

COUNTY *of* CUMBERLAND



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending
June 30, 2008

COUNTY OF CUMBERLAND
NORTH CAROLINA

Board of County Commissioners

J. Breeden Blackwell, Chairman

Jeannette M. Council, Vice Chairman
Kenneth S. Edge
Dr. John T. Henley, Jr

Billy R. King
Edward Melvin
Diane Wheatley

Comprehensive Annual
Financial Report

For the Year Ended June 30, 2008

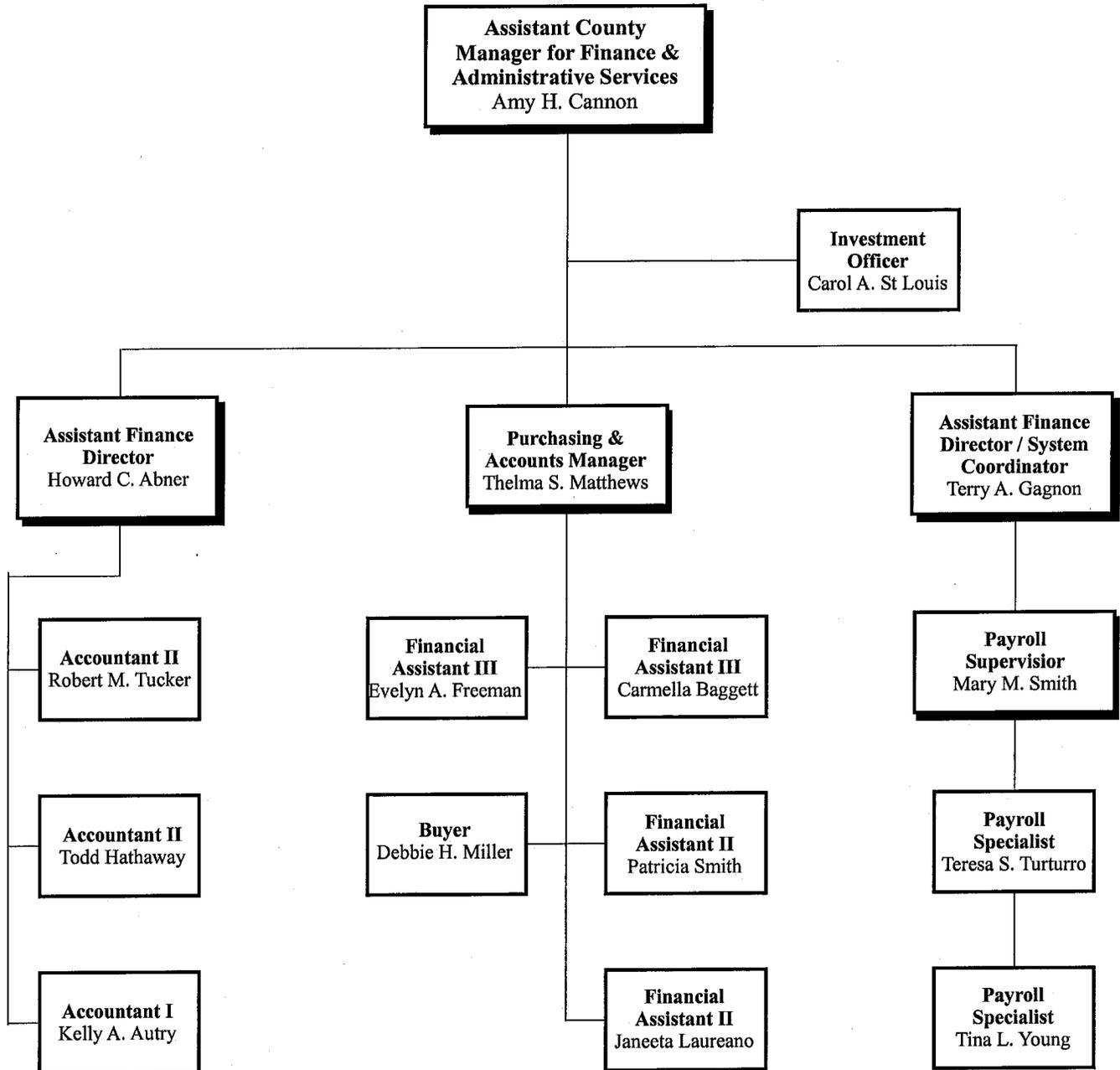
Prepared by:
Cumberland County Finance Department

