:

<b>Fiscal Year End</b>	<b>Health System</b>
2014	\$ 3,065,000
2015	3,065,000
2016	3,065,000
2017	3,065,000
2018	3,065,000
2019-2023	15,325,000
2024-2028	15,325,000
	<u>\$ 45,975,000</u>

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

**B - Lessee Arrangements**

The ABC Board leases real property for three store locations under operating leases expiring in various years through the year 2016. Total rent expense, including amounts for common area maintenance, under leases for the years ended June 30, 2013 and June 30, 2012 was \$157,749 and \$154,468, respectively.

At June 30, 2013, future minimum lease payments under all leases are as follows:

<b>Fiscal Year End</b>	<b>Amount</b>
2014	\$ 135,817
2015	129,143
2016	12,700
	<u>\$ 277,660</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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**Note 14 - Contingent Liabilities**

**Federal and State Assisted Programs**

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

**Claims and judgments**

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

**Arbitrage**

The County's bond issues are subject to federal arbitrage regulations, and the County has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. At June 30, 2013, 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.

**Note 15 - Deferred Compensation Plan**

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

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

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

**Note 17 - Subsequent Events**

On June 17, 2013, the County approved a merger agreement between Alliance Behavioral Healthcare, Cumberland County Area Authority and the Cumberland County Board of County Commissioners to consolidate Alliance and the Cumberland Area Authority into a multi-county area authority for the management of mental, intellectual/development disability and substance abuse services in Cumberland, Durham and Wake Counties. The effective date of the agreement was July 8, 2013. Also as part of the merger, the Board adopted a resolution dissolving the Cumberland County Area Mental Health, Developmental Disabilities and Substance Abuse Authority.

On October 17, 2013, the County approved a management agreement with Global Spectrum LP to operate the Crown Center Complex as the sole manager. The three-year agreement is effective November 1, 2013.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2013

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**Note 17 – Subsequent Events (continued)**

The subsequent events reported above are current through the date of this report, November 22, 2013.

**Note 18 - Change in Accounting Principles and Prior Period Adjustments**

Effective July 1, 2012, the Government adopted the provisions of Governmental Accounting Standards Board GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (Statement No. 63). This implementation required the County to present a Statement of Net Position, replacing previously presented Statement of Net Assets, in the County's basic financial statements. The County's implementation also required the Statement of Net Position to present deferred outflows and inflows of resources in separate sections following total assets and total liabilities sections, respectively. In practice, Statement No. 63 only impacts activities related to derivative instruments or service concession arrangements. In the case of the County, the implementation of this standard did not affect the County.

Effective July 1, 2012, the Government adopted the provisions of GASB Statement 65, Items Previously Reported as Assets and Liabilities (Statement No. 65). The provisions of Statement No. 65 relevant to the County related to changes in the accounting and reporting of bonded debt activities. Specifically, bond issuance costs incurred are recorded as current period expenditures as opposed to being deferred and amortized over the maturity period of the debt. Statement 65 also requires that deferred charges (credits) resulting from the refunding of debt be presented as a deferred outflows (inflows) of resources and not as assets or liabilities. As the provisions of Statement No. 65 were effective July 1, 2012, net position as of that date has been adjusted as accordingly:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position, as previously reported	\$ 97,207,643	\$ 70,443,297
Adjustments:		
Debt issuance costs	<u>(1,464,823)</u>	<u>(254,826)</u>
Net position, as adjusted	<u>\$ 95,742,820</u>	<u>\$ 70,188,471</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

<b>Calendar Year</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll (b-a/c)</b>
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%
2012	1,946,283	5,037,575	3,091,292	38.64%	14,435,512	21.41%

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
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%
2013	458,130	98.74%

**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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 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%
2013	18,702,008	24.65%

**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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Comparative Balance Sheets  
General Fund**

**June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 44,686,553	\$ 68,657,921
Investments	50,638,390	29,012,777
Taxes receivable, net	3,331,139	3,174,063
Sales tax receivable	11,319,551	12,426,652
Due from other governments	11,215,426	9,541,422
Patient receivables	281,056	1,126,885
Other receivables, net	2,781,708	2,374,365
Due from other funds	972,618	352,629
Due from component units	220,298	657,390
Inventories	139,885	144,603
Restricted assets		
Cash and cash equivalents	<u>343,543</u>	<u>396,153</u>
<b>Total assets</b>	<u>\$ 125,930,167</u>	<u>\$ 127,864,860</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts and vouchers payable	\$ 4,984,316	\$ 5,239,701
Due to other governments	422,388	471,507
Accrued payroll	5,442,627	5,130,813
Other payables	<u>107,105</u>	<u>204,636</u>
<b>Total liabilities</b>	<u>10,956,436</u>	<u>11,046,657</u>
 <b>Deferred inflows of resources</b>	 <u>5,073,080</u>	 <u>4,633,196</u>
 <b>Fund balance</b>		
Nonspendable:		
Inventories	139,885	144,603
Restricted:		
Stabilization by State statute	29,317,680	28,676,134
Register of Deeds	820,471	623,297
County school	5,439,575	4,746,081
Committed:		
Property revaluation	494,773	443,426
Assigned:		
Subsequent year's expenditures	13,214,992	6,289,246
Finance office software	7,175,000	1,175,000
Water & sewer industrial expansion	5,845,409	1,500,448
Economic development incentives	1,500,448	6,236,961
Mental health services	10,448,756	14,364,212
Renovations and maintenance	3,472,205	1,641,942
Jail expansion	-	6,274,760
Special purposes	267,719	9,025,135
Unassigned	<u>31,763,738</u>	<u>31,043,762</u>
<b>Total fund balance</b>	<u>109,900,651</u>	<u>112,185,007</u>
 <b>Total liabilities, deferred inflows of resources and fund balance</b>	 <u>\$ 125,930,167</u>	 <u>\$ 127,864,860</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, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
<b>Ad valorem taxes</b>				
Current year	\$ 144,802,240	\$ 145,992,029	\$ 1,189,789	\$ 142,582,837
Prior years	1,211,605	1,265,286	53,681	1,359,092
Penalties and interest	1,341,196	1,540,531	199,335	1,441,509
Motor vehicle - current	11,572,666	12,385,942	813,276	11,740,884
Motor vehicle - prior	1,868,798	1,948,804	80,006	1,850,029
Other	699,773	732,431	32,658	701,850
<b>Total ad valorem taxes</b>	<b>161,496,278</b>	<b>163,865,023</b>	<b>2,368,745</b>	<b>159,676,201</b>
<b>Other taxes</b>				
Dog registration fees	541,550	372,925	(168,625)	312,494
Real estate transfer	750,000	840,163	90,163	793,061
Beer and wine	350,202	348,753	(1,449)	372,519
Sales	36,554,775	37,516,061	961,286	36,878,222
Other	617,700	584,555	(33,145)	624,782
<b>Total other taxes</b>	<b>38,814,227</b>	<b>39,662,457</b>	<b>848,230</b>	<b>38,981,078</b>
<b>Unrestricted intergovernmental revenues</b>				
Federal	99,000	81,880	(17,120)	88,448
State government	100,811	154,035	53,224	130,249
Fayetteville	6,651,144	6,881,550	230,406	7,088,630
Municipalities	1,248,143	1,190,308	(57,835)	1,225,352
Other governmental	1,908,248	2,092,997	184,749	2,248,818
<b>Total unrestricted intergovernmental revenues</b>	<b>10,007,346</b>	<b>10,400,770</b>	<b>393,424</b>	<b>10,781,497</b>
<b>Restricted intergovernmental revenues</b>				
Federal	1,311,463	1,183,974	(127,489)	1,380,684
NC health programs	5,927,527	5,087,300	(840,227)	4,785,683
NC mental health programs	8,234,683	8,909,159	674,476	12,916,200
NC social services programs	43,801,966	41,347,519	(2,454,447)	41,291,193
NC library programs	494,792	553,983	59,191	590,416
NC other restricted revenue	3,670,317	3,821,642	151,325	3,083,706
Other restricted revenue	1,713,922	1,086,409	(627,513)	835,374
<b>Total restricted intergovernmental revenues</b>	<b>65,154,670</b>	<b>61,989,986</b>	<b>(3,164,684)</b>	<b>64,883,256</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues (continued)</b>				
<b>Licenses and permits</b>				
Inspection department permits	\$ 449,000	\$ 764,152	\$ 315,152	\$ 731,348
Marriage licenses	88,751	99,100	10,349	98,650
Register of Deeds fees	1,554,124	1,739,611	185,487	1,627,478
Miscellaneous permits	158,888	25,664	(133,224)	115,656
<b>Total licenses and permits</b>	<b>2,250,763</b>	<b>2,628,527</b>	<b>377,764</b>	<b>2,573,132</b>
<b>Sales and services</b>				
Health department fees	7,544,185	5,314,859	(2,229,326)	4,005,594
Library fees	345,150	290,288	(54,862)	325,891
Mental health department fees	3,145,559	2,768,190	(377,369)	5,646,134
Sheriff department fees	2,797,917	3,224,582	426,665	3,053,393
Social services fees	120,376	101,529	(18,847)	1,178,933
Other department fees	1,179,464	1,523,837	344,373	1,732,472
<b>Total sales and services</b>	<b>15,132,651</b>	<b>13,223,285</b>	<b>(1,909,366)</b>	<b>15,942,417</b>
<b>Interest earned on investments</b>	<b>125,000</b>	<b>189,151</b>	<b>64,151</b>	<b>194,716</b>
<b>Miscellaneous</b>				
Miscellaneous	616,053	704,261	88,208	651,330
Rent, land, and buildings	3,407,938	3,835,762	427,824	4,219,693
<b>Total miscellaneous</b>	<b>4,023,991</b>	<b>4,540,023</b>	<b>516,032</b>	<b>4,871,023</b>
<b>Total revenues</b>	<b>297,004,926</b>	<b>296,499,222</b>	<b>(505,704)</b>	<b>297,903,320</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Governing body	\$ 548,940	\$ 516,351	\$ 32,589	\$ 484,571
Administration	2,075,685	1,774,570	301,115	1,731,418
Court facilities	177,409	141,652	35,757	94,299
Information services	2,451,333	2,295,699	155,634	1,917,912
Elections	1,143,757	1,126,043	17,714	1,026,372
Finance	1,269,130	1,072,181	196,949	1,072,144
Legal	853,258	667,013	186,245	619,287
Register of Deeds	2,322,102	1,903,605	418,497	1,871,517
Tax Assessor	5,473,268	5,029,227	444,041	4,605,474
Print & graphics shop	226,077	225,491	586	209,215
Public building	1,137,348	966,432	170,916	763,617
Communications center	1,667,625	1,541,469	126,156	1,435,292
Carpenter shop	211,613	210,100	1,513	203,703
Public buildings - equipment maintenance	1,119,296	992,656	126,640	1,108,423
Public buildings - janitorial	711,752	641,197	70,555	581,293
Central maintenance	555,766	536,463	19,303	500,691
Landscaping and grounds	667,998	492,082	175,916	607,746
Property revaluation	412,459	361,112	51,347	374,736
General government - other	4,296,152	2,543,652	1,752,500	3,631,364
<b>Total general government</b>	<b>27,320,968</b>	<b>23,036,995</b>	<b>4,283,973</b>	<b>22,839,074</b>
<b>Public safety</b>				
Emergency services	3,003,148	2,736,209	266,939	2,609,860
Sheriff	22,965,052	22,884,121	80,931	22,725,046
Jail	13,304,584	12,920,197	384,387	11,752,565
School law enforcement-local	3,485,808	3,402,436	83,372	3,360,737
Sheriff's grants	498,267	292,020	206,247	682,346
Animal services	2,789,750	2,714,183	75,567	2,346,887
Public safety other	1,255,862	1,210,846	45,016	1,308,411
Cumberland day reporting center	17,428	17,367	61	170,615
Criminal justice unit	379,355	377,269	2,086	360,409
Community correction - probation	92,342	75,822	16,520	88,817
<b>Total public safety</b>	<b>47,791,596</b>	<b>46,630,470</b>	<b>1,161,126</b>	<b>45,405,693</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Economic and physical development</b>				
Planning and inspections department	\$ 3,402,461	\$ 3,077,818	\$ 324,643	\$ 2,951,019
Engineering	281,684	279,818	1,866	295,938
NC cooperative extension service	606,097	495,556	110,541	483,439
Soil conservation district	114,965	113,229	1,736	75,839
Soil conservation cost share	66,202	64,914	1,288	61,750
Economic physical development - other	517,400	414,995	102,405	410,000
Industrial park	60,000	842	59,158	6,087
Location services	434,307	383,149	51,158	413,689
Economic incentives	706,425	391,553	314,872	1,031,407
Water & sewer industrial expansion	937,055	146,704	790,351	17,163
Public utilities	166,637	71,826	94,811	70,795
<b>Total economic and physical development</b>	<b>7,293,233</b>	<b>5,440,404</b>	<b>1,852,829</b>	<b>5,817,126</b>
<b>Human services</b>				
<b>Mental Health</b>				
Child and youth contracts	3,318,396	3,142,859	175,537	5,175,629
Family preservation	-	-	-	122,548
Smart Start	199,770	198,848	922	237,478
Mental Health - CBA in-home	-	-	-	49,245
Child outpatient	-	-	-	977,348
Adult homeless	62,810	39,094	23,716	192,815
Juvenile crime prevention	-	-	-	175,550
Substance abuse contracts	1,208,158	891,291	316,867	1,688,626
Detoxification	-	-	-	2,204,943
Developmental disabled contracts	1,310,534	1,191,403	119,131	2,730,107
Adult contracts	1,135,149	1,046,039	89,110	1,943,035
Adult periodic	-	-	-	1,193,904

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Mental Health (continued)</b>				
Mental health department	869,148	770,551	98,597	684,582
Medical services	-	-	-	2,079,815
Claims management	114,655	113,183	1,472	231,852
Medical records	-	-	-	258,984
Management information systems	380,707	349,022	31,685	804,078
Personnel	82,597	63,231	19,366	151,697
Medicaid contracts	-	-	-	74,789
Managed care	364,158	281,128	83,030	210,562
Business management and accounting	153,155	151,179	1,976	489,556
Provider relations and support	154,977	141,837	13,140	192,474
Access line screening triag - referral	394,530	344,824	49,706	735,590
Service management	327,511	265,035	62,476	531,700
Consumer affairs and customer service	194,109	193,802	307	358,361
Quality improvement and outcome evaluation	366,195	294,005	72,190	659,128
CTSP court order evaluation	-	-	-	85,576
Adult homeless	-	-	-	3,079
Crisis services	1,386,960	1,257,741	129,219	-
Mental health other	1,666,182	1,600,569	65,613	-
Managed care organizaion	2,282,691	2,181,675	101,016	-
Other	3,425,609	2,789,147	636,462	-
<b>Subtotal - mental health</b>	<b>19,398,001</b>	<b>17,306,463</b>	<b>2,091,538</b>	<b>24,243,051</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Health</b>				
Health - administration	\$ 2,081,628	\$ 1,958,926	\$ 122,702	\$ 1,769,664
Laboratory	297,226	260,145	37,081	284,374
Pharmacy	639,093	610,650	28,443	544,295
C. C. Jail health program	2,036,738	1,989,050	47,688	1,648,673
Management support	284,710	284,205	505	284,591
NC environmental health	1,373,103	1,336,468	36,635	1,223,224
Immunization clinic	232,313	231,010	1,303	213,684
School health program	979,050	852,562	126,488	903,949
C.C. wellness program	-	-	-	28,244
Child health clinic	741,401	692,011	49,390	582,107
Dental clinic	422,195	347,096	75,099	332,839
Health promotion	323,815	315,600	8,215	293,495
Maternal health clinic	672,745	633,447	39,298	572,384
Medical records	279,177	222,699	56,478	209,402
Breast/cervical cancer	165,261	136,299	28,962	105,432
Child service coordination	616,602	544,097	72,505	528,800
Child fatality prevention	3,848	981	2,867	3,821
Chest TB clinic	123,575	117,917	5,658	120,231
Family planning clinic	917,031	882,678	34,353	767,429
NC general communicable disease	234,998	222,105	12,893	206,425
CDC tuberculosis project	58,018	51,201	6,817	56,099
NC AIDS	67,594	67,547	47	65,946
Adult health clinic	985,831	861,353	124,478	867,028
School health	528,544	492,911	35,633	484,199
WIC - clinic services	2,783,690	2,353,931	429,759	2,318,515
Health - other	88,278	88,278	-	85,711
Bioterrorism preparedness and response	94,042	72,891	21,151	73,334
STD clinic	759,758	757,802	1,956	659,653
South Central partnership	1,000	860	140	11,000
Maternal care coordination	785,637	570,880	214,757	436,122
Health express	489,159	463,227	25,932	474,741
Diabetes education clinic	195,195	144,738	50,457	52,400
Community transformation grant	656,864	276,789	380,075	16,484
<b>Subtotal - health</b>	<b>19,918,119</b>	<b>17,840,354</b>	<b>2,077,765</b>	<b>16,224,295</b>
<b>Welfare</b>				
Social services department	37,227,537	35,547,852	1,679,685	35,595,834
Social services - other	26,527,853	23,920,649	2,607,204	26,021,958
Grant - FV care center	389,282	374,839	14,443	375,652
Welfare - other	496,360	388,530	107,830	369,318
<b>Subtotal - welfare</b>	<b>64,641,032</b>	<b>60,231,870</b>	<b>4,409,162</b>	<b>62,362,762</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Other human services</b>				
Veterans' services	\$ 361,258	\$ 355,213	\$ 6,045	\$ 323,649
Spring Lake Resource Center	3,200	3,192	8	3,118
Child support enforcement	4,393,724	4,133,618	260,106	3,760,899
<b>Subtotal - other human services</b>	<b>4,758,182</b>	<b>4,492,023</b>	<b>266,159</b>	<b>4,087,666</b>
<b>Total human services</b>	<b>108,715,334</b>	<b>99,870,710</b>	<b>8,844,624</b>	<b>106,917,774</b>
<b>Cultural and recreational</b>				
Library	10,314,723	9,915,994	398,729	9,558,337
Law library	89,588	88,587	1,001	86,524
Stadium maintenance	168,581	129,830	38,751	120,869
Culture recreation other	308,077	307,477	600	294,357
Library - grants	447,614	171,681	275,933	303,029
Library - Smart Start - Raise a Reader	101,593	101,444	149	90,510
<b>Total cultural and recreational</b>	<b>11,430,176</b>	<b>10,715,013</b>	<b>715,163</b>	<b>10,453,626</b>
<b>Education</b>				
Public schools - current	77,273,688	77,254,451	19,237	77,267,722
Community colleges - current	9,163,305	9,163,305	-	9,163,305
Community colleges - capital outlay	4,712,223	3,529,710	1,182,513	142,786
<b>Total education</b>	<b>91,149,216</b>	<b>89,947,466</b>	<b>1,201,750</b>	<b>86,573,813</b>
<b>Debt service</b>				
Principal payments	18,325,685	18,325,685	-	18,530,350
Interest and fees	7,524,594	7,524,594	-	7,639,054
Debt issue costs	-	-	-	371,354
<b>Total debt service</b>	<b>25,850,279</b>	<b>25,850,279</b>	<b>-</b>	<b>26,540,758</b>
<b>Total expenditures</b>	<b>319,550,802</b>	<b>301,491,337</b>	<b>18,059,465</b>	<b>304,547,864</b>
<b>Revenues over (under) expenditures</b>	<b>(22,545,876)</b>	<b>(4,992,115)</b>	<b>17,553,761</b>	<b>(6,644,544)</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Other financing sources (uses)</b>				
Sale of capital assets	\$ 79,033	\$ 205,049	\$ 126,016	\$ 229,536
Bond proceeds	-	-	-	50,490,000
Premium on debt issuance	-	-	-	5,528,808
Payment to refund bond escrow agent	-	-	-	(55,560,424)
Proceeds from installment notes	3,198,130	3,198,130	-	-
Transfers in	8,850,272	8,834,641	(15,631)	8,781,686
Transfers out	(9,928,172)	(9,672,922)	255,250	(1,161,800)
Payment to component unit	(425,520)	(425,520)	-	-
Fund balance appropriated	20,772,133	-	(20,772,133)	-
<b>Total other financing sources (uses)</b>	<b>22,545,876</b>	<b>2,139,378</b>	<b>(20,406,498)</b>	<b>8,307,806</b>
<b>Revenues and other financing sources (uses) over expenditures</b>	<b>\$ -</b>	<b>(2,852,737)</b>	<b>\$ (2,852,737)</b>	<b>1,663,262</b>
<b>Fund balance</b>				
Beginning of year - July 1		105,200,253		103,536,991
End of year - June 30		<u>\$ 102,347,516</u>		<u>\$ 105,200,253</u>
<b>Reconciliation to H-1:</b>				
General Fund - ending fund balance - June 30		\$ 102,347,516		\$ 105,200,253
County School Fund - ending fund balance - June 30 (H-10)		<u>7,553,135</u>		<u>6,984,754</u>
		<u>\$ 109,900,651</u>		<u>\$ 112,185,007</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, 2013  
(With Comparative Totals for June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Revenues</b>				
Other taxes	\$ 6,110,275	\$ 8,655,100	\$ 2,544,825	\$ 8,479,847
Unrestricted intergovernmental revenue	800,000	775,171	(24,829)	786,327
Restricted intergovernmental revenue	5,449,860	5,397,336	(52,524)	4,230,817
Interest earned on investments	-	5,330	5,330	4,475
Miscellaneous	-	133,362	133,362	84,748
<b>Total revenues</b>	<b>12,360,135</b>	<b>14,966,299</b>	<b>2,606,164</b>	<b>13,586,214</b>
<b>Expenditures</b>				
Education				
School capital outlay I	3,483,000	2,733,642	749,358	3,127,198
School capital outlay II	3,025,110	2,777,758	247,352	2,391,451
School capital outlay III	480,000	331,201	148,799	371,111
<b>Total expenditures</b>	<b>6,988,110</b>	<b>5,842,601</b>	<b>1,145,509</b>	<b>5,889,760</b>
<b>Revenues over expenditures</b>	<b>5,372,025</b>	<b>9,123,698</b>	<b>3,751,673</b>	<b>7,696,454</b>
<b>Other financing sources (uses)</b>				
Transfers (out)	(8,570,641)	(8,555,317)	15,324	(8,676,059)
Appropriated fund balance	3,198,616	-	(3,198,616)	
<b>Total other financing sources (uses)</b>	<b>(5,372,025)</b>	<b>(8,555,317)</b>	<b>(3,183,292)</b>	<b>(8,676,059)</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>568,381</b>	<b>\$ 568,381</b>	<b>(979,605)</b>
<b>Fund balances</b>				
Beginning of year - July 1		6,984,754		7,964,359
End of year - June 30		<b>\$ 7,553,135</b>		<b>\$ 6,984,754</b>