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County Attorney
Deputy County Manager
Assistant County Manager
Assistant County Manager

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
COUNTY OF CUMBERLAND, NORTH CAROLINA
Year Ended June 30, 2008
Prepared by the Finance Department



COUNTY OF CUMBERLAND, NORTH CAROLINA

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COUNTY of CUMBERLAND

Finance Department

November 15, 2008

The Honorable J. Breeden Blackwell, Chairman
The Honorable Jeannette M. Council, Vice Chairman
The Honorable Kenneth S. Edge
The Honorable John T. Henley, Jr.
The Honorable Billy R. King
The Honorable Edward Melvin
The Honorable Diane Wheatley 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, 2008. The basic financial statements contained herein have been audited by the independent, certified public accounting firm of Cherry, Bekaert & Holland, L.L.P., and that firm's unqualified opinion is included in the Financial Section of this report.

The report itself, however, is presented by the County, which is responsible for the accuracy of the data and for the completeness and fairness of its presentation including all disclosures. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

This report is divided into five sections: the Introductory, Financial, Statistical, Compliance Sections, and Continuing Disclosure Information. The Introductory Section, which is unaudited, contains this letter of transmittal, which provides a brief overview of the operations of the County, a list of principal officials, a copy of the Certificate of Achievement for Excellence in Financial Reporting, and the County's organization chart. The Financial Section is composed of the auditor's report, management's discussion and analysis (MD&A), the basic financial statements, notes to the financial statements, and more detailed combining and individual fund financial statements and schedules and other supplementary financial data. The Statistical Section, which is unaudited, contains fiscal and economic data designed to provide a more complete understanding of the County. Many tables in this section present financial data for the past ten years. The Compliance Section presents reports and schedules required by the federal and state Single Audit Acts. Finally, the Continuing Disclosure Information Section, which is unaudited, includes those disclosures related to certain general and non-general obligation debt required by the Securities and Exchange Commission Rule 15c2-12.

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County is required to undergo an annual single audit in conformity with the provision of the U.S. Office

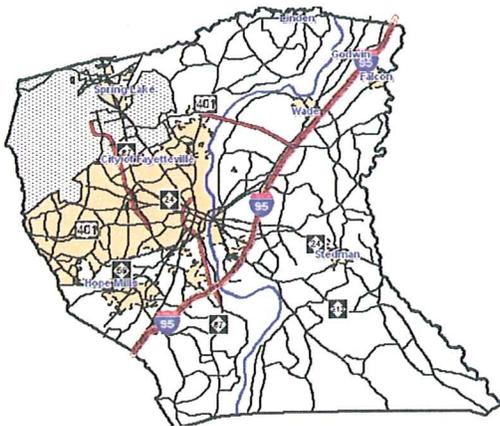
Of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Information related to this single audit, including the Schedule of Expenditures of Federal and State Awards, Schedule of Findings and Questioned Costs, Corrective Action Plan, Summary Schedule of Prior Audit Findings and independent auditor's compliance and internal control reports on the basic financial statements and major federal and state programs, 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. However, in 1918, land in northwest Cumberland County was purchased and developed by the U.S. Army to serve as an artillery training facility. Camp Bragg has evolved over the years into Fort Bragg, a permanent Army post, and one of the largest military bases in the world.



Cumberland County is located in the southeast coastal plain section of North Carolina, with a land area of approximately 661 square miles. The County's population of 313,616 is the fifth largest in the state. The City of Fayetteville is the largest municipality in the County and serves as the County seat. On September 1, 2008, Fayetteville annexed the portion of Fort Bragg within the boundaries of the county raising its population to an estimated 203,074. Fayetteville is the sixth largest municipality in the state. More than 50 percent of the nation's population lies within a 400-mile radius of the County, including the major population centers of Washington, D.C., and Atlanta.

The County of Cumberland functions under a Board of Commissioners-County Manager form of government. The Board of County Commissioners consists of seven members, two elected from District 1, three elected from District 2, and two at-large members. Each member of the Board is elected for a four-year term. The terms are staggered, with the District 1 and at-large members elected in a biennial general election and the District 2 members elected two years later. The Board members elect their own Chairman and Vice Chairman on an annual basis. The Board is the policy-making and legislative authority for the County, responsible for adopting the annual budget, establishing the tax rate, approving zoning and planning issues and other matters related to health, welfare and safety of citizens.