**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, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ 187,846	\$ 186,839	\$ -	\$ 1,005	\$ 187,844
Miscellaneous	492,427	-	-	(4,534)	(4,534)
<b>Total revenues</b>	<u>680,273</u>	<u>186,839</u>	<u>-</u>	<u>(3,529)</u>	<u>183,310</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Health Department Building	27,312,255	26,514,629	-	300,664	26,815,293
<b>Total expenditures</b>	<u>27,312,255</u>	<u>26,514,629</u>	<u>-</u>	<u>300,664</u>	<u>26,815,293</u>
<b>Revenues over (under) expenditures</b>	<u>(26,631,982)</u>	<u>(26,327,790)</u>	<u>-</u>	<u>(304,193)</u>	<u>(26,631,983)</u>
<b>Other financing sources (uses)</b>					
Debt issuance	26,500,000	26,500,000	-	-	26,500,000
Transfers in	1,486,300	1,486,300	-	-	1,486,300
Transfers out	(1,354,318)	-	-	(1,354,317)	(1,354,317)
<b>Total other financing sources</b>	<u>26,631,982</u>	<u>27,986,300</u>	<u>-</u>	<u>(1,354,317)</u>	<u>26,631,983</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 1,658,510</u>	<u>\$ -</u>	<u>(1,658,510)</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>1,658,510</u>	
End of year - June 30				<u>\$ -</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ 216,033	\$ 215,308	\$ -	\$ 875	\$ 216,183
Miscellaneous	321,014	321,014	-	-	321,014
<b>Total revenues</b>	<u>537,047</u>	<u>536,322</u>	<u>-</u>	<u>875</u>	<u>537,197</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
NC school bond project	20,506,921	19,516,216	-	338,333	19,854,549
Debt issuance	30,126	30,126	-	-	30,126
<b>Total expenditures</b>	<u>20,537,047</u>	<u>19,546,342</u>	<u>-</u>	<u>338,333</u>	<u>19,884,675</u>
<b>Revenues over (under) expenditures</b>	<u>(20,000,000)</u>	<u>(19,010,020)</u>	<u>-</u>	<u>(337,458)</u>	<u>(19,347,478)</u>
<b>Other financing sources (uses)</b>					
Debt issuance	20,000,000	20,000,000	-	-	20,000,000
<b>Total other financing sources</b>	<u>20,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 989,980</u>	<u>\$ -</u>	<u>(337,458)</u>	<u>\$ 652,522</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>989,980</u>	
End of year - June 30				<u>\$ 652,522</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 8,733,322	\$ -	\$ -	\$ 8,733,322
Investments	74,552	-	-	74,552
Taxes receivable, net	439,199	-	-	439,199
Sales tax receivable	26,698	222,254	-	248,952
Due from other governments	697,127	-	-	697,127
Other receivables, net	157,171	-	-	157,171
Restricted assets:				
Cash and cash equivalents	295,496	8,433,335	8,595	8,737,426
Investments	-	-	36,382	36,382
Accounts receivable	-	-	3	3
<b>Total assets</b>	<b>\$ 10,423,565</b>	<b>\$ 8,655,589</b>	<b>\$ 44,980</b>	<b>\$ 19,124,134</b>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts and vouchers payable	\$ 976,361	1,527,789	-	\$ 2,504,150
Due to other governments	54,119	-	-	54,119
Accrued payroll	87,661	-	-	87,661
Other payables	2,636	-	-	2,636
Due to other funds	512,799	11,398	-	524,197
Total liabilities	<u>1,633,576</u>	<u>1,539,187</u>	<u>-</u>	<u>3,172,763</u>
Deferred inflows of resources	<u>439,211</u>	<u>-</u>	<u>-</u>	<u>439,211</u>
Fund balances:				
Restricted:				
Stabilization by State Statute	1,269,024	222,254	-	1,491,278
Inmates	264,683	-	-	264,683
Cemetery	-	-	44,980	44,980
School capital	-	1,091,661	-	1,091,661
Fire protection	227,257	-	-	227,257
Public safety	1,168,645	-	-	1,168,645
Economic and physical development	483,524	99,500	-	583,024
Human services	119,324	-	-	119,324
Cultural and recreational	3,284,622	405,187	-	3,689,809
Committed:				
Public safety	-	5,298,480	-	5,298,480
Assigned:				
Subsequent year's expenditures	2,276,469	-	-	2,276,469
Unassigned	(742,770)	(680)	-	(743,450)
Total fund balances	<u>8,350,778</u>	<u>7,116,402</u>	<u>44,980</u>	<u>15,512,160</u>
<b>Total liabilities and fund balances</b>	<b>\$ 10,423,565</b>	<b>\$ 8,655,589</b>	<b>\$ 44,980</b>	<b>\$ 19,124,134</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 11,390,290	\$ 1,295,095	\$ -	\$ 12,685,385
Other taxes	5,809,026	-	-	5,809,026
Restricted intergovernmental revenue	7,199,280	-	-	7,199,280
Sales and services	214,993	-	-	214,993
Interest earned on investments	5,605	2,336	15	7,956
Miscellaneous	678,386	117,746	2,400	798,532
<b>Total revenues</b>	<b>25,297,580</b>	<b>1,415,177</b>	<b>2,415</b>	<b>26,715,172</b>
<b>Expenditures</b>				
Current:				
Public safety	8,407,640	8,298,438	-	16,706,078
Economic and physical development	5,855,246	-	-	5,855,246
Human services	1,799,193	-	-	1,799,193
Cultural and recreational	3,986,037	249,070	-	4,235,107
Education	-	4,257,758	-	4,257,758
<b>Total expenditures</b>	<b>20,048,116</b>	<b>12,805,266</b>	<b>-</b>	<b>32,853,382</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,249,464</b>	<b>(11,390,089)</b>	<b>2,415</b>	<b>(6,138,210)</b>
<b>Other financing sources (uses)</b>				
Sale of capital assets	16,631	-	-	16,631
Transfers in	986,805	9,201,802	-	10,188,607
Transfers out	(5,835,860)	(418,717)	-	(6,254,577)
<b>Total other financing sources (uses)</b>	<b>(4,832,424)</b>	<b>8,783,085</b>	<b>-</b>	<b>3,950,661</b>
<b>Net change in fund balances</b>	<b>417,040</b>	<b>(2,607,004)</b>	<b>2,415</b>	<b>(2,187,549)</b>
<b>Fund balance - beginning</b>	<b>7,933,738</b>	<b>9,723,406</b>	<b>42,565</b>	<b>17,699,709</b>
<b>Fund balance - ending</b>	<b>\$ 8,350,778</b>	<b>\$ 7,116,402</b>	<b>\$ 44,980</b>	<b>\$ 15,512,160</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2013

(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
<b>Assets</b>								
Cash and cash equivalents	\$ 3,133,518	\$ 1,703,836	\$ 226,273	\$ 937,124	\$ 425,529	\$ 18,561	\$ 5,266	\$ 90,203
Investments	-	-	-	-	-	-	74,552	-
Taxes receivable, net	-	-	-	147,911	-	-	-	-
Sales tax receivable	-	3,719	110	957	820	691	-	20,401
Due from other governments	-	84,764	54,982	-	150	282,499	-	274,732
Other receivables, net	-	74	-	-	-	156,592	6	499
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 3,133,518</u>	<u>\$ 1,792,393</u>	<u>\$ 281,365</u>	<u>\$ 1,085,992</u>	<u>\$ 426,499</u>	<u>\$ 458,343</u>	<u>\$ 79,824</u>	<u>\$ 385,835</u>
<b>Liabilities:</b>								
Accounts and vouchers payable	\$ -	\$ 2,392	\$ 375	\$ 39,580	\$ 188,117	\$ 151,491	\$ -	\$ 45,107
Due to other governments	-	-	-	40,530	-	13,589	-	-
Accrued payroll	-	-	26,290	-	23,657	4,569	-	28,152
Other payables	-	-	-	-	-	11	-	2,625
Due to other funds	-	-	31,397	-	-	241,653	-	213,929
<b>Total liabilities</b>	<u>-</u>	<u>2,392</u>	<u>58,062</u>	<u>80,110</u>	<u>211,774</u>	<u>411,313</u>	<u>-</u>	<u>289,813</u>
<b>Deferred inflows of resources</b>	<u>-</u>	<u>6</u>	<u>-</u>	<u>147,911</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>
<b>Fund balances:</b>								
Restricted:								
Stabilization by State Statute	-	88,551	55,092	2,657	1,158	550,190	-	295,632
Inmates	-	-	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-	-	-
Public safety	-	441,402	-	-	-	-	-	-
Economic and physical development	-	-	168,211	-	-	-	79,818	-
Human services	-	-	-	-	119,324	-	-	-
Cultural and recreational	2,720,308	-	-	564,314	-	-	-	-
Assigned:								
Subsequent year's expenditures	413,210	1,260,042	-	291,000	94,243	-	-	40,000
Unassigned	-	-	-	-	-	(503,160)	-	(239,610)
<b>Total fund balances</b>	<u>3,133,518</u>	<u>1,789,995</u>	<u>223,303</u>	<u>857,971</u>	<u>214,725</u>	<u>47,030</u>	<u>79,818</u>	<u>96,022</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 3,133,518</u>	<u>\$ 1,792,393</u>	<u>\$ 281,365</u>	<u>\$ 1,085,992</u>	<u>\$ 426,499</u>	<u>\$ 458,343</u>	<u>\$ 79,824</u>	<u>\$ 385,835</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2013

(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
<b>Assets</b>								
Cash and cash equivalents	\$ 775,416	\$ 884,303	\$ 388	\$ 274,043	\$ 23,367	\$ 235,495	\$ -	\$ 8,733,322
Investments	-	-	-	-	-	-	-	74,552
Taxes receivable, net	291,288	-	-	-	-	-	-	439,199
Sales tax receivable	-	-	-	-	-	-	-	26,698
Due from other governments	-	-	-	-	-	-	-	697,127
Other receivables, net	-	-	-	-	-	-	-	157,171
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	295,496	295,496
<b>Total assets</b>	<b>\$ 1,066,704</b>	<b>\$ 884,303</b>	<b>\$ 388</b>	<b>\$ 274,043</b>	<b>\$ 23,367</b>	<b>\$ 235,495</b>	<b>\$ 295,496</b>	<b>\$ 10,423,565</b>
<b>Liabilities:</b>								
Accounts and vouchers payable	\$ 548,159	\$ 1,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 976,361
Due to other governments	-	-	-	-	-	-	-	54,119
Accrued payroll	-	-	-	-	-	-	4,993	87,661
Other payables	-	-	-	-	-	-	-	2,636
Due to other funds	-	-	-	-	-	-	25,820	512,799
Total liabilities	<u>548,159</u>	<u>1,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,813</u>	<u>1,633,576</u>
<b>Deferred inflows of resources</b>	<u>291,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439,211</u>
<b>Fund balances:</b>								
Restricted:								
Stabilization by State Statute	-	275,744	-	-	-	-	-	1,269,024
Inmates	-	-	-	-	-	-	264,683	264,683
Fire protection	227,257	-	-	-	-	-	-	227,257
Public safety	-	434,329	388	274,043	18,483	-	-	1,168,645
Economic and physical development	-	-	-	-	-	235,495	-	483,524
Human services	-	-	-	-	-	-	-	119,324
Cultural and recreational	-	-	-	-	-	-	-	3,284,622
Assigned:								
Subsequent year's expenditures	-	173,090	-	-	4,884	-	-	2,276,469
Unassigned	-	-	-	-	-	-	-	(742,770)
Total fund balances	<u>227,257</u>	<u>883,163</u>	<u>388</u>	<u>274,043</u>	<u>23,367</u>	<u>235,495</u>	<u>264,683</u>	<u>8,350,778</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,066,704</b>	<b>\$ 884,303</b>	<b>\$ 388</b>	<b>\$ 274,043</b>	<b>\$ 23,367</b>	<b>\$ 235,495</b>	<b>\$ 295,496</b>	<b>\$ 10,423,565</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2013**

(continued)

	<b>Prepared Food and Beverage Fund</b>	<b>Emergency Telephone Fund</b>	<b>Workforce Development Fund</b>	<b>Recreation Fund</b>	<b>Juvenile Crime Prevention Fund</b>	<b>Transportation Fund</b>	<b>Flea Hill Drainage District Fund</b>	<b>Community Development Fund</b>
<b>Revenues</b>								
Ad valorem taxes	\$ -	\$ -	\$ -	3,924,897	\$ -	\$ -	\$ -	\$ -
Other taxes	5,809,026	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	935,972	538,549	38,097	1,239,376	1,518,177	-	2,451,228
Sales and services	-	-	9,964	-	144,384	60,645	-	-
Interest earned on investments	1,696	2,285	-	577	138	84	37	-
Miscellaneous	-	-	-	-	-	-	-	31,183
<b>Total revenues</b>	<b>5,810,722</b>	<b>938,257</b>	<b>548,513</b>	<b>3,963,571</b>	<b>1,383,898</b>	<b>1,578,906</b>	<b>37</b>	<b>2,482,411</b>
<b>Expenditures</b>								
Current:								
Public safety	-	-	-	-	-	-	-	-
Economic and physical development	-	676,259	609,431	-	-	1,648,961	-	2,920,595
Human services	-	-	-	-	1,799,193	-	-	-
Cultural and recreational	1,838	-	-	3,984,199	-	-	-	-
<b>Total expenditures</b>	<b>1,838</b>	<b>676,259</b>	<b>609,431</b>	<b>3,984,199</b>	<b>1,799,193</b>	<b>1,648,961</b>	<b>-</b>	<b>2,920,595</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,808,884</b>	<b>261,998</b>	<b>(60,918)</b>	<b>(20,628)</b>	<b>(415,295)</b>	<b>(70,055)</b>	<b>37</b>	<b>(438,184)</b>
<b>Other financing sources (uses)</b>								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	71,083	-	375,744	71,213	-	468,765
Transfers out	(5,811,860)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(5,811,860)</b>	<b>-</b>	<b>71,083</b>	<b>-</b>	<b>375,744</b>	<b>71,213</b>	<b>-</b>	<b>468,765</b>
<b>Net change in fund balances</b>	<b>(2,976)</b>	<b>261,998</b>	<b>10,165</b>	<b>(20,628)</b>	<b>(39,551)</b>	<b>1,158</b>	<b>37</b>	<b>30,581</b>
<b>Fund balance - beginning</b>	<b>3,136,494</b>	<b>1,527,997</b>	<b>213,138</b>	<b>878,599</b>	<b>254,276</b>	<b>45,872</b>	<b>79,781</b>	<b>65,441</b>
<b>Fund balance - ending</b>	<b>\$ 3,133,518</b>	<b>\$ 1,789,995</b>	<b>\$ 223,303</b>	<b>\$ 857,971</b>	<b>\$ 214,725</b>	<b>\$ 47,030</b>	<b>\$ 79,818</b>	<b>\$ 96,022</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2013**

(concluded)

	<b>Fire Protection Fund</b>	<b>Federal Drug Forfeiture Fund</b>	<b>Federal Forfeiture Treasury Fund</b>	<b>North Carolina Controlled Substance Fund</b>	<b>Injured Animal Stabilization Fund</b>	<b>Downtown Revitalization Fund</b>	<b>Inmate Welfare Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues</b>								
Ad valorem taxes	\$ 7,465,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,390,290
Other taxes	-	-	-	-	-	-	-	5,809,026
Restricted intergovernmental revenue	-	397,134	-	70,401	10,346	-	-	7,199,280
Sales and services	-	-	-	-	-	-	-	214,993
Interest earned on investments	250	379	-	118	-	-	41	5,605
Miscellaneous	-	-	-	-	-	-	647,203	678,386
<b>Total revenues</b>	<b>7,465,643</b>	<b>397,513</b>	<b>-</b>	<b>70,519</b>	<b>10,346</b>	<b>-</b>	<b>647,244</b>	<b>25,297,580</b>
<b>Expenditures</b>								
Current:								
Public safety	7,618,067	231,420	-	26,944	13,208	-	518,001	8,407,640
Economic and physical development	-	-	-	-	-	-	-	5,855,246
Human services	-	-	-	-	-	-	-	1,799,193
Cultural and recreational	-	-	-	-	-	-	-	3,986,037
<b>Total expenditures</b>	<b>7,618,067</b>	<b>231,420</b>	<b>-</b>	<b>26,944</b>	<b>13,208</b>	<b>-</b>	<b>518,001</b>	<b>20,048,116</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(152,424)</b>	<b>166,093</b>	<b>-</b>	<b>43,575</b>	<b>(2,862)</b>	<b>-</b>	<b>129,243</b>	<b>5,249,464</b>
<b>Other financing sources (uses)</b>								
Sale of capital assets	-	16,631	-	-	-	-	-	16,631
Transfers in	-	-	-	-	-	-	-	986,805
Transfers out	(24,000)	-	-	-	-	-	-	(5,835,860)
<b>Total other financing sources (uses)</b>	<b>(24,000)</b>	<b>16,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,832,424)</b>
<b>Net change in fund balances</b>	<b>(176,424)</b>	<b>182,724</b>	<b>-</b>	<b>43,575</b>	<b>(2,862)</b>	<b>-</b>	<b>129,243</b>	<b>417,040</b>
<b>Fund balance - beginning</b>	<b>403,681</b>	<b>700,439</b>	<b>388</b>	<b>230,468</b>	<b>26,229</b>	<b>235,495</b>	<b>135,440</b>	<b>7,933,738</b>
<b>Fund balance - ending</b>	<b>\$ 227,257</b>	<b>\$ 883,163</b>	<b>\$ 388</b>	<b>\$ 274,043</b>	<b>\$ 23,367</b>	<b>\$ 235,495</b>	<b>\$ 264,683</b>	<b>\$ 8,350,778</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Prepared Food and Beverage Fund  
Year Ended June 30, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Revenues</b>				
Other taxes	\$ 5,406,213	\$ 5,809,026	\$ 402,813	\$ 5,614,428
Interest earned on investments	1,000	1,696	696	2,278
<b>Total revenues</b>	5,407,213	5,810,722	403,509	5,616,706
<b>Expenditures</b>				
<b>Current</b>				
Cultural and recreational	5,620	1,838	3,782	1,837
<b>Total expenditures</b>	5,620	1,838	3,782	1,837
<b>Revenues over expenditures</b>	5,401,593	5,808,884	407,291	5,614,869
<b>Other financing sources (uses)</b>				
Transfers (out)	(5,857,286)	(5,811,860)	45,426	(6,404,179)
Appropriated fund balance	455,693		455,693	-
<b>Total other financing sources (uses)</b>	(5,401,593)	(5,811,860)	(410,267)	(6,404,179)
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	\$ -	(2,976)	\$ (2,976)	(789,310)
<b>Fund balances</b>				
Beginning of year - July 1		3,136,494		3,925,804
End of year - June 30		\$ 3,133,518		\$ 3,136,494