The County Manager is appointed by and serves at the pleasure of the Board of Commissioners. The County Manager is the Chief Executive Officer and has the responsibility for implementing policies and procedures of the board, delivery of services, managing daily operations and appointment of subordinate department managers.

The County is home to a large military complex, made up of Fort Bragg and Pope Air Force Base. The two military bases encompass approximately 160,770 and 264 acres respectively. The military bases contribute to the area economy as well as to the international and cosmopolitan culture of the community.

Fort Bragg

The post came into existence in 1918, when 127,000 acres of desolate sand hills and pine trees were designated as a U.S. Army installation. Named in honor of Confederate General Braxton Bragg, a native of the state, and a former artillery officer, Camp Bragg was the only military reservation in the United States with adequate space to test the latest in long-range artillery. In February 1922, Congress decided that all artillery sites east of the Mississippi River would become permanent Army posts. Thus, Camp Bragg became Fort Bragg in September of that year.

The post grew slowly during the next decade, but with the looming threat of World War II and the passage of the Selective Service Act, Fort Bragg mushroomed to a population of 67,000 soldiers by the early 40s. In 1942, the first airborne units trained here in preparation for combat. The population of the post during the war years reached a peak of 159,000 personnel. The 82d Airborne Division was assigned here in 1946, upon its return from Europe. When hostilities erupted in Korea in June 1950, Fort Bragg again assumed a major role in the national defense program. In 1951, the XVIII Airborne Corps was reactivated here and Fort Bragg became widely known as the "home of the airborne." In the 1960s, the 5th Special Forces Group was activated at Fort Bragg and was given the mission of training personnel in counterinsurgency for deployment to Southeast Asia. Thus, Fort Bragg was in the forefront of US involvement in the war in Vietnam. More than 200,000 young men underwent basic combat training here between 1966 and 1970. At the peak of the Vietnam War in 1968, Fort Bragg's military population rose to 57,840.

Pope Air Force Base

Missions at Pope range from providing airlift and close air support to American armed forces, to humanitarian missions flown all over the world. Established by the War Department in 1919, Pope Air Force Base is one of the oldest installations in the Air Force. Named for First Lieutenant Harley Pope, Pope Field did not have a runway, just a wide-open field surrounded by a pine forest. Observation planes and balloons occupied Pope Field for the first eight years. Missions included mapping terrain, spotting for artillery, detecting forest fires and carrying the mail.

During the 1940s, the base swelled as a troop carrier training site. In conjunction with paratrooper training at Camp Bragg, Pope began putting the "Air in Airborne. During the 1950s and 1960s, aircraft upgrade was the primary trend at the base. The C-123 Provider started replacing the C-119 in 1958, and in 1963 the first C-130 Hercules arrived, appropriately named "The North Carolina."

Pope Air Force Base underwent a major change in 1992 as the base reorganized under the new Air Combat Command. The new 23d Wing "Flying Tigers" consisted of F-16 Viper forward air control aircraft, A-10 Thunderbolt II close air support aircraft and the C-130 Hercules aircraft. In April 1997, Pope once again saw changes that involved streamlining all stateside airlift operations under the Air Mobility Command, including C-130s. Today, the C-130 is recognized as the workhorse of the Air Force airlift fleet, capable of delivering troops, supplies and equipment directly to the battlefield in all weather conditions using the sophisticated Adverse Weather Aerial Delivery System which allows accurate airdrops through cloud cover and at night.

ECONOMIC CONDITIONS AND OUTLOOK

Military

The two military installations are a large contributor to the local economy, particularly in the area of wages and salaries to civilian and military personnel, including employees of the Post Exchange and nonappropriated fund organizations. The military impact on the local economy fluctuates depending on a variety of factors, including the number of military personnel deployed off base, capital projects and appropriation levels. Commercial contracts awarded to local businesses for supplies and equipment through the Office of Directorate of Contracting has a direct effect on the economy.