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Emergency Telephone Fund  
Year Ended June 30, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,017,172	\$ 935,972	\$ (81,200)	\$ 929,630
Interest earned on investments	-	2,285	2,285	532
<b>Total revenues</b>	<u>1,017,172</u>	<u>938,257</u>	<u>(78,915)</u>	<u>930,162</u>
<b>Expenditures</b>				
Economic and physical development:				
Implemental functions	243,127	230,258	12,869	222,411
Telephone/furniture	356,056	243,270	112,786	413,621
Software	392,445	184,209	208,236	156,276
Hardware	12,004	7,767	4,237	152,565
Training	63,000	7,188	55,812	25,257
S.L.2010-158	-	-	-	1,464,134
Capital outlay	28,398	-	28,398	-
Other	-	3,567	(3,567)	32,075
<b>Total expenditures</b>	<u>1,095,030</u>	<u>676,259</u>	<u>418,771</u>	<u>2,466,339</u>
<b>Revenues over expenditures</b>	<u>(77,858)</u>	<u>261,998</u>	<u>339,856</u>	<u>(1,536,177)</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	<u>77,858</u>		<u>77,858</u>	
<b>Total other financing sources (uses)</b>	<u>77,858</u>	<u>-</u>	<u>(77,858)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>261,998</u>	<u>\$ 261,998</u>	<u>(1,536,177)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>1,527,997</u>		<u>3,064,174</u>
End of year - June 30		<u>\$ 1,789,995</u>		<u>\$ 1,527,997</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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 537,494	\$ 538,549	\$ 1,055	\$ 1,165,125
Sales and services	9,968	9,964	(4)	34,405
<b>Total revenues</b>	<u>547,462</u>	<u>548,513</u>	<u>1,051</u>	<u>1,199,530</u>
<b>Expenditures</b>				
Economic and physical development:				
WIA programs	3,000	2,018	982	325,655
NEG/CAA			-	147,935
Senior Aides	607,415	607,413	2	736,770
<b>Total expenditures</b>	<u>610,415</u>	<u>609,431</u>	<u>984</u>	<u>1,210,360</u>
<b>Revenues over expenditures</b>	<u>(62,953)</u>	<u>(60,918)</u>	<u>2,035</u>	<u>(10,830)</u>
<b>Other financing sources (uses)</b>				
Transfers in	62,953	71,083	8,130	57,662
<b>Total other financing sources (uses)</b>	<u>62,953</u>	<u>71,083</u>	<u>8,130</u>	<u>57,662</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>10,165</u>	<u>\$ 10,165</u>	<u>46,832</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>213,138</u>		<u>166,306</u>
End of year - June 30		<u>\$ 223,303</u>		<u>\$ 213,138</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Recreation Fund  
Year Ended June 30, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Revenues</b>				
Ad valorem taxes	\$ 4,057,035	\$ 3,924,897	\$ (132,138)	\$ 3,827,323
Restricted intergovernmental revenue		38,097	38,097	63,450
Sales and services	-	-	-	-
Interest earned on investments	5,000	577	(4,423)	750
			-	
<b>Total revenues</b>	<u>4,062,035</u>	<u>3,963,571</u>	<u>(98,464)</u>	<u>3,891,523</u>
<b>Expenditures</b>				
Culture and recreational	4,062,035	3,965,577	96,458	3,817,132
Capital outlay	83,000	18,622	64,378	158,429
<b>Total expenditures</b>	<u>4,145,035</u>	<u>3,984,199</u>	<u>160,836</u>	<u>3,975,561</u>
<b>Revenues over expenditures</b>	<u>(83,000)</u>	<u>(20,628)</u>	<u>62,372</u>	<u>(84,038)</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	83,000	-	(83,000)	-
<b>Total other financing sources (uses)</b>	<u>83,000</u>	<u>-</u>	<u>(83,000)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(20,628)</u>	<u>\$ (20,628)</u>	<u>(84,038)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>878,599</u>		<u>962,637</u>
End of year - June 30		<u>\$ 857,971</u>		<u>\$ 878,599</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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,447,241	\$ 1,239,376	\$ (207,865)	\$ 1,334,804
Sales and services	134,866	144,384	9,518	154,897
Interest earned on investments	-	138	138	213
<b>Total revenues</b>	<u>1,582,107</u>	<u>1,383,898</u>	<u>(198,209)</u>	<u>1,489,914</u>
<b>Expenditures</b>				
Human services				
JCP programs	1,359,706	1,141,247	218,459	1,123,470
Residential group home	696,687	657,946	38,741	675,655
<b>Total expenditures</b>	<u>2,056,393</u>	<u>1,799,193</u>	<u>257,200</u>	<u>1,799,125</u>
<b>Revenues over expenditures</b>	<u>(474,286)</u>	<u>(415,295)</u>	<u>58,991</u>	<u>(309,211)</u>
<b>Other financing sources (uses)</b>				
Transfers in	380,043	375,744	(4,299)	352,762
Appropriated fund balance	94,243		(94,243)	-
<b>Total other financing sources (uses)</b>	<u>474,286</u>	<u>375,744</u>	<u>(98,542)</u>	<u>352,762</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(39,551)</u>	<u>\$ (39,551)</u>	<u>43,551</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>254,276</u>		<u>210,725</u>
End of year - June 30		<u>\$ 214,725</u>		<u>\$ 254,276</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Transportation Fund  
Year Ended June 30, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 3,052,096	\$ 1,518,177	\$ (1,533,919)	\$ 1,229,536
Sales and services	102,901	60,645	(42,256)	34,318
Interest earned on investments	-	84	84	108
<b>Total revenues</b>	<u>3,154,997</u>	<u>1,578,906</u>	<u>(1,576,091)</u>	<u>1,263,962</u>
<b>Expenditures</b>				
Economic and physical development	<u>3,283,799</u>	<u>1,648,961</u>	<u>1,634,838</u>	<u>1,294,972</u>
<b>Total expenditures</b>	<u>3,283,799</u>	<u>1,648,961</u>	<u>1,634,838</u>	<u>1,294,972</u>
<b>Revenues over expenditures</b>	<u>(128,802)</u>	<u>(70,055)</u>	<u>58,747</u>	<u>(31,010)</u>
<b>Other financing sources (uses)</b>				
Transfers in	128,802	71,213	(57,589)	67,170
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>128,802</u>	<u>71,213</u>	<u>(57,589)</u>	<u>67,170</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>1,158</u>	<u>\$ 1,158</u>	<u>36,160</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>45,872</u>		<u>9,712</u>
End of year - June 30		<u>\$ 47,030</u>		<u>\$ 45,872</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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ 37	\$ 37	\$ 168
<b>Total revenues</b>	-	37	37	168
<b>Expenditures</b>				
Current				
Expenditures				
Economic and physical development				
Economic and physical development	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Revenues over expenditures</b>	-	37	37	168
<b>Other financing sources (uses)</b>				
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>37</u>	<u>\$ 37</u>	<u>168</u>
<b>Fund balances</b>				
Beginning of year - July 1		79,781		79,613
End of year - June 30		<u>\$ 79,818</u>		<u>\$ 79,781</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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 4,204,920	\$ 2,451,228	\$ (1,753,692)	\$ 1,742,842
Miscellaneous	7,000	31,183	24,183	12,039
			-	
<b>Total revenues</b>	<u>4,211,920</u>	<u>2,482,411</u>	<u>(1,729,509)</u>	<u>1,754,881</u>
<b>Expenditures</b>				
Economic and physical development				
Administration	665,337	612,808	52,529	353,066
Economic Development	1,329,367	714,291	615,076	652,971
Housing activities	1,677,945	900,808	777,137	592,614
NC Urgent Repair Program	43,513	30,032	13,481	31,486
Public facilities	400,000	138,850	261,150	
Public services	128,314	83,458	44,856	66,703
Program grants	469,529	237,411	232,118	134,481
Program grants	204,398	202,937	1,461	-
<b>Total expenditures</b>	<u>4,918,403</u>	<u>2,920,595</u>	<u>1,997,808</u>	<u>1,831,321</u>
<b>Revenues over (under) expenditures</b>	<u>(706,483)</u>	<u>(438,184)</u>	<u>268,299</u>	<u>(76,440)</u>
<b>Other financing sources (uses)</b>				
Transfers in	670,257	468,765	(201,492)	82,006
Appropriated fund balance	36,226	-	(36,226)	-
<b>Total other financing sources (uses)</b>	<u>706,483</u>	<u>468,765</u>	<u>(237,718)</u>	<u>82,006</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>30,581</u>	<u>\$ 30,581</u>	<u>5,566</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>65,441</u>		<u>59,875</u>
End of year - June 30		<u>\$ 96,022</u>		<u>\$ 65,441</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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Revenues</b>				
Ad valorem taxes	\$ 7,499,774	\$ 7,465,393	\$ (34,381)	\$ 7,295,226
Interest earned on investments	233	250	17	298
<b>Total revenues</b>	<u>7,500,007</u>	<u>7,465,643</u>	<u>(34,364)</u>	<u>7,295,524</u>
<b>Expenditures</b>				
Public safety	<u>7,690,158</u>	<u>7,618,067</u>	<u>72,091</u>	<u>7,191,685</u>
<b>Total expenditures</b>	<u>7,690,158</u>	<u>7,618,067</u>	<u>72,091</u>	<u>7,191,685</u>
<b>Revenues over expenditures</b>	<u>(190,151)</u>	<u>(152,424)</u>	<u>37,727</u>	<u>103,839</u>
<b>Other financing sources (uses)</b>				
Transfers out	(24,000)	(24,000)	-	-
Appropriated fund balance	<u>214,151</u>	<u>-</u>	<u>(214,151)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>190,151</u>	<u>(24,000)</u>	<u>(214,151)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(176,424)</u>	<u>\$ (176,424)</u>	<u>103,839</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>403,681</u>		<u>299,842</u>
End of year - June 30		<u>\$ 227,257</u>		<u>\$ 403,681</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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Revenues</b>				
Restricted intergovernmental revenue	\$	\$ 397,134	\$ 397,134	\$ 219,650
Interest earned on investments		379	379	371
			-	
<b>Total revenues</b>	-	397,513	397,513	220,021
<b>Expenditures</b>				
Public safety	424,507	36,920	387,587	33,210
Capital outlay	294,703	194,500	100,203	54,933
<b>Total expenditures</b>	719,210	231,420	487,790	88,143
<b>Revenues over expenditures</b>	(719,210)	166,093	885,303	131,878
<b>Other financing sources (uses)</b>				
Sale of capital assets		16,631	16,631	10,449
Appropriated fund balance	719,210	-	(719,210)	
<b>Total other financing sources (uses)</b>	719,210	16,631	(702,579)	10,449
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	\$ -	182,724	\$ 182,724	142,327
<b>Fund balances</b>				
Beginning of year - July 1		700,439		558,112
End of year - June 30		\$ 883,163		\$ 700,439

**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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>Expenditures</b>				
Public safety	-	-	-	838
<b>Total expenditures</b>	-	-	-	838
<b>Revenues over expenditures</b>	-	-	-	(838)
<b>Other financing sources (uses)</b>				
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	(838)
<b>Fund balances</b>				
Beginning of year - July 1		388		1,226
End of year - June 30		<u>\$ 388</u>		<u>\$ 388</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - North Carolina Controlled Substance Fund  
Year Ended June 30, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Revenues</b>				
Restricted intergovernmental revenue	\$	\$ 70,401	\$ 70,401	\$ 82,546
Interest earned on investments		118	118	118
<b>Total revenues</b>	-	70,519	70,519	82,664
<b>Expenditures</b>				
Public safety	28,830	26,944	1,886	
<b>Total expenditures</b>	28,830	26,944	1,886	-
<b>Revenues over expenditures</b>	(28,830)	43,575	72,405	82,664
<b>Other financing sources (uses)</b>				
Appropriated fund balance	28,830		(28,830)	-
<b>Total other financing sources (uses)</b>	28,830	-	(28,830)	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	\$ -	43,575	\$ 43,575	82,664
<b>Fund balances</b>				
Beginning of year - July 1		230,468		147,804
End of year - June 30		\$ 274,043		\$ 230,468

**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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 10,150	\$ 10,346	\$ 196	\$ 11,799
<b>Total revenues</b>	<u>10,150</u>	<u>10,346</u>	<u>196</u>	<u>11,799</u>
<b>Expenditures</b>				
Public safety	13,638	13,208	430	7,288
<b>Total expenditures</b>	<u>13,638</u>	<u>13,208</u>	<u>430</u>	<u>7,288</u>
<b>Revenues over expenditures</b>	<u>(3,488)</u>	<u>(2,862)</u>	<u>626</u>	<u>4,511</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	3,488	-	(3,488)	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(2,862)</u>	<u>\$ (2,862)</u>	<u>4,511</u>
<b>Fund balances</b>				
Beginning of year - July 1		26,229		21,718
End of year - June 30		<u>\$ 23,367</u>		<u>\$ 26,229</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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Revenues over expenditures	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
<b>Fund balances</b>				
Beginning of year - July 1		<u>235,495</u>		<u>235,495</u>
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, 2013  
(With Comparative Totals for Year Ended June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Revenues</b>				
Interest earned on investments	\$ 160	\$ 41	\$ (119)	\$ 140
Miscellaneous	530,500	647,203	116,703	507,947
<b>Total revenues</b>	<u>530,660</u>	<u>647,244</u>	<u>116,584</u>	<u>508,087</u>
<b>Expenditures</b>				
Public safety	530,660	518,001	12,659	497,859
<b>Total expenditures</b>	<u>530,660</u>	<u>518,001</u>	<u>12,659</u>	<u>497,859</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>129,243</u>	<u>129,243</u>	<u>10,228</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>129,243</u>	<u>\$ 129,243</u>	<u>10,228</u>
<b>Fund balances</b>				
Beginning of year - July 1		135,440		125,212
End of year - June 30		<u>\$ 264,683</u>		<u>\$ 135,440</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2013**

	<u>Detention Facility Expansion Fund</u>	<u>New Century Middle School Fund</u>	<u>West Regional Library Fund</u>	<u>New Century Elementary Fund</u>	<u>QSCB Project Fund</u>	<u>Overhills Sewer Project Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Assets</b>							
Sales tax receivable	\$ 110,228	\$ 95,419	\$ 15,622	\$ -	\$ 985	\$ -	\$ 222,254
Restricted assets:							
Cash and cash equivalents	<u>6,677,531</u>	<u>1,083,478</u>	<u>415,905</u>	<u>156,921</u>	<u>-</u>	<u>99,500</u>	<u>8,433,335</u>
<b>Total assets</b>	<u><b>\$ 6,787,759</b></u>	<u><b>\$ 1,178,897</b></u>	<u><b>\$ 431,527</b></u>	<u><b>\$ 156,921</b></u>	<u><b>\$ 985</b></u>	<u><b>\$ 99,500</b></u>	<u><b>\$ 8,655,589</b></u>
<b>Liabilities and fund balances</b>							
Liabilities:							
Accounts and vouchers payable	\$ 1,379,051	\$ 148,738	\$ -	\$ -	\$ -	\$ -	\$ 1,527,789
Due to other funds	<u>-</u>	<u>-</u>	<u>10,718</u>	<u>-</u>	<u>680</u>	<u>-</u>	<u>11,398</u>
<b>Total liabilities</b>	<u><b>1,379,051</b></u>	<u><b>148,738</b></u>	<u><b>10,718</b></u>	<u><b>-</b></u>	<u><b>680</b></u>	<u><b>-</b></u>	<u><b>1,539,187</b></u>
Fund balances:							
Nonspendable:							
Restricted:							
Stabilization by State Statute	110,228	95,419	15,622	-	985	-	222,254
School capital	-	934,740	-	156,921	-	-	1,091,661
Cultural and recreational	-	-	405,187	-	-	-	405,187
Economic and physical development	-	-	-	-	-	99,500	99,500
Committed:							
Public safety	5,298,480	-	-	-	-	-	5,298,480
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(680)</u>	<u>-</u>	<u>(680)</u>
<b>Total fund balances</b>	<u><b>5,408,708</b></u>	<u><b>1,030,159</b></u>	<u><b>420,809</b></u>	<u><b>156,921</b></u>	<u><b>305</b></u>	<u><b>99,500</b></u>	<u><b>7,116,402</b></u>
<b>Total liabilities and fund balances</b>	<u><b>\$ 6,787,759</b></u>	<u><b>\$ 1,178,897</b></u>	<u><b>\$ 431,527</b></u>	<u><b>\$ 156,921</b></u>	<u><b>\$ 985</b></u>	<u><b>\$ 99,500</b></u>	<u><b>\$ 8,655,589</b></u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Project Funds  
Year Ended June 30, 2013**

	<b>Detention Facility Expansion Fund</b>	<b>New Century Middle School Fund</b>	<b>West Regional Library Fund</b>	<b>New Century Elementary School Fund</b>	<b>QSCB Project Fund</b>	<b>Overhills Sewer Project Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues</b>							
Ad valorem taxes	\$ 1,295,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,295,095
Interest earned on investments	-	1,671	248	-	417	-	2,336
Miscellaneous	109,902	7,844	-	-	-	-	117,746
<b>Total revenues</b>	<u>1,404,997</u>	<u>9,515</u>	<u>248</u>	<u>-</u>	<u>417</u>	<u>-</u>	<u>1,415,177</u>
<b>Expenditures</b>							
<b>Capital outlay</b>							
Public safety	8,298,438	-	-	-	-	-	8,298,438
Education	-	3,318,501	-	-	939,257	-	4,257,758
Cultural and recreation	-	-	249,070	-	-	-	249,070
<b>Total expenditures</b>	<u>8,298,438</u>	<u>3,318,501</u>	<u>249,070</u>	<u>-</u>	<u>939,257</u>	<u>-</u>	<u>12,805,266</u>
<b>Revenues over (under) expenditures</b>	<u>(6,893,441)</u>	<u>(3,308,986)</u>	<u>(248,822)</u>	<u>-</u>	<u>(938,840)</u>	<u>-</u>	<u>(11,390,089)</u>
<b>Other financing sources (uses)</b>							
Transfers in	8,478,585	623,717	-	-	-	99,500	9,201,802
Transfers (out)	-	-	-	-	(418,717)	-	(418,717)
<b>Total other financing sources</b>	<u>8,478,585</u>	<u>623,717</u>	<u>-</u>	<u>-</u>	<u>(418,717)</u>	<u>99,500</u>	<u>8,783,085</u>
<b>Revenues and other financing sources over (under) expenditures</b>	1,585,144	(2,685,269)	(248,822)	-	(1,357,557)	99,500	(2,607,004)
<b>Fund balance</b>							
Beginning of year - July 1	<u>3,823,564</u>	<u>3,715,428</u>	<u>669,631</u>	<u>156,921</u>	<u>1,357,862</u>	<u>-</u>	<u>9,723,406</u>
End of year - June 30	<u>\$ 5,408,708</u>	<u>\$ 1,030,159</u>	<u>\$ 420,809</u>	<u>\$ 156,921</u>	<u>\$ 305</u>	<u>\$ 99,500</u>	<u>\$ 7,116,402</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, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Ad valorem taxes	\$ 4,165,981	\$ 2,489,877	\$ -	\$ 1,295,095	\$ 3,784,972
Miscellaneous	-	-	-	109,902	109,902
<b>Total revenues</b>	<u>4,165,981</u>	<u>2,489,877</u>	<u>-</u>	<u>1,404,997</u>	<u>3,894,874</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Public safety	14,944,566	966,313	-	8,298,438	9,264,751
<b>Total expenditures</b>	<u>14,944,566</u>	<u>966,313</u>	<u>-</u>	<u>8,298,438</u>	<u>9,264,751</u>
<b>Revenues over (under) expenditures</b>	<u>(10,778,585)</u>	<u>1,523,564</u>	<u>-</u>	<u>(6,893,441)</u>	<u>(5,369,877)</u>
<b>Other financing sources (uses)</b>					
Transfers in	10,778,585	2,300,000	-	8,478,585	10,778,585
<b>Total other financing sources</b>	<u>10,778,585</u>	<u>2,300,000</u>	<u>-</u>	<u>8,478,585</u>	<u>10,778,585</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 3,823,564</u>	<u>\$ -</u>	1,585,144	<u>\$ 5,408,708</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>3,823,564</u>	
End of year - June 30				<u>\$ 5,408,708</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, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ 11,997	\$ 10,625	\$ -	\$ 1,671	12,296
Miscellaneous	-	-	-	7,844	7,844
<b>Total revenues</b>	<u>11,997</u>	<u>10,625</u>	<u>-</u>	<u>9,515</u>	<u>20,140</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Education	17,768,227	13,427,711	-	3,318,501	16,746,212
<b>Debt issuance costs</b>	<u>284,418</u>	<u>284,416</u>	<u>-</u>	<u>-</u>	<u>284,416</u>
<b>Total expenditures</b>	<u>18,052,645</u>	<u>13,712,127</u>	<u>-</u>	<u>3,318,501</u>	<u>17,030,628</u>
<b>Revenues over (under) expenditures</b>	<u>(18,040,648)</u>	<u>(13,701,502)</u>	<u>-</u>	<u>(3,308,986)</u>	<u>(17,010,488)</u>
<b>Other financing sources (uses)</b>					
Proceeds of debt issuance	14,805,000	14,805,000	-	-	14,805,000
Transfers in	3,235,648	2,611,930	-	623,717	3,235,647
<b>Total other financing sources</b>	<u>18,040,648</u>	<u>17,416,930</u>	<u>-</u>	<u>623,717</u>	<u>18,040,647</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 3,715,428</u>	<u>\$ -</u>	<u>(2,685,269)</u>	<u>\$ 1,030,159</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>3,715,428</u>	
End of year - June 30				<u>\$ 1,030,159</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, 2013

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Interest earned on investments	\$ -	\$ 20,382	\$ -	\$ 248	\$ 20,630
<b>Total revenues</b>	-	20,382	-	248	20,630
<b>Expenditures</b>					
<b>Capital outlay</b>					
Cultural and recreation	5,237,218	4,588,420	-	249,070	4,837,490
<b>Debt issuance costs</b>	77,006	76,555	-	-	76,555
<b>Total expenditures</b>	5,314,224	4,664,975	-	249,070	4,914,045
<b>Revenues over (under) expenditures</b>	(5,314,224)	(4,644,593)	-	(248,822)	(4,893,415)
<b>Other financing sources (uses)</b>					
Bond proceeds	5,285,165	5,285,165	-	-	5,285,165
Premium on debt issuance	29,059	29,059	-	-	29,059
Transfers in	402,962	402,962	-	-	402,962
Transfers out	(402,962)	(402,962)	-	-	(402,962)
Appropriated fund balance	-	-	-	-	-
<b>Total other financing sources</b>	5,314,224	5,314,224	-	-	5,314,224
<b>Revenues and other financing sources over (under) expenditures</b>	\$ -	\$ 669,631	\$ -	(248,822)	\$ 420,809
<b>Fund balance</b>					
Beginning of year - July 1				669,631	
End of year - June 30				\$ 420,809	

**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, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ 59,620	\$ 59,649	\$ -	\$ -	\$ 59,649
Miscellaneous	218,703	-	-	-	-
<b>Total revenues</b>	<u>278,323</u>	<u>59,649</u>	<u>-</u>	<u>-</u>	<u>59,649</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Education	17,253,672	16,879,625	-	-	16,879,625
<b>Issuance costs</b>	264,179	262,630	-	-	262,630
<b>Total expenditures</b>	<u>17,517,851</u>	<u>17,142,255</u>	<u>-</u>	<u>-</u>	<u>17,142,255</u>
<b>Revenues over (under) expenditures</b>	<u>(17,239,528)</u>	<u>(17,082,606)</u>	<u>-</u>	<u>-</u>	<u>(17,082,606)</u>
<b>Other financing sources (uses)</b>					
Premium on debt issuance	99,693	99,692	-	-	99,692
Bond issuance proceeds	17,139,835	17,139,835	-	-	17,139,835
<b>Total other financing sources</b>	<u>17,239,528</u>	<u>17,239,527</u>	<u>-</u>	<u>-</u>	<u>17,239,527</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 156,921</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 156,921</u>
<b>Fund balance</b>					
Beginning of year - July 1				156,921	
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, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ 23,770	\$ 23,351	\$ -	\$ 417	\$ 23,768
<b>Total revenues</b>	<u>23,770</u>	<u>23,351</u>	<u>-</u>	<u>417</u>	<u>23,768</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Education	15,359,681	14,420,424	-	939,257	15,359,681
<b>Debt issuance costs</b>	<u>145,065</u>	<u>145,065</u>	<u>-</u>	<u>-</u>	<u>145,065</u>
<b>Total expenditures</b>	<u>15,504,746</u>	<u>14,565,489</u>	<u>-</u>	<u>939,257</u>	<u>15,504,746</u>
<b>Revenues over (under) expenditures</b>	<u>(15,480,976)</u>	<u>(14,542,138)</u>	<u>-</u>	<u>(938,840)</u>	<u>(15,480,978)</u>
<b>Other financing sources (uses)</b>					
Bond issuance proceeds	15,900,000	15,900,000	-	-	15,900,000
Transfers (out)	<u>(419,024)</u>	<u>-</u>	<u>-</u>	<u>(418,717)</u>	<u>(418,717)</u>
<b>Total other financing sources</b>	<u>15,480,976</u>	<u>15,900,000</u>	<u>-</u>	<u>(418,717)</u>	<u>15,481,283</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 1,357,862</u>	<u>\$ -</u>	<u>(1,357,557)</u>	<u>\$ 305</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>1,357,862</u>	
End of year - June 30				<u>\$ 305</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Economic & Physical Development	99,500	-	-	-	-
<b>Total expenditures</b>	<u>99,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>(99,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	99,500	-	-	99,500	99,500
<b>Total other financing sources</b>	<u>99,500</u>	<u>-</u>	<u>-</u>	<u>99,500</u>	<u>99,500</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	99,500	<u>\$ 99,500</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ 99,500</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, 2013  
(With Comparative Totals for June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ 400	\$ 15	\$ (385)	\$ 25
Burial Fees	2,400	2,400	-	-
<b>Total revenues</b>	<u>2,800</u>	<u>2,415</u>	<u>(385)</u>	<u>25</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Maintenance	2,800	-	2,800	-
<b>Total expenditures</b>	<u>2,800</u>	<u>-</u>	<u>2,800</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>2,415</u>	<u>2,415</u>	<u>25</u>
<b>Other financing sources (uses)</b>				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>2,415</u>	<u>\$ 2,415</u>	<u>25</u>
<b>Fund balance</b>				
Beginning of year - July 1		<u>42,565</u>		<u>42,540</u>
End of year - June 30		<u>\$ 44,980</u>		<u>\$ 42,565</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
Cumberland County Solid Waste Fund  
Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 2,993,207	\$ 2,886,145	\$ (107,062)	\$ 3,512,590
Other operating revenue	11,388	11,388	-	11,388
Solid waste fees	4,694,329	4,906,314	211,985	4,870,257
Total operating revenues	<u>7,698,924</u>	<u>7,803,847</u>	<u>104,923</u>	<u>8,394,235</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	97,210	78,404	(18,806)	71,959
Gain (loss) on disposal of capital assets	-	-	-	4,412
Miscellaneous	12,319	80,436	68,117	39,864
Grant revenue	538,524	729,269	190,745	456,766
Transfers in	4,789,273	-	(4,789,273)	-
Total Nonoperating revenues and other financing sources	<u>5,437,326</u>	<u>888,109</u>	<u>(4,549,217)</u>	<u>573,001</u>
Appropriated fund balance	<u>3,201,737</u>	<u>-</u>	<u>(3,201,737)</u>	<u>-</u>
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 16,337,987</u>	<u>\$ 8,691,956</u>	<u>\$ (7,646,031)</u>	<u>\$ 8,967,236</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 3,749,372	\$ 3,291,280	\$ 458,092	\$ 3,289,314
Repairs and maintenance	1,279,668	1,089,699	189,969	1,397,521
Utilities	109,706	92,900	16,806	102,824
Administrative costs	4,658,062	3,243,382	1,414,680	3,452,582
Landfill closure and postclosure care costs	1,043,000	844,048	198,952	821,158
Total operating expenditures	<u>10,839,808</u>	<u>8,561,309</u>	<u>2,278,499</u>	<u>9,063,399</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	5,498,179	99,496	5,398,683	1,084,794
Total other expenditures and financing uses	<u>5,498,179</u>	<u>99,496</u>	<u>5,398,683</u>	<u>1,084,794</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 16,337,987</u>	<u>\$ 8,660,805</u>	<u>\$ 7,677,182</u>	<u>\$ 10,148,193</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 8,691,956		
Total expenditures and other financing uses		<u>8,660,805</u>		
		31,151		
Capital outlay		99,496		
Depreciation		<u>(1,156,314)</u>		
<b>Change in net position</b>		<u>\$ (1,025,667)</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, 2013**  
**(With Comparative Totals for June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 2,489,500	\$ 2,392,763	\$ (96,737)	\$ 2,466,218
Total operating revenues	<u>2,489,500</u>	<u>2,392,763</u>	<u>(96,737)</u>	<u>2,466,218</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	550	45,369	44,819	53,910
Motel occupancy tax	1,250,229	1,274,901	24,672	1,226,853
Gain (loss) on disposal of capital assets	-	(1,223)	(1,223)	555
Miscellaneous	-	335	335	-
Transfers in	5,806,472	5,761,046	(45,426)	6,353,745
<b>Total Nonoperating revenues and other financing sources</b>	<u>7,057,251</u>	<u>7,080,428</u>	<u>23,177</u>	<u>7,635,063</u>
Appropriated fund balance	1,419,568	-	(1,419,568)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 10,966,319</u>	<u>\$ 9,473,191</u>	<u>\$ (1,493,128)</u>	<u>\$ 10,101,281</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 2,704,510	\$ 2,631,457	\$ 73,053	\$ 2,499,545
Repairs and maintenance	1,149,169	464,192	684,977	413,045
Utilities	845,000	859,522	(14,522)	812,404
Administrative costs	2,506,572	1,579,050	927,522	1,722,616
Total operating expenditures	<u>7,205,251</u>	<u>5,534,221</u>	<u>1,671,030</u>	<u>5,447,610</u>
Interest expense	2,463,556	1,592,108	(871,448)	1,736,860
<b>Nonoperating expenditures</b>	<u>2,463,556</u>	<u>1,592,108</u>	<u>(871,448)</u>	<u>1,736,860</u>
<b>Other expenditures and financing (sources) uses</b>				
Principal payments	1,242,319	2,547,021	(1,304,702)	3,445,000
Capital outlay	-	73,983	(73,983)	23,585
Transfers out	55,193	55,193	-	55,193
Total other expenditures and financing uses	<u>1,297,512</u>	<u>2,676,197</u>	<u>(1,378,685)</u>	<u>3,523,778</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 10,966,319</u>	<u>\$ 9,802,526</u>	<u>\$ (579,103)</u>	<u>\$ 10,708,248</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 9,473,191		
Total expenditures and other financing uses		<u>9,802,526</u>		
		(329,335)		
Capital outlay		73,983		
Depreciation		(2,007,711)		
Principal payments		<u>2,547,021</u>		
<b>Change in net position</b>		<u>\$ 283,958</u>		