Military Payroll and Economic Impact		
Year	Payroll	Economic Impact
2007	\$2,502,218,086	\$8,282,154,306
2006	\$2,315,722,853	\$7,504,673,559
2005	\$2,193,926,290	\$7,045,887,986
2004	\$2,058,431,132	\$6,404,714,088
2003	\$1,946,128,500	\$6,355,393,434

Military Personnel at Fort Bragg and Pope Air Force Base			
Year	Fort Bragg	Pope Air Force Base	Total
2007	45,057	5,152	50,209
2006	43,023	5,293	48,316
2005	42,539	5,969	48,508
2004	41,458	6,381	47,839
2003	46,826	5,790	52,616

Civilian Employment at Fort Bragg and Pope Air Force Base		
Year	Number of Employees	Payroll
2007	10,598	\$412,310,056
2006	10,778	\$374,054,382
2005	8,791	\$354,266,956
2004	9,531	\$349,605,427
2003	9,412	\$271,937,838

Source: XVIII Airborne Corps and Fort Bragg Public Affairs Office, 43rd Airlift Wing/Public Affairs Office.

Military construction projects are programmed according to federal fiscal year and are ongoing for many years due to their planning, design, and construction phases. For federal fiscal year 2007, Fort Bragg received more than \$365 million. Major projects include: \$50 million for the second phase of a barracks complex for one area of the 2nd Brigade Combat Team and \$31 million for the fourth phase of whole barracks renewal for another area of the 2nd Brigade Combat Team; \$37 million for the second phase of the renewal of a barracks complex for the 4th Brigade Combat Team; \$22 million for the third phase of a barracks complex for the 82nd Sustainment Brigade; \$39 million for the whole barracks renewal of the 44th Medical Deployment Support Command; \$28 million for a Digital Multipurpose Range; \$85 million for a complex and vehicle maintenance shop in the 4th Brigade Combat Team Area. For federal fiscal year 2008, Fort Bragg is scheduled to receive more than \$644 million. Major projects include: \$217 million for construction and renewal of several barracks complexes; \$142 million for unit operations & maintenance facilities; \$59.4 million for family housing units; \$51 million for the unaccompanied enlisted housing at the JFK Special Warfare School; and \$41.5 million for BRAC related construction.

Source: Fort Bragg Master Planning Division

For the federal fiscal year 2007, Pope AFB spent approximately \$12.5 million on construction projects. Major expenditures included \$9.3 million for the military construction program and \$2.3 million for family housing.

Source: FY 2007 Economic Impact Analysis Pope Air Force Base.

BRAC

The Base Closure and Realignment Commission (BRAC) legislation became law on November 8, 2005. Under the law, the U.S. Army Forces Command (FORSCOM) and the U.S. Army Reserve Command (USARC) will move to Fort Bragg. Those moves will make Fort Bragg the headquarters for virtually all combat ready forces in the continental United States. Other changes approved at Fort Bragg include sending the 7th Special Forces Group (SFG) to Eglin Air Force Base (AFB) in Florida, addition of the 4th Brigade Combat Team (BCT) to the 82nd Airborne Division, moving Europe-based troops to Fort Bragg, and the relocation of mobilization processing function from three other Army posts. The projected schedule for the changes is:

FORSCOM and USARC will move in phases between 2008-2011 depending on the construction of a new headquarters on Fort Bragg. In September 2008, a \$288.5 million contract was awarded to build the new headquarters.

The 7th SFG will relocate to Eglin AFB some time between 2010-2011 depending on the timing of the construction for new facilities at Eglin AFB.

The 4th BCT is already established as facilities are under construction.

Other transformation changes are ongoing.

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

The net increase in military personnel, civilian, contract workers and family members is projected to be around 12,500. With a multiplier for additional support and community jobs created, the total additional growth is projected at more than 24,000.

Cumberland County joined with other local governments in the Fort Bragg- Pope Air Force Base area in forming the Base Closure and Realignment Commission Regional Task Force (BRTF) in the spring of 2006.

BRTF is helping to coordinate the planning and preparation of the impact on the local communities as a result of the changes at Fort Bragg – Pope Air Force Base from BRAC. The anticipated growth will present many challenges to the County in the areas of; schools, housing, medical needs, transportation, and infrastructure. In October 2006, the Department of Defense awarded a \$1.16 million grant to the BRTF to fund the Task Force's growth management planning around Fort Bragg and Pope AFB area. In June 2007, BRTF awarded a \$1.1 million contract to a consulting firm to oversee the development of a regional growth plan. In July 2007, the U.S. Department of Labor awarded a \$5 million grant to help train civilian workers for high tech jobs created around the Fort Bragg – Pope AFB area by BRAC.