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures  
Budget and Actual - Solid Waste Cell Construction Fund**

**From Inception and for Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$	\$ -	\$ -	\$	\$ -
Miscellaneous		-	-		-
<b>Total revenues</b>	-	-	-	-	-
<b>Expenditures</b>					
<b>Capital outlay</b>					
Other	4,789,273	374,215	-	-	374,215
<b>Total expenditures</b>	4,789,273	374,215	-	-	374,215
<b>Revenues over (under) expenditures</b>	(4,789,273)	(374,215)	-	-	(374,215)
<b>Other financing sources (uses)</b>					
Transfers in	4,789,273	-	-	-	-
<b>Total other financing sources</b>	4,789,273	-	-	-	-
<b>Revenues and other financing sources over (under) expenditures</b>	\$ -	\$ (374,215)	\$ -	\$ -	\$ (374,215)

**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, 2013  
(With Comparative Totals for June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 1,300	\$ 6,097	\$ 4,797	\$ 2,082
Total operating revenues	1,300	6,097	4,797	2,082
<b>Nonoperating revenues and other financing sources</b>				
Capital contributions	-	-	-	-
Total Nonoperating revenues and other financing sources	-	-	-	-
Appropriated fund balance	10,000	-	(10,000)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 11,300</u>	<u>\$ 6,097</u>	<u>\$ (5,203)</u>	<u>\$ 2,082</u>
<b>Operating expenditures</b>				
Repairs and maintenance	\$ 11,300	\$ 8,184	\$ 3,116	\$ 5,523
	-	288	(288)	-
Total operating expenditures	11,300	8,472	2,828	5,523
<b>Nonoperating expenditures</b>	-	-	-	-
<b>Other expenditures and financing uses</b>	-	-	-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 11,300</u>	<u>\$ 8,472</u>	<u>\$ 2,828</u>	<u>\$ 5,523</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 6,097		
Total expenditures and other financing uses		8,472		
		(2,375)		
Depreciation		(66,865)		
<b>Change in net position</b>		<u>\$ (69,240)</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, 2013  
 (With Comparative Totals for June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 383,557	\$ 385,599	\$ 2,042	\$ 391,357
Total operating revenues	<u>383,557</u>	<u>385,599</u>	<u>2,042</u>	<u>391,357</u>
<b>Nonoperating revenues and other financing sources</b>				
Miscellaneous	-	-	-	269
Total Nonoperating revenues and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>269</u>
<b>Appropriated fund balance</b>	5,820	-	(5,820)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 389,377</u>	<u>\$ 385,599</u>	<u>\$ (3,778)</u>	<u>\$ 391,626</u>
<b>Operating expenditures</b>				
Repairs and maintenance	127,120	75,099	\$ 52,021	223,423
Utilities	175,000	154,375	20,625	152,865
Administrative costs	20,912	1,353	19,559	3,167
Total operating expenditures	<u>323,032</u>	<u>230,827</u>	<u>92,205</u>	<u>379,455</u>
<b>Nonoperating expenditures</b>				
Interest expense	66,345	48,283	18,062	48,988
Total nonoperating expenditures	<u>66,345</u>	<u>48,283</u>	<u>18,062</u>	<u>48,988</u>
<b>Other expenditures and financing uses</b>	-	-	-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 389,377</u>	<u>\$ 279,110</u>	<u>\$ 110,267</u>	<u>\$ 428,443</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 385,599		
Total expenditures and other financing uses		<u>279,110</u>		
		106,489		
Depreciation		<u>(237,940)</u>		
<b>Change in net position</b>		<u>\$ (131,451)</u>		

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
Southpoint Water and Sewer District Fund  
Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 4,700	\$ 4,700	\$ -	\$ -
Total operating revenues	4,700	4,700	-	-
<b>Nonoperating revenues and other financing sources</b>				
Grant revenue	540,802	361,239	(179,563)	-
Transfers in	5,832	5,832	-	-
Total Nonoperating revenues and other financing sources	546,634	367,071	(179,563)	-
<b>Appropriated fund balance</b>	-	-	-	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 551,334</u>	<u>\$ 371,771</u>	<u>\$ (179,563)</u>	<u>\$ -</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 10,532	\$ 3,529	\$ 7,003	\$ -
Total operating expenditures	10,532	3,529	7,003	-
<b>Nonoperating expenditures</b>				
Interest expense	-	-	-	-
Total nonoperating expenditures	-	-	-	-
<b>Other expenditures and financing uses</b>	-	-	-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 10,532</u>	<u>\$ 3,529</u>	<u>\$ 7,003</u>	<u>\$ -</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 371,771		
Total expenditures and other financing uses		3,529		
		368,242		
<b>Change in net position</b>		<u>\$ 368,242</u>		

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures  
Budget and Actual - Southpoint Water Project Fund**

**From Inception and for Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Grant revenue	\$ 540,802	\$ -	\$ -	\$ 361,239	\$ 361,239
Miscellaneous	-	-	-	12,481	12,481
<b>Total revenues</b>	<u>540,802</u>	<u>-</u>	<u>-</u>	<u>373,720</u>	<u>373,720</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Water and sewer	540,802	9,801	-	441,748	451,549
<b>Total expenditures</b>	<u>540,802</u>	<u>9,801</u>	<u>-</u>	<u>441,748</u>	<u>451,549</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>(9,801)</u>	<u>-</u>	<u>(68,028)</u>	<u>(77,829)</u>
<b>Other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (9,801)</u>	<u>\$ -</u>	<u>(68,028)</u>	<u>\$ (77,829)</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>(9,801)</u>	
End of year - June 30				<u>\$ (77,829)</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Net Position  
Internal Service Funds  
June 30, 2013

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
<b>Assets</b>							
Current assets							
Taxes receivable, net	\$ 2,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,490
Sales tax receivable	-	-	253	-	-	-	253
Other receivables, net	60,812	31	917,953	-	-	-	978,796
Inventories	105,064	-	-	-	-	-	105,064
Total current assets	168,366	31	918,206	-	-	-	1,086,603
Noncurrent assets							
Restricted:							
Cash and cash equivalents	2,095,174	191,642	2,251,442	788,837	318,267	793,796	6,439,158
Investments	-	-	(20)	-	-	-	(20)
Capital assets, net of accumulated depreciation	-	-	-	155	-	-	155
Total noncurrent assets	2,095,174	191,642	2,251,422	788,992	318,267	793,796	6,439,293
<b>Total assets</b>	<b>2,263,540</b>	<b>191,673</b>	<b>3,169,628</b>	<b>788,992</b>	<b>318,267</b>	<b>793,796</b>	<b>7,525,896</b>
<b>Liabilities and net position</b>							
Current liabilities							
Accounts and vouchers payable	83,266	-	-	-	117,964	-	201,230
Accrued payroll	17,125	-	12,947	-	-	-	30,072
Incurred but not reported	1,157,000	-	1,120,819	(451)	-	364,000	2,641,368
Current portion of long-term debt and accrued vacation	5,193	-	20,343	-	-	-	25,536
Total current liabilities	1,262,584	-	1,154,109	(451)	117,964	364,000	2,898,206
Noncurrent liabilities							
Accrued vacation	273	-	1,071	-	-	-	1,344
Other postemployment benefits liability	42,527	-	154,445	-	-	-	196,972
Total noncurrent liabilities	42,800	-	155,516	-	-	-	198,316
<b>Total liabilities</b>	<b>1,305,384</b>	<b>-</b>	<b>1,309,625</b>	<b>(451)</b>	<b>117,964</b>	<b>364,000</b>	<b>3,096,522</b>
Net position							
Net investment in capital assets	-	-	-	155	-	-	155
Restricted net position - claims	2,095,174	191,642	2,251,422	788,837	318,267	793,796	6,439,138
Unrestricted	(1,137,018)	31	(391,419)	451	(117,964)	(364,000)	(2,009,919)
<b>Total net position</b>	<b>\$ 958,156</b>	<b>\$ 191,673</b>	<b>\$ 1,860,003</b>	<b>\$ 789,443</b>	<b>\$ 200,303</b>	<b>\$ 429,796</b>	<b>\$ 4,429,374</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Internal Service Funds  
Year Ended June 30, 2013**

	<b>Group Insurance Fund</b>	<b>Employee Flexible Benefit Fund</b>	<b>Workers' Compensation Fund</b>	<b>General Litigation Fund</b>	<b>Vehicle Insurance Fund</b>	<b>Retiree Insurance Fund</b>	<b>Total</b>
<b>Operating revenues</b>							
Contributions	\$ -	\$ 467,900	\$ 1,291,306	\$ -	\$ 358,490	\$ -	\$ 2,117,696
Contributions - Group health insurance	13,525,749	-	-	-	-	3,220,273	16,746,022
Pharmacy services	227,021	-	-	-	-	-	227,021
Total operating revenues	<u>13,752,770</u>	<u>467,900</u>	<u>1,291,306</u>	<u>-</u>	<u>358,490</u>	<u>3,220,273</u>	<u>19,090,739</u>
<b>Operating expenses</b>							
Salaries and employee benefits	-	456,918	2,048,246	-	-	-	2,505,164
Administrative costs	-	-	8,572	42,431	453,038	-	504,041
Depreciation	-	-	-	954	-	-	954
Group health insurance	13,369,439	-	-	-	-	4,256,702	17,626,141
Employee pharmacy	1,054,082	-	-	-	-	-	1,054,082
Employee clinic	252,914	-	-	-	-	-	252,914
Employee wellness program	153,208	-	-	-	-	-	153,208
Total operating expenses	<u>14,829,643</u>	<u>456,918</u>	<u>2,056,818</u>	<u>43,385</u>	<u>453,038</u>	<u>4,256,702</u>	<u>22,096,504</u>
<b>Operating income (loss)</b>	<u>(1,076,873)</u>	<u>10,982</u>	<u>(765,512)</u>	<u>(43,385)</u>	<u>(94,548)</u>	<u>(1,036,429)</u>	<u>(3,005,765)</u>
<b>Nonoperating revenue (expense)</b>							
Interest earned on investments	482	17	3,300	313	-	756	4,868
Miscellaneous	1,375	-	-	-	-	-	1,375
Total nonoperating revenue (expense)	<u>1,857</u>	<u>17</u>	<u>3,300</u>	<u>313</u>	<u>-</u>	<u>756</u>	<u>6,243</u>
<b>Income (loss) before transfers</b>	<u>(1,075,016)</u>	<u>10,999</u>	<u>(762,212)</u>	<u>(43,072)</u>	<u>(94,548)</u>	<u>(1,035,673)</u>	<u>(2,999,522)</u>
Transfers in	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>102,200</u>	<u>-</u>	<u>-</u>	<u>1,102,200</u>
<b>Change in net position</b>	<u>(575,016)</u>	<u>10,999</u>	<u>(262,212)</u>	<u>59,128</u>	<u>(94,548)</u>	<u>(1,035,673)</u>	<u>(1,897,322)</u>
<b>Total net position - beginning</b>	<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>
<b>Total net position - ending</b>	<u>\$ 958,156</u>	<u>\$ 191,673</u>	<u>\$ 1,860,003</u>	<u>\$ 789,443</u>	<u>\$ 200,303</u>	<u>\$ 429,796</u>	<u>\$ 4,429,374</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2013**

	<b>Group Insurance Fund</b>	<b>Employee Flexible Benefit Fund</b>	<b>Workers' Compensation Fund</b>	<b>General Litigation Fund</b>	<b>Vehicle Insurance Fund</b>	<b>Retiree Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>Operating activities</b>							
Contributions	\$ 13,524,155	\$ 467,900	\$ 398,415	\$ -	\$ 358,490	\$ 3,220,273	\$ 17,969,233
Cash paid to employees	-	(456,918)	(11)	-	-	-	(456,929)
Cash paid for goods and services	-	-	-	(42,775)	(346,458)	-	(389,233)
Cash received for goods and services	108,166	(31)	18,639	-	-	-	126,774
Cash paid for claims	(14,519,032)	-	(1,114,897)	-	-	(4,142,702)	(19,776,631)
<b>Net cash provided by (used in) operating activities</b>	<b>(886,711)</b>	<b>10,951</b>	<b>(697,854)</b>	<b>(42,775)</b>	<b>12,032</b>	<b>(922,429)</b>	<b>(2,526,786)</b>
<b>Noncapital financing activities</b>							
Transfers in	500,000	-	500,000	102,200	-	-	1,102,200
<b>Net cash provided (used) by noncapital financing activities</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>102,200</b>	<b>-</b>	<b>-</b>	<b>1,102,200</b>
<b>Capital and related financing activities</b>							
Other miscellaneous transactions	1,375	-	-	-	-	-	1,375
<b>Net cash provided (used) by capital and related financing activities</b>	<b>1,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,375</b>
<b>Investing activities</b>							
Proceeds from sale of investments	-	-	499,813	-	-	-	499,813
Investment earnings	482	17	3,300	313	-	756	4,868
<b>Net cash provided (used) in investing activities</b>	<b>482</b>	<b>17</b>	<b>503,113</b>	<b>313</b>	<b>-</b>	<b>756</b>	<b>504,681</b>
<b>Net increase (decrease) in cash and cash equivalents/investments</b>	<b>(384,854)</b>	<b>10,968</b>	<b>305,259</b>	<b>59,738</b>	<b>12,032</b>	<b>(921,673)</b>	<b>(918,530)</b>
<b>Cash and cash equivalents/investments Beginning of year</b>	<b>2,480,028</b>	<b>180,674</b>	<b>1,946,183</b>	<b>729,099</b>	<b>306,235</b>	<b>1,715,469</b>	<b>7,357,688</b>
<b>End of year</b>	<b>\$ 2,095,174</b>	<b>\$ 191,642</b>	<b>\$ 2,251,442</b>	<b>\$ 788,837</b>	<b>\$ 318,267</b>	<b>\$ 793,796</b>	<b>\$ 6,439,158</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2013**

	<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>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>							
Operating income (loss)	\$ (1,076,873)	\$ 10,982	\$ (765,512)	\$ (43,385)	\$ (94,548)	(1,036,429)	\$ (3,005,765)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	-	954	-	-	954
Change in assets and liabilities							
(Increase) decrease in accounts receivable	(1,594)	-	-	-	-	-	(1,594)
(Increase) decrease in other receivables	(54,726)	(31)	(892,891)	-	-	-	(947,648)
(Increase) decrease in inventories	(105,064)	-	-	-	-	-	(105,064)
Increase (decrease) in accounts payable and accrued liabilities	310,075	-	959,925	(344)	106,580	114,000	1,490,236
Increase (decrease) in compensated absences payable	4,492	-	(11)	-	-	-	4,481
Increase (decrease) in OPEB	36,443	-	-	-	-	-	36,443
Increase (decrease) in contract retainage	536	-	635	-	-	-	1,171
Total adjustments	<u>190,162</u>	<u>(31)</u>	<u>67,658</u>	<u>610</u>	<u>106,580</u>	<u>114,000</u>	<u>478,979</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (886,711)</u>	<u>\$ 10,951</u>	<u>\$ (697,854)</u>	<u>\$ (42,775)</u>	<u>\$ 12,032</u>	<u>\$ (922,429)</u>	<u>\$ (2,526,786)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions - Group health insurance	\$ 13,074,580	\$ 13,525,749	\$ 451,169	\$ 12,615,830
Pharmacy services	-	227,021	227,021	-
	<u>13,074,580</u>	<u>13,752,770</u>	<u>678,190</u>	<u>12,615,830</u>
Non-operating revenues				
Litigation settlement	-	1,375	1,375	8,793
Interest earned on investments	2,000	482	(1,518)	2,077
	<u>2,000</u>	<u>1,857</u>	<u>(143)</u>	<u>10,870</u>
<b>Other financing sources</b>				
Transfers in	500,000	500,000	-	-
	<u>2,046,140</u>	<u>-</u>	<u>(2,046,140)</u>	<u>-</u>
<b>Appropriated fund balance</b>				
	<u>\$ 15,622,720</u>	<u>\$ 14,254,627</u>	<u>\$ (1,368,093)</u>	<u>\$ 12,626,700</u>
<b>Operating expenditures</b>				
Employee pharmacy	\$ 1,330,822	\$ 1,054,082	\$ 276,740	\$ 50,822
Employee clinic	268,482	252,914	15,568	63,328
Group health insurance	13,797,928	13,369,439	428,489	13,813,490
Employee wellness program	225,488	153,208	72,280	16,474
	<u>15,622,720</u>	<u>14,829,643</u>	<u>793,077</u>	<u>13,944,114</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 15,622,720</u>	<u>\$ 14,829,643</u>	<u>\$ 793,077</u>	<u>\$ 13,944,114</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 14,254,627		
Total expenditures		<u>14,829,643</u>		
<b>Subtotal</b>		<u>(575,016)</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ (575,016)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 500,000	\$ 467,900	\$ (32,100)	\$ 429,742
Non-operating revenues				
Interest earned on investments	-	17	17	8
<b>Appropriated fund balance</b>	-	-	-	-
<b>Total revenues</b>	<u>\$ 500,000</u>	<u>\$ 467,917</u>	<u>\$ (32,083)</u>	<u>\$ 429,750</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 500,000	\$ 456,918	\$ 43,082	\$ 420,508
<b>Total expenditures</b>	<u>\$ 500,000</u>	<u>\$ 456,918</u>	<u>\$ 43,082</u>	<u>\$ 420,508</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 467,917		
Total expenditures		<u>456,918</u>		
<b>Subtotal</b>		<u>10,999</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ 10,999</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 1,261,333	\$ 1,291,306	\$ 29,973	\$ 1,240,652
Non-operating revenues				
Interest earned on investments	3,500	3,300	(200)	4,572
<b>Other financing sources</b>				
Transfers in	500,000	500,000	-	-
<b>Appropriated fund balance</b>	1,500,000	-	(1,500,000)	-
<b>Total revenues</b>	<u>\$ 3,264,833</u>	<u>\$ 1,794,606</u>	<u>\$ (1,470,227)</u>	<u>\$ 1,245,224</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 10,085	\$ 8,572	\$ 1,513	\$ 6,820
Salaries and employee benefits	3,254,748	2,048,246	1,206,502	1,191,926
<b>Total expenditures</b>	<u>3,264,833</u>	<u>2,056,818</u>	<u>1,208,015</u>	<u>1,198,746</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 3,264,833</u>	<u>\$ 2,056,818</u>	<u>\$ 1,208,015</u>	<u>\$ 1,198,746</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 1,794,606		
Total expenditures		<u>2,056,818</u>		
<b>Subtotal</b>		<u>(262,212)</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ (262,212)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	800	313	(487)	422
<b>Other financing sources</b>				
Transfers in	102,200	102,200	-	102,200
<b>Appropriated fund balance</b>	-	-	-	-
<b>Total revenues and other financing sources</b>	<u>\$ 103,000</u>	<u>\$ 102,513</u>	<u>\$ (487)</u>	<u>\$ 102,622</u>
<b>Operating expenditures</b>				
Administrative costs	<u>\$ 103,000</u>	<u>\$ 42,431</u>	<u>\$ 60,569</u>	<u>\$ 70,933</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 102,513		
Total expenditures		<u>42,431</u>		
<b>Subtotal</b>		60,082		
Depreciation		<u>(954)</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ 59,128</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
 (With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 500,000	\$ 358,490	\$ (141,510)	\$ 282,000
<b>Operating expenditures</b>				
Administrative costs	\$ 500,000	\$ 453,038	\$ 46,962	\$ 302,637
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 358,490		
Total expenditures		453,038		
<b>Subtotal</b>		(94,548)		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		\$ (94,548)		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 3,813,880	\$ 3,220,273	\$ (593,607)	\$ 4,276,158
Non-operating revenues				
Interest earned on investments	800	756	(44)	850
<b>Other financing sources</b>				
Transfers in	-	-	-	-
<b>Appropriated fund balance</b>	600,000		(600,000)	
<b>Total revenues and other financing sources</b>	<u>\$ 4,414,680</u>	<u>\$ 3,221,029</u>	<u>\$ (1,193,651)</u>	<u>\$ 4,277,008</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	<u>\$ 4,414,680</u>	<u>\$ 4,256,702</u>	<u>\$ 157,978</u>	<u>\$ 4,086,889</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 3,221,029		
Total expenditures		<u>4,256,702</u>		
<b>Subtotal</b>		<u>(1,035,673)</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ (1,035,673)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 June 30, 2013

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Vehicle Interest Fund	Totals
<b>Assets</b>							
Taxes receivable	\$ 5,034,036	\$ -	\$ -	\$ -	\$ 23,546	\$ -	\$ 5,057,582
Due from other governments	26,061	-	-	-	-	-	26,061
Restricted cash and cash equivalents	126,201	320,201	41,958	66,249	73,870	19,861	648,340
<b>Total assets</b>	<b>\$ 5,186,298</b>	<b>\$ 320,201</b>	<b>\$ 41,958</b>	<b>\$ 66,249</b>	<b>\$ 97,416</b>	<b>\$ 19,861</b>	<b>\$ 5,731,983</b>
<b>Liabilities</b>							
Accounts and vouchers payable	\$ 5,182,663	\$ 320,201	\$ 41,958	\$ 66,249	\$ 97,416	\$ -	\$ 5,708,487
Due to other governments	3,635	-	-	-	-	19,861	23,496
<b>Total liabilities</b>	<b>\$ 5,186,298</b>	<b>\$ 320,201</b>	<b>\$ 41,958</b>	<b>\$ 66,249</b>	<b>\$ 97,416</b>	<b>\$ 19,861</b>	<b>\$ 5,731,983</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2013**

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
<b>City Tax Fund</b>				
<b>Assets</b>				
Taxes receivable	\$ 4,774,038	\$ 80,175,901	\$ 79,915,903	\$ 5,034,036
Due from other governments	22,260	22,260	18,459	26,061
Restricted cash and cash equivalents	137,642	80,600,137	80,611,578	126,201
<b>Total assets</b>	<b>\$ 4,933,940</b>	<b>\$ 160,798,298</b>	<b>\$ 160,545,940</b>	<b>\$ 5,186,298</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 4,930,234	\$ 160,794,666	\$ 160,542,237	\$ 5,182,663
Due to other governments	3,706	3,632	3,703	3,635
<b>Total liabilities</b>	<b>\$ 4,933,940</b>	<b>\$ 160,798,298</b>	<b>\$ 160,545,940</b>	<b>\$ 5,186,298</b>
<b>Payee Account Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 293,733	1,161,920	1,135,452	\$ 320,201
<b>Total assets</b>	<b>\$ 293,733</b>	<b>\$ 1,161,920</b>	<b>\$ 1,135,452</b>	<b>\$ 320,201</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 293,733	\$ 1,161,920	\$ 1,135,452	\$ 320,201
<b>Total liabilities</b>	<b>\$ 293,733</b>	<b>\$ 1,161,920</b>	<b>\$ 1,135,452</b>	<b>\$ 320,201</b>
<b>Inmate Payee Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 53,299	\$ 1,058,589	\$ 1,069,930	\$ 41,958
<b>Total assets</b>	<b>\$ 53,299</b>	<b>\$ 1,058,589</b>	<b>\$ 1,069,930</b>	<b>\$ 41,958</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 53,299	\$ 1,058,589	\$ 1,069,930	\$ 41,958
<b>Total liabilities</b>	<b>\$ 53,299</b>	<b>\$ 1,058,589</b>	<b>\$ 1,069,930</b>	<b>\$ 41,958</b>
<b>Intergovernmental Custodial Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 104,468	\$ 1,376,196	\$ 1,414,415	\$ 66,249
<b>Total assets</b>	<b>\$ 104,468</b>	<b>\$ 1,376,196</b>	<b>\$ 1,414,415</b>	<b>\$ 66,249</b>
<b>Liabilities</b>				
Accounts and vouchers payable	104,468	\$ 1,376,196	\$ 1,414,415	\$ 66,249
<b>Total liabilities</b>	<b>\$ 104,468</b>	<b>\$ 1,376,196</b>	<b>\$ 1,414,415</b>	<b>\$ 66,249</b>
<b>Stormwater Utility Fund</b>				
<b>Assets</b>				
Taxes receivable	\$ 23,062	\$ 1,742,292	\$ 1,741,808	\$ 23,546
Restricted cash and cash equivalents	74,250	1,748,280	1,748,660	73,870
<b>Total assets</b>	<b>\$ 97,312</b>	<b>\$ 3,490,572</b>	<b>\$ 3,490,468</b>	<b>\$ 97,416</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 97,312	\$ 3,490,572	\$ 3,490,468	\$ 97,416
<b>Total liabilities</b>	<b>\$ 97,312</b>	<b>\$ 3,490,572</b>	<b>\$ 3,490,468</b>	<b>\$ 97,416</b>
<b>Vehicle Interest Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 21,528	\$ 292,219	\$ 293,886	\$ 19,861
<b>Total assets</b>	<b>\$ 21,528</b>	<b>\$ 292,219</b>	<b>\$ 293,886</b>	<b>\$ 19,861</b>
<b>Liabilities</b>				
Due to other governments	\$ 21,528	\$ 292,219	\$ 293,886	\$ 19,861
<b>Total liabilities</b>	<b>\$ 21,528</b>	<b>\$ 292,219</b>	<b>\$ 293,886</b>	<b>\$ 19,861</b>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Taxes receivable	\$ 4,797,100	\$ 81,918,193	\$ 81,657,711	\$ 5,057,582
Due from other governments	22,260	22,260	18,459	26,061
Restricted cash and cash equivalents	684,920	86,237,341	86,273,921	648,340
<b>Total assets</b>	<b>\$ 5,504,280</b>	<b>\$ 168,177,794</b>	<b>\$ 167,950,091</b>	<b>\$ 5,731,983</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 5,479,046	\$ 167,881,943	\$ 167,652,502	\$ 5,708,487
Due to other governments	25,234	295,851	297,589	23,496
<b>Total liabilities</b>	<b>\$ 5,504,280</b>	<b>\$ 168,177,794</b>	<b>\$ 167,950,091</b>	<b>\$ 5,731,983</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Fiduciary Assets and Liabilities  
 Agency Fund - City Tax Fund  
 June 30, 2013

	Fayetteville Tax Fund	Downtown Revitalization Tax Fund	Falcon Tax Fund	Godwin Tax Fund	Hope Mills Tax Fund	Linden Tax Fund	Spring Lake Tax Fund	Stedman Tax Fund	Wade Tax Fund	Eastover Tax Fund	Totals
<b>Assets</b>											
Taxes receivable	\$ 4,441,703	\$ 7,492	\$ 1,529	\$ 1,348	\$ 229,677	\$ 1,254	\$ 308,066	\$ 12,564	\$ 4,673	\$ 25,730	\$ 5,034,036
Due from other governments	26,061	-	-	-	-	-	-	-	-	-	26,061
Restricted cash and cash equivalents	98,761	-	-	294	5,958	441	8,524	2,785	1,312	8,126	126,201
<b>Total assets</b>	<b>\$ 4,566,525</b>	<b>\$ 7,492</b>	<b>\$ 1,529</b>	<b>\$ 1,642</b>	<b>\$ 235,635</b>	<b>\$ 1,695</b>	<b>\$ 316,590</b>	<b>\$ 15,349</b>	<b>\$ 5,985</b>	<b>\$ 33,856</b>	<b>\$ 5,186,298</b>
<b>Liabilities</b>											
Accounts and vouchers payable	\$ 4,566,525	\$ 4,382	\$ 1,412	\$ 1,642	\$ 235,546	\$ 1,688	\$ 316,462	\$ 15,307	\$ 5,965	\$ 33,734	\$ 5,182,663
Due to other governments	-	3,110	117	-	89	7	128	42	20	122	3,635
<b>Total liabilities</b>	<b>\$ 4,566,525</b>	<b>\$ 7,492</b>	<b>\$ 1,529</b>	<b>\$ 1,642</b>	<b>\$ 235,635</b>	<b>\$ 1,695</b>	<b>\$ 316,590</b>	<b>\$ 15,349</b>	<b>\$ 5,985</b>	<b>\$ 33,856</b>	<b>\$ 5,186,298</b>

**DISCRETELY PRESENTED COMPONENT UNIT  
EASTOVER SANITARY DISTRICT**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Eastover Sanitary District  
Statement of Net Position  
June 30, 2013

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**Assets**

Current assets

Cash and cash equivalents	\$	518,567
Accounts receivable, net		216,445
Sales tax receivable		5,625
Due from other governments		500
Total current assets		<u>741,137</u>

Noncurrent assets

Restricted:

Cash and cash equivalents		99,849
Capital assets, net of accumulated depreciation		<u>20,183,670</u>
Total noncurrent assets		<u>20,283,519</u>

**Total assets**

21,024,656

**Liabilities and net position**

Current liabilities

Accounts and vouchers payable		77,302
Accrued payroll		4,010
Accrued interest payable		42,306
Other payables		28,748
Current portion of long-term debt		<u>244,941</u>
Total current liabilities		<u>397,307</u>

Noncurrent liabilities

Long-term debt		<u>12,051,047</u>
Total noncurrent liabilities		<u>12,051,047</u>

**Total liabilities**

12,448,354

Net position

Net investment in capital assets		7,887,683
Restricted net position - debt service		63,414
Restricted net position - capital projects		36,435
Unrestricted		<u>588,770</u>

**Total net position**

\$ 8,576,302

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Eastover Sanitary District  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2013

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<b>Operating revenues</b>	
Charges for services	\$ 1,662,107
Total operating revenues	<u>1,662,107</u>
<b>Operating expenses</b>	
Salaries and employee benefits	111,984
Repairs and maintenance	8,905
Utilities	11,764
Administrative costs	189,486
Bulk water purchases	193,065
Sewer treatment	42,424
Contracted services	252,682
Depreciation	498,395
Total operating expenses	<u>1,308,705</u>
<b>Operating income (loss)</b>	<u>353,402</u>
<b>Nonoperating revenue (expense)</b>	
Interest earned on investments	145
Miscellaneous	17,674
Grant revenue	61,971
Interest expense	(478,508)
Total nonoperating revenue (expense)	<u>(398,718)</u>
<b>Income (loss) before contributions</b>	(45,316)
Payment from primary government	<u>425,520</u>
<b>Change in net position</b>	380,204
<b>Total net position - beginning</b>	<u>8,196,098</u>
<b>Total net position - ending</b>	<u>\$ 8,576,302</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
 Eastover Sanitary District  
 Statement of Cash Flows  
 Year Ended June 30, 2013

<b>Operating activities</b>	
Cash received from customers	\$ 1,445,662
Cash paid to employees	(107,974)
Cash paid for goods and services	<u>(453,901)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>883,787</u>
<b>Noncapital financing activities</b>	
Payment from primary government	<u>425,520</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>425,520</u>
<b>Capital and related financing activities</b>	
Acquisition and construction of capital assets	(3,409,330)
Proceeds from grant	61,971
Proceeds from issuance of long-term debt	2,604,064
Principal paid on long-term debt	(214,772)
Interest paid on debt	(474,083)
Other miscellaneous transactions	<u>17,674</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,414,476)</u>
<b>Investing activities</b>	
Investment earnings	<u>145</u>
<b>Net cash provided (used) in investing activities</b>	<u>145</u>
<b>Net increase in cash and cash equivalents</b>	<u>(105,024)</u>
<b>Cash and cash equivalents</b>	
<b>Beginning of year</b>	<u>723,440</u>
<b>End of year</b>	<u>\$ 618,416</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 353,402
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	498,395
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(207,542)
(Increase) decrease in inventories	170,380
Increase (decrease) in accounts payable and accrued liabilities	<u>69,152</u>
<b>Total adjustments</b>	<u>530,385</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 883,787</u>
<b>Reconciliation to cash and cash equivalents</b>	
Cash and cash equivalents - unrestricted	\$ 518,567
Cash and cash equivalents - restricted	<u>99,849</u>
	<u>\$ 618,416</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
Eastover Sanitary District  
Year Ended June 30, 2013  
(With Comparative Totals for June 30, 2012)**

	2013			2012
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 1,616,159	\$ 1,662,107	\$ 45,948	\$ 615,876
Total operating revenues	<u>1,616,159</u>	<u>1,662,107</u>	<u>45,948</u>	<u>615,876</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	200	145	(55)	248
Miscellaneous	11,506	17,674	6,168	227,280
Grant revenue	1,797,700	61,971	(1,735,729)	737,546
Proceeds from issuance of bonds	6,177,000	-	(6,177,000)	-
Transfers in	934,373	762,270	(172,103)	153,504
Payment from primary government	425,520	425,520	-	-
<b>Total Nonoperating revenues and other financing sources</b>	<u>9,346,299</u>	<u>1,267,580</u>	<u>(8,078,719)</u>	<u>1,118,578</u>
Appropriated fund balance	<u>292,601</u>	<u>-</u>	<u>(292,601)</u>	<u>-</u>
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 11,255,059</u>	<u>\$ 2,929,687</u>	<u>\$ (8,325,372)</u>	<u>\$ 1,734,454</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 112,528	\$ 111,984	\$ 544	\$ 62,619
Repairs and maintenance	18,500	8,905	9,595	4,974
Utilities	15,000	11,764	3,236	3,205
Administrative costs	271,115	189,486	81,629	409,462
Bulk water purchases	204,849	193,065	11,784	-
Sewer treatment	39,168	42,424	(3,256)	-
Contracted services	274,131	252,682	21,449	92,689
Miscellaneous	50,000	-	50,000	-
Total operating expenditures	<u>985,291</u>	<u>810,310</u>	<u>174,981</u>	<u>572,949</u>
<b>Nonoperating expenditures</b>				
Debt Service	688,857	478,508	210,349	192,443
Total nonoperating expenditures	<u>688,857</u>	<u>478,508</u>	<u>210,349</u>	<u>192,443</u>
<b>Other expenditures and financing uses</b>				
Transfers out	937,878	762,270	175,608	153,504
Capital outlay	8,643,033	3,409,330	5,233,703	523,283
Total other expenditures and financing uses	<u>9,580,911</u>	<u>4,171,600</u>	<u>5,409,311</u>	<u>676,787</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 11,255,059</u>	<u>\$ 5,460,418</u>	<u>\$ 5,794,641</u>	<u>\$ 1,442,179</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 2,929,687		
Total expenditures and other financing uses		<u>5,460,418</u>		
		(2,530,731)		
Capital outlay		3,409,330		
Depreciation		<u>(498,395)</u>		
<b>Income (loss) per Statement of Revenue, Expenses and Changes in net position</b>		<u>\$ 380,204</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues and Expenditures  
 Budget and Actual - Eastover Sanitary District Sewer Capital Project Fund

From Inception and for Year Ended June 30, 2013

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Water and sewer	50,000	32,074	-	-	32,074
<b>Total expenditures</b>	<u>50,000</u>	<u>32,074</u>	<u>-</u>	<u>-</u>	<u>32,074</u>
<b>Revenues over (under) expenditures</b>	<u>(50,000)</u>	<u>(32,074)</u>	<u>-</u>	<u>-</u>	<u>(32,074)</u>
<b>Other financing sources (uses)</b>					
Transfers in	50,000	50,000	-	-	50,000
<b>Total other financing sources</b>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 17,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,926</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2013

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Restricted intergovernmental revenue	\$ 1,797,700	\$ 1,813,529	\$ -	\$ 61,971	\$ 1,875,500
Sales and services	157,000	62,700	-	16,500	79,200
<b>Total revenues</b>	<u>1,954,700</u>	<u>1,876,229</u>	<u>-</u>	<u>78,471</u>	<u>1,954,700</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Water	8,581,625	7,774,350	-	-	7,774,350
<b>Total expenditures</b>	<u>8,581,625</u>	<u>7,774,350</u>	<u>-</u>	<u>-</u>	<u>7,774,350</u>
<b>Revenues over (under) expenditures</b>	<u>(6,626,925)</u>	<u>(5,898,121)</u>	<u>-</u>	<u>78,471</u>	<u>(5,819,650)</u>
<b>Other financing sources (uses)</b>					
Bond anticipation note	6,177,000	6,177,000	-	-	6,177,000
Transfers in (out)	(85,607)	(53,504)	-	(10,000)	(63,504)
<b>Total other financing sources</b>	<u>6,091,393</u>	<u>6,123,496</u>	<u>-</u>	<u>(10,000)</u>	<u>6,113,496</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ (535,532)</u>	<u>\$ 225,375</u>	<u>\$ -</u>	<u>\$ 68,471</u>	<u>\$ 293,846</u>

**DISCRETELY PRESENTED COMPONENT UNIT  
TOURISM DEVELOPMENT AUTHORITY**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Tourism Development Authority  
Statement of Net Position  
June 30, 2013

---

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,303,608
Total current assets	<u>1,303,608</u>
<b>Total assets</b>	<u>1,303,608</u>
 <b>Liabilities and net position</b>	
Current liabilities	
Accounts and vouchers payable	<u>502,686</u>
Total current liabilities	<u>502,686</u>
<b>Total liabilities</b>	<u>502,686</u>
 <b>Net position</b>	
Unrestricted	<u>800,922</u>
<b>Total net position</b>	<u>\$ 800,922</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Tourism Development Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2013

---

<b>Operating revenues</b>	
Occupancy taxes	\$ 5,213,880
Total operating revenues	<u>5,213,880</u>
<b>Operating expenses</b>	
Cultural and recreational	<u>5,169,562</u>
Total operating expenses	<u>5,169,562</u>
<b>Operating income (loss)</b>	<u>44,318</u>
<b>Nonoperating revenue (expense)</b>	<u>-</u>
<b>Income (loss) before transfers and contributions</b>	<u>44,318</u>
<b>Change in net position</b>	44,318
<b>Total net position - beginning</b>	756,604
<b>Total net position - ending</b>	<u>\$ 800,922</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit

Tourism Development Authority

Statement of Cash Flows

Year Ended June 30, 2013

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<b>Operating activities</b>	
Cash received from operations	\$ 5,213,880
Cash paid for goods and services	<u>(5,171,479)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>42,401</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>
<b>Net cash provided (used) in investing activities</b>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>42,401</u>
<b>Cash and cash equivalents</b>	
<b>Beginning of year</b>	<u>1,261,207</u>
<b>End of year</b>	<u>\$ 1,303,608</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 44,318
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	<u>(1,917)</u>
Total adjustments	<u>(1,917)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 42,401</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
 Tourism Development Authority  
 Year Ended June 30, 2013  
 (With Comparative Totals for June 30, 2012)**

	2013		Variance Positive (Negative)	2012
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 5,251,134	\$ 5,213,880	\$ (37,254)	\$ 5,059,181
Total operating revenues	5,251,134	5,213,880	(37,254)	5,059,181
<b>Nonoperating revenues and other financing sources</b>				
Total Nonoperating revenues and other financing sources	-	-	-	-
Appropriated fund balance	75,000	-	(75,000)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 5,326,134</u>	<u>\$ 5,213,880</u>	<u>\$ (112,254)</u>	<u>\$ 5,059,181</u>
<b>Operating expenditures</b>				
Cultural and recreational	\$ 5,326,134	\$ 5,169,562	\$ 156,572	\$ 5,034,850
Total operating expenditures	5,326,134	5,169,562	156,572	5,034,850
<b>Nonoperating expenditures</b>				
Total nonoperating expenditures	-	-	-	-
<b>Other expenditures and financing uses</b>				
Total other expenditures and financing uses	-	-	-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 5,326,134</u>	<u>\$ 5,169,562</u>	<u>\$ 156,572</u>	<u>\$ 5,034,850</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 5,213,880		
Total expenditures and other financing uses		5,169,562		
		<u>44,318</u>		
<b>Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Net Position</b>		<u>\$ 44,318</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Current Tax Levy  
Year Ended June 30, 2013

	County-wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy</b>					
County-wide	\$ 22,152,451,568	0.00740	\$ 163,928,142		
Late listing penalties		0.10000	117,426	\$ 147,516,264	\$ 16,529,304
Discoveries					
County-wide	437,256,900	0.00740	3,235,701		
Late listing penalties		0.10000	691,197	3,867,561	59,337
Abatements					
County wide	(440,608,703)	0.00740	(3,260,504)		
Late listing penalties		0.10000	(437,769)	(2,471,196)	(1,227,077)
	<u>\$ 22,149,099,765</u>				
Adjusted tax levy				148,912,629	15,361,564
Uncollected taxes at June 30, 2013				(1,375,732)	(2,874,404)
Current year's taxes collected				<u>\$ 147,536,897</u>	<u>\$ 12,487,160</u>
Percent of current year's taxes collected				<u>99.08%</u>	<u>81.29%</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Ad Valorem Taxes Receivable  
June 30, 2013**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2012</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2013</b>
2012-2013	\$ -	\$ 164,274,193	\$ 160,024,057	\$ 4,250,136
Prior years	9,969,595	-	3,498,667	6,470,928
	<u>\$ 9,969,595</u>	<u>\$ 164,274,193</u>	<u>\$ 163,522,724</u>	10,721,064
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,389,925)</u>
				<u>\$ 3,331,139</u>

**RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES**

Collections and credits per above	\$ 163,522,724
Interest	819,835
Processing fees	369,672
Other	(561,268)
Releases from prior years	<u>(285,940)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 163,865,023</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

**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**Unaudited**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 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	\$ 152,206,505
Restricted	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	51,350,047
Unrestricted	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)	(107,618,490)
Prior period adjustment	-	-	-	-	-	-	-	-	(1,464,823)	-
Total governmental activities net position	<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>\$ 95,742,820</u>	<u>\$ 95,938,062</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 32,095,383
Restricted	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	11,525,551
Unrestricted	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	25,993,379
Prior period adjustment	-	-	-	-	-	-	-	-	(254,826)	-
Total business-type activities net position	<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>\$ 70,188,471</u>	<u>\$ 69,614,313</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 184,301,888
Restricted	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	62,875,598
Unrestricted	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)	(81,625,111)
Prior period adjustment	-	-	-	-	-	-	-	-	(1,719,649)	-
Total primary government net position	<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>\$ 165,931,291</u>	<u>\$ 165,552,375</u>

## COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities										
General government	\$ 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	\$ 26,044,059
Public safety	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	61,955,844
Economic & physical development	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	12,806,612
Human services	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	110,237,271
Cultural & recreational	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	17,031,729
Education	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	96,686,785
Interest on long-term debt	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	6,746,530
Total governmental activities expenses	<u>\$ 266,236,178</u>	<u>\$ 288,653,124</u>	<u>\$ 288,653,299</u>	<u>\$ 297,581,520</u>	<u>\$ 326,052,605</u>	<u>\$ 334,495,658</u>	<u>\$ 334,993,707</u>	<u>\$ 332,533,729</u>	<u>\$ 333,074,856</u>	<u>\$ 331,508,830</u>
Business type activities										
Crown Center	\$ 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	\$ 9,134,040
Solid Waste	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	9,717,623
NORCRESS water and sewer district	-	-	206,966	437,476	475,019	469,528	531,425	560,100	667,009	517,050
Kelly Hills water and sewer district	-	-	-	-	602	66,862	66,845	66,855	72,569	75,337
Southpoint Water District	-	-	-	-	-	-	-	-	-	3,529
Total business-type activities	<u>\$ 13,735,982</u>	<u>\$ 16,296,537</u>	<u>\$ 15,477,576</u>	<u>\$ 17,178,790</u>	<u>\$ 19,627,552</u>	<u>\$ 18,687,344</u>	<u>\$ 19,033,599</u>	<u>\$ 20,607,261</u>	<u>\$ 20,329,522</u>	<u>\$ 19,447,579</u>
Total primary government expenses	<u>\$ 279,972,160</u>	<u>\$ 304,949,661</u>	<u>\$ 304,130,875</u>	<u>\$ 314,760,310</u>	<u>\$ 345,680,157</u>	<u>\$ 353,183,002</u>	<u>\$ 354,027,306</u>	<u>\$ 353,140,990</u>	<u>\$ 353,404,378</u>	<u>\$ 350,956,409</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 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	\$ 2,773,636
Public safety	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	4,190,473
Economic & physical development	933,363	1,205,185	923,979	1,000,137	918,059	907,184	969,652	1,660,379	1,509,164	1,440,607
Human services	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	8,358,643
Cultural & recreational	597,101	316,072	323,425	314,225	262,982	316,123	364,878	347,121	325,891	290,288
Operating grants and contributions										
General government	577,627	534,074	1,248,637	672,243	722,308	766,005	752,384	1,362,164	1,343,499	1,273,932
Public safety	893,109	1,711,447	1,148,872	938,285	1,258,882	3,000,993	1,274,393	1,251,625	924,305	572,249
Economic & physical development	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	5,031,215
Human services	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	59,693,157
Cultural & recreational	802,585	1,117,610	964,879	980,287	1,038,876	1,148,277	886,957	859,040	739,037	690,144
Capital grants and contributions										
General government	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	5,397,336
Public safety	1,209,212	543,995	739,188	606,687	1,545,270	752,035	746,372	228,701	293,661	467,535
Economic & physical development	327,215	266,840	267,545	598,137	973,716	1,349,603	1,336,432	1,153,621	929,630	935,972
Human services	-	-	311,967	386,076	630,824	497,549	348,341	-	-	-
Cultural & recreational	-	-	-	-	-	-	-	-	-	-
Education	1,466,722	-	-	-	-	-	-	-	-	-
Total governmental activities programs revenues	<u>\$ 89,163,662</u>	<u>\$ 95,094,016</u>	<u>\$ 97,074,641</u>	<u>\$ 92,931,741</u>	<u>\$ 99,713,827</u>	<u>\$ 93,278,759</u>	<u>\$ 103,503,403</u>	<u>\$ 106,594,184</u>	<u>\$ 95,601,704</u>	<u>\$ 91,115,187</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Business-type activities:</b>										
Charges for services										
Crown Center	\$ 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	\$ 2,392,763
Solid Waste	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	2,897,533
NORCRESS water and sewer district	14,208	10,224	77,730	327,926	231,570	250,755	294,027	370,612	391,357	385,599
Kelly Hills water and sewer district	-	-	238	1,054	-	-	-	1,951	2,082	6,097
Southpoint Water District	-	-	-	-	-	-	-	-	-	4,700
Operating grants and contributions										
Solid Waste	-	-	21,180	-	-	10,472	518,723	591,983	456,766	729,269
Capital grants and contributions										
NORCRESS water and sewer district	263,472	5,269,641	1,272,212	254,122	-	-	-	-	-	-
Kelly Hills water and sewer district	84,321	1,782,725	465,882	2,910	-	-	-	-	-	-
Southpoint water and sewer district	-	-	-	-	-	-	-	-	-	361,239
<b>Total business-type activities program revenues</b>	<b>\$ 4,886,161</b>	<b>\$ 12,817,953</b>	<b>\$ 7,740,223</b>	<b>\$ 7,009,993</b>	<b>\$ 6,956,477</b>	<b>\$ 6,568,286</b>	<b>\$ 6,584,512</b>	<b>\$ 7,205,908</b>	<b>\$ 6,840,401</b>	<b>\$ 6,777,200</b>
<b>Total primary government program revenues</b>	<b>\$ 94,049,823</b>	<b>\$ 107,911,969</b>	<b>\$ 104,814,864</b>	<b>\$ 99,941,734</b>	<b>\$ 106,670,304</b>	<b>\$ 99,847,045</b>	<b>\$ 110,087,915</b>	<b>\$ 113,800,092</b>	<b>\$ 102,442,105</b>	<b>\$ 97,892,387</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (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)	\$ (240,393,643)
Business-type activities	(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)	(12,670,379)
<b>Total primary government net expense</b>	<b>\$ (185,922,337)</b>	<b>\$ (197,037,692)</b>	<b>\$ (199,316,011)</b>	<b>\$ (214,818,576)</b>	<b>\$ (239,009,853)</b>	<b>\$ (253,335,957)</b>	<b>\$ (243,939,391)</b>	<b>\$ (239,340,898)</b>	<b>\$ (250,962,273)</b>	<b>\$ (253,064,022)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities</b>										
Ad valorem taxes	\$ 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	\$ 176,659,705
Other taxes	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	54,126,583
Unrestricted grants and contributions	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	10,434,412
Investment earnings	1,267,506	3,048,858	5,667,104	7,779,579	5,932,341	2,237,751	423,070	307,459	212,121	204,969
Miscellaneous	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	4,874,901
Transfers	(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)	(5,711,685)
<b>Total governmental activities</b>	<b>\$ 182,115,248</b>	<b>\$ 200,309,996</b>	<b>\$ 215,028,493</b>	<b>\$ 221,448,730</b>	<b>\$ 229,968,968</b>	<b>\$ 231,266,796</b>	<b>\$ 229,178,590</b>	<b>\$ 226,242,606</b>	<b>\$ 234,874,660</b>	<b>\$ 240,588,885</b>
<b>Business-type activities:</b>										
Other taxes	\$ 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	\$ 6,181,215
Investment earnings	285,346	566,852	1,239,835	1,953,383	2,045,131	1,336,681	190,657	193,799	73,141	123,773
Miscellaneous	(16,777)	835,559	170,844	6,344	28,779	290,162	19,503	153,030	97,828	79,548
Transfers	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	5,711,685
<b>Total business-type activities</b>	<b>\$ 11,851,683</b>	<b>\$ 16,646,307</b>	<b>\$ 14,616,891</b>	<b>\$ 14,892,293</b>	<b>\$ 15,241,294</b>	<b>\$ 14,731,599</b>	<b>\$ 13,370,173</b>	<b>\$ 14,460,288</b>	<b>\$ 12,566,631</b>	<b>\$ 12,096,221</b>
<b>Total primary government</b>	<b>\$ 193,966,931</b>	<b>\$ 216,956,303</b>	<b>\$ 229,645,384</b>	<b>\$ 236,341,023</b>	<b>\$ 245,210,262</b>	<b>\$ 245,998,395</b>	<b>\$ 242,548,763</b>	<b>\$ 240,702,894</b>	<b>\$ 247,441,291</b>	<b>\$ 252,685,106</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 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)	\$ 195,242
Business-type activities	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)	(574,158)
<b>Total primary government</b>	<b>\$ 8,044,594</b>	<b>\$ 19,918,611</b>	<b>\$ 30,329,373</b>	<b>\$ 21,522,447</b>	<b>\$ 6,200,409</b>	<b>\$ (7,337,562)</b>	<b>\$ (1,390,628)</b>	<b>\$ 1,361,996</b>	<b>\$ (3,520,982)</b>	<b>\$ (378,916)</b>

## COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Nonspendable:										
Inventories	\$ 204,886	\$ 265,955	\$ 246,003	\$ 250,613	\$ 230,328	\$ 194,096	\$ 156,802	\$ 179,164	\$ 144,603	\$ 139,885
Restricted:										
Mental Health programs	60,230	-	-	-	-	-	-	14,331,047	-	-
Stabilization by state statute	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	29,317,680
Register of Deeds	140,680	137,081	233,127	254,065	463,139	461,343	498,743	498,743	623,297	820,471
County Schools	-	-	-	-	-	-	-	5,796,008	4,746,081	5,439,575
Committed:										
Property revaluation	-	-	-	-	-	-	-	416,927	443,426	494,773
Hope VI project	-	-	-	3,120,000	3,375,000	3,375,000	3,375,000	-	-	-
Assigned										
Subsequent year's expenditures	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	13,214,992
Property revaluation	-	-	150,000	150,000	175,000	-	-	-	-	-
Finance office software	-	-	1,161,950	655,072	1,000,000	1,175,000	1,175,000	1,175,000	1,175,000	7,175,000
Water and sewer industrial expansion	-	-	-	-	-	-	-	5,897,670	6,236,961	5,845,409
Economic development incentives	-	-	-	-	-	-	-	2,531,854	1,500,448	1,500,448
Mental Health services	-	-	-	-	-	-	-	-	14,364,212	10,448,756
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	3,472,205
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	2,018,754	-	3,065,833	1,351,235	876,004	-	-	-	9,025,135	267,719
Current year's expenditures	-	-	1,227,898	-	-	-	-	-	-	-
Technology	2,861,997	2,861,997	-	-	-	-	-	-	-	-
School buses	-	453,000	-	-	-	-	-	-	-	-
Unassigned	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	31,763,738
<b>Total general fund</b>	<b>\$ 81,315,228</b>	<b>\$ 90,598,845</b>	<b>\$ 98,634,757</b>	<b>\$ 98,111,884</b>	<b>\$ 97,716,760</b>	<b>\$ 96,085,532</b>	<b>\$ 96,263,043</b>	<b>\$ 111,501,350</b>	<b>\$ 112,185,007</b>	<b>\$ 109,900,651</b>

## COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>All other governmental funds</b>										
Restricted:										
Stabilization by state statute	\$ 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	\$ 1,491,278
Inmates	284,724	310,054	231,064	180,841	54,648	23,566	23,566	125,212	135,440	264,683
Cemetery	34,251	36,913	36,477	36,553	39,125	41,139	42,296	42,540	42,565	44,980
School capital	-	-	-	-	-	-	-	19,091,481	6,158,810	1,744,183
Fire protection	-	-	-	-	-	-	-	299,841	403,678	227,257
Public safety	-	-	-	-	-	-	-	1,846,688	2,026,803	1,168,645
Economic and physical development	-	-	-	-	-	-	-	315,108	315,276	583,024
Human services	-	-	-	-	-	-	-	1,826,613	1,878,210	119,324
Cultural and recreational	-	-	-	-	-	-	-	4,354,582	3,281,232	3,689,809
Committed:										
Public safety	-	-	-	-	-	-	-	2,764,806	3,823,564	5,298,480
Assigned reported in other major funds										
Subsequent year's expenditures- Special revenue	-	-	-	2,800,000	3,021,881	-	-	-	-	2,276,469
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	3,958,056	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	-	-	-	-	-	-	-	-	-	-
Other purposes	-	200,000	-	-	-	-	-	-	-	-
Unassigned reported in nonmajor funds										
Special revenue	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)	(743,450)
Capital projects	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>\$ 37,418,038</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>	<u>\$ 16,164,682</u>
Total all governmental funds	<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>	<u>\$ 126,065,333</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**

Schedule 4

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Ad valorem taxes	\$ 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	\$ 176,550,408
Other taxes	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	54,126,583
Unrestricted Intergovernmental	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	11,175,941
Restricted Intergovernmental	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	74,586,602
Licenses and permits	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	2,628,527
Sales and services	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	13,438,278
Investment earnings	1,225,854	2,994,836	5,528,756	7,528,255	5,694,409	2,253,863	411,269	323,232	213,148	204,317
Other general revenues	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	5,467,383
Total revenues	290,795,451	310,043,338	324,136,135	322,676,101	337,476,807	330,004,974	341,131,195	340,753,867	336,949,840	338,178,039
<b>Expenditures</b>										
General government	\$ 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	\$ 23,036,995
Public safety	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	63,336,548
Economic and physical development	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	11,295,650
Human services	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	101,970,567
Cultural and recreational	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	14,950,120
Education	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	100,386,158
Capital outlay	488,141	4,236,462	8,576,837	10,517,733	6,499,102	24,897,478	30,506,601	-	-	-
Debt service										
Principal	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	18,325,685
Interest and fees	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	7,524,594
Debt issuance costs	-	(268,699)	-	-	-	(846,413)	(320,367)	300,027	371,354	-
Total expenditures	272,039,141	298,097,586	309,551,797	316,441,597	332,511,089	366,353,552	361,647,101	345,716,986	344,796,748	340,826,317
Revenues over (under) expenditures	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)	(2,648,278)
<b>Other financing sources (uses)</b>										
Debt issuance	-	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)	-
Proceeds from installment notes	-	-	-	-	-	-	-	-	-	3,198,130
Sale of capital assets	-	-	55,177	189,243	172,355	547,666	174,040	172,674	239,985	221,680
Transfers in	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	10,672,931
Transfers out	(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)	(17,486,816)
Payment from/to component unit	-	-	-	-	-	-	-	-	-	(425,520)
Total other financing sources (uses)	(8,311,601)	(3,656,203)	(5,100,007)	(7,421,820)	38,229,094	15,387,665	8,063,126	6,705,839	(5,702,383)	(3,819,595)
Net change in fund balances	\$ 10,444,709	\$ 8,289,549	\$ 9,484,331	\$ (1,187,316)	\$ 43,194,812	\$ (20,960,913)	\$ (12,452,780)	\$ 1,742,720	\$ (13,549,291)	\$ (6,467,873)
Debt service as a percentage of noncapital expenditures	8.05%	7.34%	7.59%	7.24%	6.77%	7.69%	7.44%	7.97%	7.97%	7.92%

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 Tax <sup>1</sup>	Beer and Wine Tax	Other Tax	Room Occupancy Tourism Tax <sup>2</sup>	Real Estate Transfer Tax	Dog and Cat Registration Tax	Prepared Food and Beverage Tax	Total Tax
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
2013	176,550,408	46,171,161	584,555	348,753	-	-	840,163	372,925	5,809,026	230,676,991

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

<sup>2</sup> In FY 2007, the Tourism Development Authority was reclassified to a discretely presented component unit and is no longer considered to be governmental.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**  
**Unaudited**

Fiscal Year Ended June 30	Real Property	Public Service <sup>1</sup>	Personal Property		Less: Tax Exempt Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>2</sup>	Assessed Value as a Percentage of Actual Value <sup>3</sup>
			Motor Vehicle	Other					
<sup>4</sup> 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%
<sup>4</sup> 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%
2013	21,274,270	375,488	2,233,690	1,369,721	3,104,069	22,149,100	0.9025	22,115,926	100.15%

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

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

<sup>3</sup> Estimated actual values and the ratio of total assessed value to total estimated actual value has been adjusted to reflect updated sales assessment ratio percentages from the North Carolina Department of Revenue.

<sup>4</sup> Denotes the year in which a revaluation was effective on the January 1st preceding the beginning of the fiscal year.

Source: Cumberland County Tax Department

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. Assessed valuations are established by the Board of Commissioners at 100% of market value as of the year of the revaluation. The last revaluation was effective January 1, 2009 and is reflected beginning in Fiscal Year 2010.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(Per \$100 of Assessed Value)**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30	County of Cumberland Direct Rates					Overlapping Rates Levied by Municipalities									
	County Basic Rate	County Recreation Rate	Fire Protection Districts (1)	Special Fire District (2)	Total Direct Rate	City of Fayetteville (3)	Fayetteville Revitalization District	Town of Hope Mills	Town of Spring Lake (3)	Town of Eastover (4)	Town of Falcon	Town of Godwin	Town of Linden (3)	Town of Stedman	Town of Wade
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
2013	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 2013			Fiscal Year 2004		
	2012 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2003 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 324,323	1	1.46%	\$ 112,411	2	0.79%
Cross Creek Mall, LLC	129,235	2	0.58%			
Wal-Mart Stores, Inc.	117,184	3	0.53%	90,228	3	0.64%
Progress Energy Carolinas	82,552	5	0.37%			
Carolina Telephone Co.	76,709	4	0.35%	115,609	1	0.82%
Piedmont Natural Gas Co., Inc.	64,231	6	0.29%			
Purolator Filters, NA LLC	57,354	7	0.26%	58,300	7	0.41%
DAK Americas, LLC	51,199	9	0.23%	54,787	8	0.39%
South River EMC	44,366	8	0.20%			
Cargill	35,363	10	0.16%			
Black & Decker				67,726	6	0.48%
Carolina Power & Light Co.				71,687	5	0.51%
Cumberland Associates				85,493	4	0.60%
NC Natural Gas				48,090	9	0.34%
UDRT of NC				40,969	10	0.29%
	<u>\$ 982,516</u>		<u>4.43%</u>	<u>\$ 745,300</u>		<u>5.27%</u>

Source: Cumberland County Tax Department

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

Fiscal Year Ended June 30	Total Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Current Tax Collections	Percent of Net Levy Collected	<sup>2</sup> Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Net Levy	
2004	<sup>1</sup> \$ 124,909,702	\$ 119,126,328	95.37%	\$ 3,206,757	\$ 122,333,085	97.94%	
2005	127,699,476	122,645,671	96.04%	3,198,383	125,844,054	98.55%	
2006	133,891,832	129,101,364	96.42%	3,178,640	132,280,004	98.80%	
2007	138,486,845	133,857,005	96.66%	3,160,954	137,017,959	98.94%	
2008	144,435,397	140,172,406	97.05%	3,137,768	143,310,174	99.22%	
2009	144,914,639	140,776,733	97.14%	3,109,819	143,886,552	99.29%	
2010	<sup>1</sup> 158,424,003	154,634,400	97.61%	3,069,651	157,704,051	99.55%	
2011	155,671,269	151,707,302	97.45%	2,994,072	154,701,374	99.38%	
2012	159,824,747	155,867,130	97.52%	2,751,060	158,618,190	99.25%	
2013	164,274,193	160,024,057	97.41%	NA	160,024,057	97.41%	

Source: Cumberland County Tax Department

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

<sup>2</sup> Collections for FY 2004 include all collections through 9th prior year.  
Collections for FY 2005 include all collections through 8th prior year.  
Collections for FY 2006 include all collections through 7th prior year.  
Collections for FY 2007 include all collections through 6th prior year.  
Collections for FY 2008 include all collections through 5th prior year.  
Collections for FY 2009 include all collections through 4th prior year.  
Collections for FY 2010 include all collections through 3rd prior year.  
Collections for FY 2011 include all collections through 2nd prior year.  
Collections for FY 2012 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 <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	General Obligation Bonds	COPS and Limited Obligation Bonds	Capital Leases	Installment Purchase	General Obligation Bonds	COPS and Limited Obligation Bonds	Capital Leases	Installment Purchase			
2004	\$ 115,895,000	\$ 74,570,000	\$ -	\$ 3,234,457	\$ -	\$ 53,183,781	\$ -	\$ -	\$ 246,883,238	2.64%	\$ 790
2005	116,720,834	70,635,000	4,537,080	2,999,271	1,250,000	51,058,781	-	-	247,200,966	2.40%	804
2006	108,558,716	66,475,000	4,562,232	5,631,302	1,250,000	48,693,781	-	-	235,171,031	2.13%	751
2007	100,436,598	62,250,000	4,241,761	4,526,143	1,250,000	46,078,781	-	-	218,783,283	1.84%	699
2008	92,254,480	57,950,000	3,908,523	49,554,052	1,236,000	43,198,781	-	-	248,101,836	1.92%	783
2009	84,127,362	78,247,122	3,562,009	46,666,905	1,221,000	40,630,262	-	-	254,454,660	1.94%	793
2010	76,686,270	89,702,189	3,201,690	43,274,182	1,205,000	37,048,301	-	3,118,000	254,235,632	1.85%	784
2011	68,316,237	97,733,506	2,827,016	40,025,000	1,189,000	35,949,129	-	2,806,200	248,846,088	NA	762
2012	60,755,177	128,414,197	2,437,416	-	1,172,000	34,052,849	-	2,494,400	229,326,039	NA	700
2013	52,440,072	118,020,741	2,032,294	2,878,317	1,154,000	32,046,017	-	2,182,600	210,754,041	NA	636

Debt balances are shown at carrying value net of related unamortized premium and other adjustments. Prior years have been restated.

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

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

NA: Information not available

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

<b>Fiscal Year</b>	<b>Total General Obligation Bonds</b>	<b>Percentage of Personal Income (1)</b>	<b>Percentage of Actual Taxable Value of Property (2)</b>	<b>Per Capita (1)</b>
2004	\$ 115,895,000	1.24%	0.82%	\$ 371
2005	117,970,834	1.15%	0.80%	384
2006	109,808,716	0.99%	0.67%	351
2007	101,686,598	0.85%	0.58%	325
2008	93,490,480	0.72%	0.49%	295
2009	85,348,362	0.65%	0.41%	266
2010	77,891,270	NA	0.38%	240
2011	69,505,237	NA	0.33%	213
2012	61,927,177	NA	0.29%	189
2013	53,594,072	NA	0.24%	162

Debt balances are shown at carrying value net of related unamortized premium and other adjustments. Prior years have been restated.

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 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	\$ 2,020,254
Total net debt applicable to limit	115,895	114,140	106,165	98,230	90,235	82,295	73,815	65,845	56,830	49,115
Legal debt margin	<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>	<u>\$ 1,971,139</u>
Total net debt applicable to the limit as a percentage of debt limit	9.05%	8.73%	7.82%	7.01%	6.19%	5.45%	3.93%	3.23%	2.71%	2.43%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Assessed Property Value	\$ 22,149,100
Plus : Exempt Property	<u>3,104,069</u>
Total Assessed Value	<u>\$ 25,253,169</u>
Debt Limit (8% of total assessed value)	2,020,254
Debt applicable to limit:	
Total Bonded debt	50,269
Authorized and unissued debt	<u>19,196</u>
	69,465
Less: Statutory deductions	
Authorized and unissued debt	19,196
Revenue bonds	<u>1,154</u>
	<u>20,350</u>
Total amount of debt applicable to debt limit	<u>49,115</u>
Legal debt margin	<u>\$ 1,971,139</u>

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

<b>Fiscal Year Ended June 30</b>	<b>Population <sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Income <sup>2</sup></b>	<b>Median Age <sup>1</sup></b>	<b>School Enrollment <sup>3</sup></b>	<b>Unemployment Rate <sup>4</sup></b>
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	13,732,225,650	42,354	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%
2013	331,279	NA	NA	NA	52,729	10.6%

## Sources:

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

NA: Information not available

## COUNTY OF CUMBERLAND, NORTH CAROLINA

Principal Employers  
Current Year and Nine Years Ago  
Unaudited

Employer	Fiscal Year 2013			Fiscal Year 2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Department of Defense-DA Civilians	14,515	1	11.38%	5,155	2	3.89%
U.S. Department of Defense-Other Civilians	8,032	2	6.30%	4,376	3	3.30%
Cumberland County Schools	6,531	3	5.12%	6,313	1	4.76%
Cape Fear Valley Health System	5,800	4	4.55%	3,650	4	2.75%
Wal-Mart	2,900	5	2.27%	1,200	8	0.90%
Goodyear Tire & Rubber Co.	2,500	6	1.96%	2,700	5	2.03%
Cumberland County Government	2,353	7	1.85%	2,386	6	1.80%
City of Fayetteville	2,056	8	1.61%	1,745	7	1.32%
U.S. Postal Service	1,225	9	0.96%			
Purolator	1,000	10	0.78%	1,150	9	0.87%
Fayetteville Technical Community College				1,150	9	0.87%
M.J. Soffe				1,150	9	0.87%
	<u>46,912</u>		<u>19.10%</u>	<u>30,975</u>		<u>16.16%</u>
Total Employment	<u>127,495</u>			<u>132,689</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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	234	236	234	239	245	245	238	239	232	250
Public Safety										
Sheriff	367	369	379	381	381	385	378	377	377	378
Detention Facility	182	181	187	187	188	187	190	188	200	254
Other	26	34	35	66	57	73	91	96	101	97
Human Services										
Public Health	224	226	233	240	233	239	247	251	289	280
Mental Health	455	469	407	373	215	218	208	145	72	5
Social Services	609	602	608	616	635	635	652	643	636	636
Other	22	22	23	22	7	7	73	76	77	77
Cultural & Recreation										
Library	154	162	169	176	176	175	195	191	188	188
Other	50	-								
Economic and Physical Development	104	110	108	108	116	105	106	102	102	80
Crown Center	40	41	39	41	41	41	40	40	40	40
Solid Waste	54	52	64	64	60	60	68	68	68	68
<b>Total</b>	<b>2,521</b>	<b>2,504</b>	<b>2,486</b>	<b>2,513</b>	<b>2,354</b>	<b>2,370</b>	<b>2,486</b>	<b>2,416</b>	<b>2,382</b>	<b>2,353</b>

Source: County Budget System (BRASS)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Government</b>										
Number of persons voting in elections	97,792	32,258	47,466	35,785	18,385	128,873	53,454	69,644	53,878	134,566
Number of registered voters *	179,370	171,030	176,853	139,350	177,718	208,513	194,383	195,242	199,194	215,084
Number of birth certificates processed	7,535	8,051	7,943	8,242	8,046	8,800	8,547	8,502	8,401	8,865
Number of death certificates processed	2,506	2,355	2,533	2,511	2,790	2,715	2,657	2,862	2,842	2,985
Number of land record instruments	70,475	61,356	63,852	61,396	49,243	47,970	45,072	43,487	46,217	49,619
Number of marriage licenses issued	3,667	4,044	3,828	3,898	4,003	4,676	3,967	4,407	3,946	3,964
Number of pieces of mail handled	712,856	737,929	793,048	639,434	725,028	709,172	676,736	674,100	837,402	683,304
* List Maintenance every 4 years (non-voters removed)										
<b>Public Safety</b>										
Number of fire calls answered	9,515	9,904	7,562	9,459	11,056	11,585	18,135	15,113	30,632	14,968
Number fire permits issued	452	820	266	232	274	381	324	161	122	223
Number of emergency calls dispatched	60,832	58,446	NA	57,320	60,116	190,041*	221,147	367,109	326,410	309,872
Number of sheriff calls answered	87,454	94,698	144,381	137,576	144,689	152,069	145,879	189,149	190,335	174,953
Number of civil court papers handled	40,132	40,542	38,237	40,767	57,872	62,574	47,723	50,363	47,142	47,419
Average daily inmate population	464	504	518	532	536	541	563	586	601	658
Number of inmates admitted	9,202	9,983	10,640	9,833	11,257	12,044	12,128	12,280	12,537	11,359
Number of animals impounded (dogs and cats)	11,779	10,907	11,953	17,895	18,590	12,162	17,786	15,691	14,111	14,143
Number of animal investigations	15,018	14,482	15,767	16,014	14,240	17,223	19,555	15,093	21,121	33,424
*2009 consolidated emergency service and sheriff dispatchers										
<b>Human Services</b>										
Number of health dept. clinical services	30,523	32,143	31,010	29,399	31,282	33,515	47,721	32,918	34,724	36,701
Number of health dept. lab tests processed	40,181	43,057	39,165	28,286	59,007	67,919	28,279	33,339	36,179	35,233
Number of health dept. prescriptions filled	17,995	29,302	38,119	35,252	36,619	35,635	39,856	40,566	16,146	40,574
Amount of health care provided with no compensation	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	\$2,428,495
Number of WIC Clients	40,212	38,496	36,456	142,916	150,370	168,342	168,114	171,260	147,977	170,450
Number of food stamp ave monthly households	13,016	13,928	15,623	16,167	18,972	20,926	24,071	28,644	31,491	32,011
Average active Medicaid family & children's cases	15,620	17,802	19,402	21,705	24,565	29,073	28,964	30,372	31,932	30,358
Average active Medicaid adult cases	4,448	4,654	4,941	5,205	5,445	5,482	5,820	6,174	5,048	6,625
Average TANF active cases	2,448	2,301	2,140	2,967	1,647	1,423	1,343	1,324	1,297	1,219
Number of protective services referrals	4,864	4,957	4,853	4,977	5,735	5,784	5,319	5,502	6,105	5,413
Number of veterans claims processed*	2,364	2,845	2,692	5,233	2,377	5,882	3,978	2,454	4,040	4,122
Number of veterans served in office	9,209	9,618	8,384	7,568	7,379	9,241	8,753	8,553	10,014	8,517
*all claims processed not just claims generating dollars										

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Human Services (continued)</b>										
Number of veterans served by telephone	19,429	16,496	16,198	16,848	18,070	26,410	35,151	19,695	24,247	24,040
Number of mental health days of service (24 hrs)	66,784	70,219	81,879	48,481	45,092	31,795	46,620	69,943	42,339	32,758
Number of mental health outpatients served	7,361	8,055	8,607	6,337	6,410	6,785	5,785	6,265	6,508	5,538
Number of mental health inpatients served**	500	417	429	NA						
Number of workforce development applicants***	1,803	2,061	993	683	1,331	2,095	2,189	1,046	NA	NA
**clients no longer contracted with hospital										
***Workforce Development no longer part of County										
<b>Economic and Physical Development</b>										
Number of inspections performed	NA	54,606	70,487	27,891	20,164	19,353	22,159	20,702	19,988	16,700
Number of building permits issued	2,024	2,169	NA	1,760	1,273	1,300	1,105	1,081	1,037	1,046
<b>Culture and Recreation</b>										
Number of library books	512,031	513,922	595,462	592,536	558,713	587,093	591,357	592,186	485,469	490,528
Number of materials circulated	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*	2,377,598 *
Number of public visits	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	1,447,152
* includes books and audio visual materials										
<b>Business Activities</b>										
Number of civic center event days	335	326	328	309	348	326	316	291	320	266
Number in attendance	549,456	513,658	545,409	521,088	554,792	576,673	533,092	567,936	518,103	519,485
Number of solid waste tonnages processed	209,810	265,464	282,679	305,915	261,389	262,427	263,996	263,410	261,952	235,295

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Fire</b>										
Number of volunteer stations	21	21	19	20	20	20	20	20	20	20
<b>Sheriff</b>										
Number of stations	5	6	6	4	6	5	5	5	4	4
Number of patrol vehicles	325	325	325	326	323	324	324	333	342	344
Detention facility beds	568	568	568	568	568	568	568	568	568	592
<b>Culture and Recreation</b>										
Number of libraries	8	8	8	8	8	8	8	9	9	9
Library collections	512,031	513,922	595,462	592,536	605,911	637,731	639,119	558,186*	546,909	555,557
E-book collections								10,384	9,503	16,551
Number of parks	3	3	3	3	3	3	3	3	3	3
Park acreage	189	189	189	185	185	185	170	170	170	170
Number of ball fields	103	107	67	64	63	63	65	65	65	65
Number of tennis courts	41	40	40	28	28	32	32	32	32	32
*Discarded outdated materials and foreign language collection										
<b>Facilities and services not included in primary government</b>										
<b>Education:</b>										
Number of schools	80	80	80	87	87	87	87	85	86	87
Number of students	53,089	53,326	52,565	53,078	52,912	53,162	52,187	52,400	53,063	52,729
Colleges & universities	2	2	2	2	2	2	2	2	2	2
Community colleges	1	1	1	1	1	1	1	1	1	1
<b>Hospitals:</b>										
Number of county hospitals	1	1	1	2	2	2	2	2	2	2
Number of patient beds	426	447	447	546	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)**  
**June 30, 2013**

**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, 2013 were \$296,499,222. General Fund revenues are derived from various sources, including property taxes (55.27%), 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 \$2,169,586 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, 2013 is \$49,115,000 which is significantly less than the legal limit of approximately \$2 billion. Debt service payments represent 5.35% of total budgeted expenditures for FY 2013 and 5.91% of total budgeted expenditures for FY 2014. In fiscal years 2013 and 2014, the County did not transfer any funds 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, 2013 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2018:

Fiscal Year Ended June 30 (1)	Historical Receipts (2)
2009	\$ 5,055,501
2010	5,157,562
2011	5,381,695
2012	5,563,614
2013	5,757,320
Fiscal Year Ended June 30	Forecasted Receipts (3)
2014	\$ 5,929,822
2015	6,108,251
2016	6,292,044
2017	6,481,362
2018	6,676,370

- (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 \$47,571 to \$51,705 per year.
- (3) Forecasted receipts assume 3% annual growth in tax revenue and 2.0% growth in the cost of collection.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2013**

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, 2013 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2018:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Historical</u> <u>Receipts (1)</u>
2009	\$ 1,003,177
2010	1,001,367
2011	1,186,416
2012	1,190,047
2013	1,236,654
<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Forecasted</u> <u>Receipts (2)</u>
2014	\$ 1,249,021
2015	1,261,511
2016	1,274,126
2017	1,286,867
2018	1,299,736

- (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, 2013**

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 appealed 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**

**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**

During FY 2013, the County did not issue any general obligation refunding bonds.

**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 is considered to be defeased and is therefore removed from the County's liabilities. As of June 30, 2013, prior year outstanding defeased general obligation debt is \$3,275,000.

**OUTSTANDING GENERAL OBLIGATION DEBT**

	<b>Principal Outstanding as of</b>			
	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
General Obligation Bonds				
School	\$ 68,605,000	\$ 61,555,000	\$ 53,465,000	\$ 46,795,000
Community College Facilities	1,115,000	790,000	460,000	-
Library Facilities	4,095,000	3,500,000	2,905,000	2,320,000
NORCRESS Sewer	<u>1,205,000</u>	<u>1,189,000</u>	<u>1,172,000</u>	<u>1,154,000</u>
Total G.O. Debt	75,020,000	67,034,000	58,002,000	50,269,000
Premium	<u>2,871,270</u>	<u>2,471,237</u>	<u>3,925,177</u>	<u>3,325,072</u>
G.O. Debt Carrying Value	<u>\$ 77,891,270</u>	<u>\$ 69,505,237</u>	<u>\$ 61,927,177</u>	<u>\$ 53,594,072</u>

Note: The outstanding general obligation debt shown above does not include USDA Bond obligations that are solely the responsibility of the Eastover Sanitary District (\$3,448,500), a discretely presented component unit.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2013**

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County has the statutory capacity to incur additional net debt in the amount of \$1,971,139,000 as of June 30, 2013.

**GENERAL OBLIGATION DEBT RATIOS**

<u>At July 1</u>	<u>Total G.O. Debt (1)</u>	<u>Assessed Valuation</u>	<u>Ratio of G.O. Debt To Assessed Valuation</u>	<u>Population (2)</u>	<u>Total G.O. Debt Per Capita</u>
2009	\$ 83,516,000	\$ 16,821,544,000	0.50%	321,071	\$ 260.12
2010	75,020,000	20,653,306,000	0.36%	324,225	231.38
2011	67,034,000	21,002,185,000	0.32%	326,673	205.20
2012	58,002,000	21,557,253,000	0.27%	327,643	177.03
2013	50,269,000	22,149,100,000	0.23%	331,279	151.74

(1) General obligation principal balances shown before amortization of premium.

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

**GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE**

<u>Cumberland County</u>						
<u>FY</u> <u>Ending</u> <u>June 30</u>	<u>Schools</u> <u>(Including Related 2004 Refunding)</u>		<u>Libraries</u> <u>(Including Related 2004 Refunding)</u>		<u>NORCRESS</u> <u>(Blended Component Unit)</u>	
	<u>Principal</u>	<u>Principal &amp; Interest</u>	<u>Principal</u>	<u>Principal &amp; Interest</u>	<u>Principal</u>	<u>Principal &amp; Interest</u>
2014	\$ 6,865,000	\$ 8,891,688	\$ 885,000	\$ 1,001,000	\$ 18,000	\$ 47,603
2015	6,755,000	8,512,013	880,000	951,750	19,000	46,860
2016	6,955,000	8,482,863	555,000	582,750	20,000	46,076
2017	7,360,000	8,598,913	-	-	21,000	45,251
2018	6,780,000	7,607,513	-	-	22,000	44,385
2019	6,725,000	7,240,825	-	-	22,000	43,478
2020	2,405,000	2,605,975	-	-	23,000	42,570
2021	2,285,000	2,368,725	-	-	24,000	41,621
2022	500,000	516,600	-	-	25,000	40,631
2023	165,000	168,300	-	-	26,000	39,600
2024-28	-	-	-	-	149,000	180,840
2029-33	-	-	-	-	182,000	147,428
2034-38	-	-	-	-	223,000	106,673
2039-43	-	-	-	-	268,000	56,925
2044-45	-	-	-	-	112,000	6,930
	<u>\$ 46,795,000</u>	<u>\$ 54,993,415</u>	<u>\$ 2,320,000</u>	<u>\$ 2,535,500</u>	<u>\$ 1,154,000</u>	<u>\$ 936,871</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2013**

**GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED**

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u> <sup>(1)</sup>
School Refunding	February 16, 1998	\$ 6,605,000
School Refunding	August 16, 2004	1,000
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 &amp; Interest Repayment/Requirements</u>	<u>FY 2014 Principal And Interest Requirements</u>	<u>Balance June 30, 2013</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	\$ 440,936
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.	1,975,025	18,880,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2013**

<b>Purpose</b>	<b>Original Amount/Costs</b>	<b>Principal &amp; Interest Repayment/Requirements</b>	<b>FY 2014 Principal and Interest Requirements</b>	<b>Balance June 30, 2013</b>
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.	7,578,862	64,115,000
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	12,918,750
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	12,831,000
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.	266,330	1,386,000
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.	153,072	796,600

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2013**

<b>Purpose</b>	<b>Original Amount/Costs</b>	<b>Principal &amp; Interest Repayment/Requirements</b>	<b>FY 2014 Principal and Interest Requirements</b>	<b>Balance June 30, 2013</b>
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	2,032,294
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.	3,687,262	32,965,000
Installment Financing – Fayetteville Technical Community College Roofing and HVAC Projects	<u>3,198,130</u>	Semi-annual payments of principal and interest in arrears ending December 14, 2017. Semi-annual principal and interest payments at the rate of 1.11% range from \$321,588 to \$669,800; payable from the General Fund.	<u>669,801</u>	<u>2,878,317</u>
Total:	<u>\$ 244,231,991</u>		<u>\$ 19,465,279</u>	<u>\$ 149,243,897</u>

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**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2013**

The County's payment obligations (principal & interest) at June 30, 2013 for the non-general obligation installment financing arrangements described in the preceding table are as follows:

<b>Fiscal Year Ending June 30</b>	<b>1995 Civic Center Certificates Debt Service</b>	<b>2009A Certificates Debt Service</b>	<b>2009B Refunding Certificates Debt Service</b>	<b>2011B Refunding LOBS Debt Service</b>	<b>Other Agreements Debt Service</b>	<b>Total Non G.O. Debt Service</b>
2014	\$ 1,555,000	\$ 1,975,025	\$ 7,578,862	\$ 3,687,262	\$ 4,669,130	\$ 19,465,279
2015	-	1,933,725	9,014,338	3,584,663	4,646,657	19,179,383
2016	-	1,886,525	8,905,213	3,482,362	4,624,186	18,898,286
2017	-	1,836,375	8,789,988	3,380,688	4,601,714	18,608,765
2018	-	1,794,338	8,684,063	3,284,062	4,010,769	17,773,232
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
	1,555,000	25,829,463	79,283,719	45,151,818	47,332,084	199,152,084
Premium	-	100,927	3,685,100	3,058,601	-	6,844,628
Accreted Int	1,071,444	-	-	-	-	1,071,444
Carrying Value	\$ 2,626,444	\$ 25,930,390	\$ 82,968,819	\$ 48,210,419	\$ 47,332,084	\$ 207,068,156

Note: The outstanding non-general obligation debt shown above does not include obligations that are solely the responsibility of the County's various discretely presented component units including the Eastover Sanitary District (\$8,847,488) and the ABC Board (\$1,198,932).

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**

During FY 2013, the County did not issue any non-general obligation refunding bonds.

**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, 2013, there is no outstanding prior year defeased non-general obligation debt.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2013**

**DEBT OUTLOOK**

During fiscal year 2013, the County borrowed \$3,198,130 to finance 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 bond issue for the school system.

**TAX INFORMATION**

**GENERAL TAX INFORMATION**

	<u>Fiscal Year Ended or Ending June 30.</u>		
	<u>2012</u>	<u>2013</u>	<u>2014<sup>(3)</sup></u>
	(Amounts in thousands)		
Assessment Ratio <sup>(1)</sup>	100%	100%	100%
Real Property	\$ 17,748,671	\$ 18,173,826	\$ 18,480,264
Personal Property	1,305,774	1,366,096	1,158,443
Vehicles	2,132,938	2,233,690	2,223,079
Public Service Companies <sup>(2)</sup>	<u>369,870</u>	<u>375,488</u>	<u>367,912</u>
Total Assessed Valuation	21,557,253	22,149,100	22,229,698
Assessed Valuation Per Capita	65.79	66.86	66.54
Rate per \$100	.740	.740	.740
County-wide Levy	\$ 159,524	\$ 163,903	\$ 164,500

(1) Percentage of appraised value has been established by statute.

(2) Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.

(3) Valuation estimates as of October 31, 2013 for the fiscal year ending June 30, 2014. Population used for FY 2014 assessed valuation per capita is 334,076 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, 2013**

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>2012</u>	<u>2013</u>	<u>2014</u> <sup>(1)</sup>
County-wide	\$ 159,523,672	\$ 163,903,340	\$ 164,499,765
Recreation District	3,820,292	3,920,547	3,941,536
Special Fire Districts	<u>7,280,639</u>	<u>7,454,997</u>	<u>7,471,968</u>
Total Levy	<u>\$ 170,624,603</u>	<u>\$ 175,278,884</u>	<u>\$ 175,913,269</u>

(1) Valuation estimates as of July 1, 2013 for the fiscal year ending June 30, 2014.

**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>
2009	\$ 3,974,641	\$ 140,776,733	97.14%
2010	3,828,991	154,634,400	97.61%
2011	3,584,110	151,707,130	97.45%
2012	3,527,359	155,867,130	97.52%
2013	3,498,667	160,024,057	97.41%

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

**TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2012-13 (TAX YEAR 2011-12)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2012 Taxable Assessed Valuation*</u>	<u>% of Total Taxable Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 324,323	1.46%
Cross Creek Mall, LLC	Retail Mall	129,235	0.58
Wal-Mart Stores, Inc.	Retail/Distribution	117,184	0.53
Progress Energy Carolinas	Electric Utility	82,552	0.37
Carolina Telephone	Telephone Utility	76,709	0.35
Piedmont Natural Gas	Gas Utility	64,231	0.29
Purolator Filters, NA LLC	Auto Filter Manufacturer	57,354	0.26
DAK Americas, LLC	Textiles	51,199	0.23
South River EMC	Electric Utility	44,366	0.20
Cargill	Soybean Processor	<u>35,363</u>	<u>0.16</u>
		<u>\$ 982,516</u>	<u>4.43%</u>

\* Amounts expressed in thousands.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Compiled Budget - Annually Budgeted Funds**  
**Year Ended June 30, 2013**  
**(Unaudited)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
<b>Estimated revenues:</b>			
Ad valorem taxes	\$ 161,496,278	\$ 11,596,809	\$ 19,000
Other taxes	44,924,502	5,366,213	5,925,558
Unrestricted intergovernmental	10,807,346	3,000	-
Restricted intergovernmental	70,604,530	10,255,923	645,299
Licenses and permits	2,250,763	-	11,388
Sales and services	15,144,895	247,735	5,765,489
Interest earned on investments	125,000	6,233	97,760
Miscellaneous	4,011,747	547,810	12,319
Total estimated revenues	<u>309,365,061</u>	<u>28,023,723</u>	<u>12,476,813</u>
<b>Appropriations:</b>			
General government	27,320,968	5,620	-
Public safety	47,791,596	8,982,496	-
Economic and physical development	7,718,753	9,907,647	-
Human services	108,715,334	2,056,393	-
Cultural and recreation	11,430,176	4,145,035	-
Education	98,137,326	-	-
Salaries and employee benefits	-	-	6,453,882
Repairs and maintenance	-	-	2,428,837
Utilities	-	-	954,706
Administrative costs	-	-	6,306,613
Landfill closure and postclosure	-	-	1,420,856
Capital outlay	-	-	1,189,071
Water & Sewer	-	-	344,864
Debt service:			
Principal retirement	18,325,686	-	1,260,319
Interest and fees	7,524,593	-	2,511,901
Total appropriations	<u>326,964,432</u>	<u>25,097,191</u>	<u>22,871,049</u>
Estimated revenues over (under) appropriations	<u>(17,599,371)</u>	<u>2,926,532</u>	<u>(10,394,236)</u>
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
General fund	-	1,242,055	5,832
Special revenue funds	74,814	-	5,806,472
Enterprise funds	55,193	-	-
Capital projects	354,624	-	-
Transfers to other funds:			
General fund	-	(74,814)	(55,193)
Capital projects	(8,783,085)	-	-
Special revenue funds	(1,242,055)	-	-
Enterprise funds	(5,832)	(5,806,472)	-
Internal service funds	(102,200)	-	-
Proceeds of general long term debt	3,198,130	-	-
County contribution	-	-	-
Premium on debt issuance	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	79,033	-	-
Appropriated fund balances	23,970,749	1,712,699	4,637,125
Total other financing sources	<u>17,599,371</u>	<u>(2,926,532)</u>	<u>10,394,236</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 budget at June 30, 2013.

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**  
**Year Ending June 30, 2014**  
**(Unaudited)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
<b>Estimated revenues:</b>			
Ad valorem taxes	\$ 168,933,380	\$ 12,032,604	\$ 24,238
Other taxes	50,022,008	5,457,689	6,223,724
Unrestricted intergovernmental	11,236,673	8,500	-
Restricted intergovernmental	59,577,368	7,076,036	633,864
Licenses and permits	2,084,150		11,388
Sales and services	8,875,845	228,194	6,294,989
Interest earned on investments	110,000	3,300	82,544
Miscellaneous	4,050,524	598,500	6,000
Total estimated revenues	<u>304,889,948</u>	<u>25,404,823</u>	<u>13,276,747</u>
<b>Appropriations:</b>			
General government	28,268,666	4,596	-
Public safety	51,946,862	8,235,147	-
Economic and physical development	6,883,270	7,416,689	-
Human services	100,155,982	2,074,808	-
Cultural and recreation	11,433,474	4,796,731	-
Education	92,572,803	-	-
Salaries and employee benefits	-	-	6,405,000
Repairs and maintenance	-	-	1,236,449
Utilities	-	-	1,008,697
Administrative costs	-	-	5,877,362
Landfill closure and postclosure	-	-	915,000
Other operating	-	-	-
Capital outlay	-	-	943,600
Water & sewer	-	-	625,074
Debt service:			
Principal retirement	18,711,638	-	1,251,144
Interest and fees	6,953,429	-	2,512,771
Debt issuance costs	-	-	-
Total appropriations	<u>316,926,124</u>	<u>22,527,971</u>	<u>20,775,097</u>
Estimated revenues over (under) appropriations	<u>(12,036,176)</u>	<u>2,876,852</u>	<u>(7,498,350)</u>
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
General fund	-	709,589	-
Special revenue funds	77,474	-	5,853,829
Enterprise funds	55,193	-	-
Capital projects	306	-	-
Transfers to other funds:			
General fund	-	(77,474)	(55,193)
Capital projects	-	-	-
Special revenue funds	(709,589)	-	-
Enterprise funds	-	(5,853,829)	-
Internal service funds	(602,200)	-	-
Proceeds of general long term debt	-	-	-
County contribution	-	-	-
Premium on debt issuance	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	-	-	-
Appropriated fund balances	13,214,992	2,344,862	1,699,714
Total other financing sources	<u>12,036,176</u>	<u>(2,876,852)</u>	<u>7,498,350</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 2014 adopted budget ordinance at July 1, 2014.

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.

**Report of Independent Auditor 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, in accordance with the 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 governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 22, 2013. The financial statements of the Fayetteville Area Convention and Visitors Bureau and the Cumberland County ABC Board were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Cherry Bekasert LLP in cursive script.

Fayetteville, North Carolina  
November 22, 2013

**Report of Independent Auditor on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by OMB Circular A-133  
and the State Single Audit Implementation Act**

Board of Commissioners  
County of Cumberland, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the County of Cumberland, North Carolina (the "County") compliance with the types of compliance requirements described in the *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, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-02, 2013-03, 2013-04, and 2013-05. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-01 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Fayetteville, North Carolina  
November 22, 2013

**Report of Independent Auditor on Compliance for Each Major State Program  
and on Internal Control Over Compliance Required by  
OMB Circular A-133 and the State Single Audit Implementation Act**

Board of Commissioners  
County of Cumberland, North Carolina

**Report on Compliance for Each Major State Program**

We have audited the County of Cumberland, North Carolina (the "County") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major State programs for the year ended June 30, 2013. The County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major State programs based on our audit of the types of compliance requirements referred to above. 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, *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 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 on compliance for each major State program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major State Program**

In our opinion, the County complied, in all material respects, with the types of 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, 2013.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, which are described in the accompanying schedule of findings and questioned costs as items 2013-06 and 2013-07. Our opinion on each major State program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with applicable sections of 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 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.



Fayetteville, North Carolina  
November 22, 2013

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2013

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

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted  Yes  No

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards  Yes  No

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

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>
10.551	Food and Nutrition Services Cluster
10.561	Food and Nutrition Services (FNS) State Administrative Matching Grants for FNS
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, 2013*

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<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
14.218	CDBG Entitlements Grant Cluster: 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
93.563	Child Support Services
93.645	Child Welfare Services/State Grants
93.767	Children's Health Insurance Program
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, 2013

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

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

State Awards

Internal control over major State programs:

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

- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses     \_\_\_ Yes     X None reported

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

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

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

Juvenile Crime Prevention Program

State match on federal programs, included in the list of major federal programs above for Child Welfare Services/State Grants, Children's Health Insurance Program, 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, 2013*

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**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 Social Services  
Food and Nutrition Services Cluster (SNAP)  
CFDA # 10.551, 10.561 – State Administrative Matching Grants for FNS

**Internal Control – Eligibility**  
**Significant Deficiency**  
**Finding 2013-01**

Criteria: A random sampling of Food and Nutrition Service (FNS) cases is reviewed by the Compliance and Quality Assurance Unit (CQA). These cases are pulled from those processed by case managers and results in each of the case managers having 1-2 cases reviewed each month.

Condition: CQA reviews were not completed during reviews for fiscal year 2013.

Questioned Costs: None.

Context: The CQA for the SNAP program was considered in our internal control testing.

Effect: By not enforcing the CQA program during fiscal year 2013, several programs could be servicing ineligible recipients. The County relies on this program to serve as an internal audit or checks and balances for their programs.

Cause: The SNAP program implemented a new software system and the process of reviewing cases was overlooked due to a new staff getting acquainted with NC FAST. Starting in August 2013, a new Quality Department is going to be established in order to take over and start this process.

Recommendation: The CQA process should be implemented in fiscal year 2014.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2013*

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

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

**Non-material noncompliance - Eligibility**  
**Finding 2013-02**

Criteria: In accordance with the DSS Adult Medicaid Manual Section 2910 VI, the County must give or mail the Form DMA-5046, Medical Transportation Assistance Notice of Rights/Responsibilities to the applicant at each Medicaid application and Medicaid enrollment.

Condition: We noted one instance in which the Notice of Rights to Transportation Assistance form could not be located in the file.

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

Context: A total sample of 40 Medical Assistance clients were selected for review from September 2012 and March 2013.

Effect: The client was not aware of the assistance available through Medical Transportation Assistance.

Cause: Employee oversight during the initial eligibility determination or was misplaced.

Recommendation: Policies and procedures should be implemented to ensure that participant eligibility and documentation is maintained appropriately.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2013*

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**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 - Eligibility**  
**Finding 2013-03**

Criteria: In accordance with the Cumberland County Department of Public Health Billing, Eligibility, and Fee Policy and Procedural Manual, Sliding Fee Scale policy for the processing assistance will make sure the Personal Data Form is completed. This process should also ensure that household and income sections of the Personal Data Form are accurate.

Condition: We noted one instance in which the client's proof of income showed that they earned \$456 a week. However, in the file and in the payment system, it was entered as \$456 per month.

Questioned Costs: Questioned costs totaled \$9. The missing documentation did not affect the eligibility of the recipient.

Context: A total of 40 Maternal and Child Health clients were selected for review from October 2012 and April 2013 Accounts Receivable Report.

Effect: During the month of April 2013, the client received a service totaling \$47 and due to incorrect income calculation did not have to pay anything. The client should have had to pay 20% based on the sliding fee scale or \$9.

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

Recommendation: Supervisor should review eligibility documentation to ensure accuracy.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2013*

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**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 - Eligibility**  
**Finding 2013-04**

Criteria: In accordance with the Cumberland County Department of Public Health Billing, Eligibility, and Fee Policy and Procedural Manual, Insurance section states that a copy of the insurance card and benefits sheet will be filed in the financial record.

Condition: We noted three instances in which the clients did not have a copy of their Medicaid card in files.

Questioned Costs: Questioned costs totaled \$243. The missing documentation did not affect the eligibility of the recipient.

Context: A total of 40 Maternal and Child Health clients were selected from October 2012 and April 2013 Accounts Receivable Report.

Effect: The client files did not have proof of Medicaid insurance.

Cause: Employee oversight during processing of the patient.

Recommendation: Supervisors should review client files to ensure proper insurance identification is obtained.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2013*

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**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 - Eligibility**  
**Finding 2013-05**

Criteria: In accordance with the Cumberland County Department of Public Health Billing, Eligibility, and Fee Policy and Procedural Manual, Sliding Fee Scale policy the processing assistance will make sure the Personal Data Form is completed. This process should also ensure that household and income sections of the Personal Data Form are accurate.

Condition: We noted one instance in which the client was billed as free when they had Medicaid. This situation was discovered two months later, but the County did not go back and bill Medicaid.

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

Context: A total of 40 Maternal and Child Health clients were selected for review from the October 2012 and April 2013 Accounts Receivable Report.

Effect: The client's service was billed as free, when they had Medicaid.

Cause: Employee oversight during processing of patient.

Recommendation: Supervisor should review client files to ensure proper insurance identification is obtained.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2013*

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**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 2013-06**

Criteria: Cumberland County DSS employees should enter all time for each month.

Condition: During our testing, we noted one instance in which time was only partially entered for one worker during the month of September 2012.

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

Context: A total of 40 employee's salaries being charged to the DSS 1571 Part 1 for the months of September 2012 and March 2013 were selected for review.

Effect: By not having all time entered during the month, the worker does not meet the minimum required minutes for the month.

Cause: Employee and Supervisor oversight over time entered for the month.

Recommendation: Policies and procedures should be put in place to ensure that all time is entered by an employee during the month and that Supervisors monitor time entry.

Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2013*

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**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 2013-07**

- 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.
- Condition: For 5 of 40 individuals selected, a worker charged time to a program with no support in the case file. The workers documented spending time working with a client, taking their phone calls and reviewing their case file, on their day sheets on various days in September 2012 and March 2013. There was no documentation in the case file related to the time spent on those specific dates with these clients in the client file.
- Questioned Costs: None. The missing documentation did not affect the reimbursements.
- Context: A total of 40 employee's salaries being charged to the DSS 1571 Part 1 for the months of September 2012 and March 2013 were selected for review.
- Effect: No evidence that a worker worked on a client file to which they are charging a percentage of their salary.
- Cause: Employee oversight over day sheet and file documentation.
- Recommendation: Supervisor should review day sheet submissions for accuracy.
- Management Response: Management agrees with this finding.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF CORRECTIVE ACTION PLAN**

*YEAR ENDED JUNE 30, 2013*

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**Section II. Financial Statement Findings**

None reported.

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

**Finding #: 2013-01**

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

Corrective Action Plan: With the reorganization of Economic Services that was effective August 12, 2013, a team of staff has been identified which are responsible for quality checks for newly hired and trained staff. A quality assurance proposal is being developed in which there should be 3 cases per worker per month reviewed for staff that are not on 100% reviews.

Proposed Completion Date: Immediately

**Finding #: 2013-02**

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

Corrective Action Plan: We believe that additional training and guidance on policy through unit supervisors, our internal staff development and quality assurance teams will show the desired improvement.

Proposed Completion Date: Immediately

**Finding #: 2013-03**

Name of Contact Person: Candice York, Cumberland County Public Health Department

Corrective Action Plan: Reinforcement of current Policies and Procedures to ensure eligibility data is entered correctly into the Patient Billing System. The Management Support Supervisor will review eligibility data entered by Registration Clerks for accuracy. In addition, the Internal Audit Team will conduct quarterly reviews of eligibility data as well.

Proposed Completion Date: Immediately

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF CORRECTIVE ACTION PLAN (CONTINUED)**

*YEAR ENDED JUNE 30, 2013*

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

**Finding #: 2013-04**

Name of Contact Person: Candice York, Cumberland County Public Health Department

Corrective Action Plan: Reinforcement of current Policies and Procedures to ensure each patient record contains a copy of the insurance card. In the event of retro Medicaid, a Billing Staff will print a copy of the HIS Screen and place this screen print in the patient's record for verification of benefits. In addition, the Internal Audit Team will conduct quarterly reviews of records to ensure records include a copy of insurance benefits

Proposed Completion Date: Immediately

**Finding #: 2013-05**

Name of Contact Person: Candice York, Cumberland County Public Health Department

Corrective Action Plan: Reinforcement of current Policies and Procedures to ensure eligibility data is correctly entered into the Patient Billing System. The Management Support Supervisor will review eligibility data entered by Registration Clerks. In addition, the Internal Audit Team will conduct quarterly reviews of eligibility data as well.

Proposed Completion Date: Immediately

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF CORRECTIVE ACTION PLAN (CONCLUDED)**

*YEAR ENDED JUNE 30, 2013*

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

**Finding #: 2013-06**

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

Corrective Action Plan: We believe that additional training and guidance on policy through unit supervisors, our internal staff development and quality assurance teams will show the desired improvement.

Proposed Completion Date: Immediately

**Finding #: 2013-07**

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

Corrective Action Plan: We believe that additional training and guidance on policy through unit supervisors, our internal staff development and quality assurance teams will show the desired improvement.

Proposed Completion Date: Immediately

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

*YEAR ENDED JUNE 30, 2013*

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**Finding #: 2012-01**

Status: Corrected

**Finding #: 2012-02**

Status: Corrected

**Finding #: 2012-03**

Status: Corrected

**Finding #: 2012-04**

Status: Corrected

**Finding #: 2012-05**

Status: Similar finding noted in the current year. See 2013-07.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
1(a) <b>Federal Awards:</b>					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Consumer Service</u>					
Passed-through N.C. Dept. of Agriculture: Food Distribution	10.550		\$ 5,130	\$ -	\$ -
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		35,285	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		<u>2,774,025</u>	-	<u>2,776,148</u>
Total Food Stamp Cluster			<u>2,809,310</u>	-	<u>2,776,148</u>
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		2,348,561	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		9,727,249	-	-
Water and Waste Disposal Systems for Rural Communities	10.760		<u>61,971</u>	-	-
Total U.S. Dept. of Agriculture			<u>14,952,222</u>	-	<u>2,776,148</u>
<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 Solutions Grants Program	14.231		166,582	-	-
Direct Program:					
Community Development Block Grants/Entitlement Grants	14.218		927,602	-	-
Supportive Housing Program	14.235		77,288	-	-
HOME Investment Partnerships Program	14.239		<u>661,381</u>	-	-
Total U.S. Dept. of Housing and Urban Development			<u>1,832,853</u>	-	-
<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:					
Crime Victim Assistance	16.575		<u>53,615</u>	-	-
Edward Byrne Memorial Justice Assistance Grant	16.579		<u>256,544</u>	-	-
Federal Drug Forfeiture Program	16.600		<u>397,134</u>	-	-
<u>Office of Community Oriented Policing Services</u>					
Direct Program:					
Public Safety Partnerships and Community Policing Grants - ARRA	16.710		<u>40,610</u>	-	-
Total U.S. Dept. of Justice			<u>747,903</u>	-	-

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

<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 &amp;</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		\$ 536,314	\$ -	\$ -
<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		625,947	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants	20.505		64,764	-	-
Formula Grants for Other Than Urbanized Areas	20.509		67,582	-	-
Job Access and Reverse Commute Program	20.516		28,017		
Total U.S. Dept. of Transportation			786,310	-	-
<u>Institute of Museum and Library Services</u>					
Passed-through N.C. Dept. of Cultural Resources:					
Grants to States	45.310		27,000	-	-
<u>Environmental Protection Agency</u>					
Passed-through N.C. Dept. of Environmental and Natural Resources					
Division of Water Resources					
Capitalization Grants For Drinking Water State Revolving Funds - Recovery					
	66.468		361,239	-	-
<u>Administration for Children and Families</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
WorkFirst/Temporary Assistance for Needy Families (TANF)	93.558		6,458,704	-	4,969,730
WorkFirst/TANF - Direct					
Benefit Payments	93.558		3,635,225	(2,289)	(990)
N.C. Child Support Enforcement Section	93.563		3,379,490	-	787,007
Refugee Assistance	93.566		17,077	-	-
Energy Assistance Block Grant:					
Administration	93.568		285,163	-	-
Crisis Intervention Program	93.568		2,329,790	-	-
Child Welfare Services - State Grants					
Adoption Subsidy - Direct Benefit Payments	93.645		-	1,193,446	310,682
Child Welfare Services - State Grants					
Permanency Planning - Families for Kids	93.645		150,642	-	1,020,377
SSBG - Other Services and Training	93.667		1,651,722	136,061	2,661,686
LINKS (formerly Independent Living Grant)	93.674		80,534	27,644	-

COUNTY OF CUMBERLAND, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2013

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Foster Care and Adoption Cluster:</u>					
Foster Care Caseworker Visits	93.556		\$ 49,751	\$ -	\$ -
Title IV-E Foster Care	93.658		2,420,838	1,135,804	894,116
Adoption Assistance - Direct Benefit Payments	93.659		1,283,647	339,754	339,754
Total Foster Care and Adoption Cluster			3,754,236	1,475,558	1,233,870
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		74,063	47,523	17,370
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		580,264	-	72,895
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		4,846,205	-	-
Child Care and Development Fund - Mandatory	93.596		1,787,377	-	-
Child Care and Development Fund - Match	93.596		1,879,399	541,059	-
Total Child Care Development Fund Cluster			9,093,245	541,059	72,895
Temporary Assistance for Needy Families	93.558		2,040,742	-	-
ARRA - Emergency Contingency Fund for					
Social Security Block Grant	93.667		33,120	-	-
Foster Care Title IV-E	93.658		98,102	47,848	-
TANF - MOE			-	2,609,202	-
Smart Start			-	1,399	-
State Appropriations			-	832,070	-
Total Subsidized Child Care Cluster			11,265,209	4,031,578	72,895
<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		101,276	-	-
Block Grant for Community Mental Health Services					
-Community Based Program - Mental Health	93.958		124,352	-	-
Block Grant for Prevention and Treatment of					
Substance Abuse - Community Based Programs					
Substance Abuse	93.959		331,745	-	-
<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		238,424,509	132,461,796	(2,126)

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

<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 &amp;</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
Division of Social Services:					
Medical Assistance Program Administration	93.778		\$ 4,593,213	\$ 603,534	\$ 3,559,812
Health Choice	93.767		171,501	10,475	44,158
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		70,777	-	-
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116	4552	34,653	-	-
State Health Access Program	93.256		22,009	-	-
Immunization Program/Aid to County Funding	93.268	5715	148,254	-	-
The Patient Protection and Affordable Care Act of HIV State Funds-Sexually Transmitted Diseases	93.531		186,634	-	-
Temporary Assistance for Needy Families	93.558		39,359	-	-
Social Services Block Grant	93.667		62,009	25,000	-
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		51,061	38,250	-
HIV Prevention Activities - Health Department Based Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.940		2,575	-	-
Medical Assistance Program	93.778				
Maternal and Child Health Services Block Grant	93.994		376,668	282,534	-
Statewide Health Promotion Program	93.991		9,640	-	-
Office of Population Affairs passed-through the N.C. Dept. of Health and Human Services:					
Office of Population Affairs					
Family Planning Services	93.217		146,500	-	-
Total U.S. Dept. of Health and Human Services			<u>277,978,589</u>	<u>140,331,110</u>	<u>17,450,619</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		77,376	-	2,608,857
Citizens-Community Resilience Innovation Challenge	97.053		1,925	-	-
Homeland Security Grant Program	97.067		1,845	-	-
Direct:					
Disaster Grants - Public Assistance	97.036		6,405	-	-
Interoperable Emergency Communications	97.055		29,076	-	-
Homeland Security Grant Program	97.067		88,322	-	-
Total Homeland Security			<u>204,949</u>	<u>-</u>	<u>2,608,857</u>
Human Services:					
Division of Medical Assistance:					
Medicaid At-Risk			53,811	-	-
Total Federal awards			<u>297,481,190</u>	<u>140,331,110</u>	<u>20,059,475</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

<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 &amp;</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<b>State Awards:</b>					
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
State/County Special Assistance for Adults - Direct Benefit					
Payments			\$ -	\$ 2,083,580	\$ 2,083,580
State Foster Care Benefits Program			-	2,113,565	2,113,559
Energy Assistance - CP&L Energy Program			-	9,860	-
Temporary Assistance for Needy Families Incentives			-	7,277	-
Special Links			-	12,913	-
AFDC Incentives			-	916	-
Adult Protective Services			-	30,360	205,625
Smart Start Administration			-	190,122	21,125
Family Violence Prevention Grant			-	16,631	-
Division of Child Development:					
Smart Start Raising a Reader			-	101,444	-
Smart Start - Mental Health			-	187,212	-
Division of Public Health:					
General		4110	-	233,180	-
School Nurse Funding Initiative			-	176,496	-
Risk Reduction/Health Promotion			-	6,206	-
Food and Lodging Fees			-	29,196	-
Communicable Disease			-	25,762	-
Tuberculosis			-	85,122	-
Women's Health Service Fund			-	5,965	-
Healthy Communities			-	2,839	-
TB Medical Services		4536	-	4,969	-
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
LME Systems Management			-	3,643,612	-
Single Stream Line Funding			-	4,078,846	-
Crisis Services - Local Psych Inpatient			-	885,750	-
Total N. C. Department of Health and Human Services			-	13,931,823	4,423,889
<u>N.C. Dept. of Environment &amp; Natural Resources</u>					
Division of Environmental Health:					
Environmental Health			-	4,000	-
Division of Water and Soil Conservation:					
Agriculture Cost Share Program			-	25,524	39,390
Soil and Water District Projects			-	3,600	109,630
Total N.C. Department of Environment & Natural Resources			-	33,124	149,020

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

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>N.C. Department of Veteran's Affairs</u> Veteran's Services Grant			\$ -	\$ 1,452	\$ 353,762
<u>Department of Juvenile Justice &amp; Delinquency Prevention</u> Juvenile Crime Prevention Program			-	2,865,027	1,825,429
<u>N.C. Dept. of Cultural Resources</u> State Aid to Public Libraries			-	360,480	9,609,514
<u>N.C. Dept. of Transportation</u> Rural Operating Assistance Program Cluster: Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	135,397	-
Rural General Program			-	113,808	-
Work First Transitional/Employment Trans. Assistance			-	111,523	-
Total Rural Operating Assistance Program Cluster			-	360,728	-
Total N.C. Department of Transportation			-	360,728	-
<u>N.C. Dept. of Administration</u> Domestic Violence Program			-	70,775	-
<u>N.C. Housing Finance Agency</u> Urgent Repair Grant			-	30,032	-
Total State awards			-	17,653,441	16,361,614
Total Federal and State awards			\$ 297,481,190	\$ 157,984,551	\$ 36,421,089

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

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

1. Basis of Presentation

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

2. Subrecipients

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Highway Planning and Construction	20.205	\$ 625,947	\$ -
Supportive Housing Program	14.235	77,288	-
Juvenile Crime Prevention Program		-	2,865,027

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.