In September 2007, Lt. Governor Beverly Purdue announced the establishment of the "All American Defense Corridor" around the Fort Bragg – Pope AFB area. The idea is to give the area a brand that will help attract defense companies to expand into the area as it grows in the future. The Fort Bragg – Pope AFB area would be at the center of the hub of military activity in the corridor which touches the Research Triangle Park with its industry and universities to the north. To the southeast, the corridor extends to the ports at Southpoint/Wilmington, and Camp Lejeune Marine Corps Base at Jacksonville.

In early October 2008, a groundbreaking ceremony was held for a 215 acre Military Business Park (An All American Business Center) near Fort Bragg. The business park will be a campus for military contractors expected to arrive as part of BRAC. The first phase of construction is expected to start this winter. Over the past two years the City of Fayetteville and the county have been awarded a series of grants totaling \$750,000 from the U.S. Department of Housing and Urban Development. These grants will be used for the first phase of work which includes water and sewer lines and streets. The project is a public-private partnership involving federal and local government officials; the Fayetteville-Cumberland County Chamber of Commerce; and a local developer.

Local

Over the years, the City of Fayetteville and the County have emerged as a major commercial center, regional shopping center, and a regional medical service center. With Cross Creek Mall Shopping Center's 1.2 million square feet and eight other major shopping centers, Fayetteville and the County serve as the primary retail market in a 15-county trade area. Taxable sales in the County for the year totaled \$2,751,850,677*. This represents a .19% increase from fiscal year 2007. For 2007, gross sales of \$346,343,355 realized by the commissaries and post exchanges located on Fort Bragg increased by 8.22% over fiscal year 2006. *[Note: As a member of the Streamlined Sales Tax agreement, the North Carolina Department of Revenue (NCDOR) simplified its sales tax reporting format for fiscal year 2006 and gross retail sales are no longer part of the sales tax return. Thus, NCDOR no longer collects information on gross retail sales and only provides data on taxable sales. As a result, taxable sales in fiscal years 2006, 2007 and 2008 cannot be compared to the retail sales figures from prior years.]

Taxable Sales						
	Cumberland County	% Change	Fort Bragg Commissaries & Exchanges	% Change	Total	% Change
2008	\$2,751,850,677*	0.19*	Not Available	---	---	---
2007	\$2,746,626,602*	9.66*	\$346,343,355	8.22	\$3,092,969,957	9.49
2006	\$2,504,743,152*	*See Above	\$320,017,927	3.13	\$2,824,761,079	N/A
2005	\$3,683,503,849	9.90	\$310,312,864	-7.6	\$3,993,816,713	8.3
2004	\$3,351,729,317	11.07	\$335,832,231	18.83	\$3,687,561,548	11.73

Since 1990, Cumberland County's population has grown at a rate below the state average. Since 2000, the County's population has only grown 3.5% versus the state average of 14.8%. The major reason for this slow

growth amount is the lengthy deployments of military personnel on Fort Bragg and Pope AFB due to the conflicts in Iraq and Afghanistan. If a military person is deployed more than six months, then the person is not counted as part of the County's population.

Population										
	1990		2000		2008		2010		2015	
	Population	% Change								
Cumberland County	291,897	--	302,963	3.8%	313,616	3.5%	324,385	3.4%	337,724	4.1%
North Carolina	7,657,934	--	8,046,485	5.1%	9,240,289	14.8%	9,315,141	0.8%	9,993,270	7.3%

The county's increasing unemployment rate for June is indicative of the slowing of the economy statewide. As noted in the table below, the county's unemployment rate has increased from 5.3% in December 2007 to 6.6% in June. The state's unemployment rate has increased from 4.7% to 6.2% over the same time period. The county has seen a big reduction in housing industry jobs.

Employment					
	Total Civilian Labor Force	Number Employed	Number Unemployed	Cumberland County Unemployment Rate	State Unemployment Rate
2008 (6 mo)	129,851	121,331	8,520	6.6%	6.2%
2007	128,089	121,339	6,750	5.3%	4.7%
2006	129,440	122,479	6,961	5.4%	4.7%
2005	127,814	120,922	6,892	5.4%	5.3%
2004	123,206	116,664	6,542	5.3%	5.5%

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

The County's workforce population is nearly 132,000 and is supplemented by military men and women separating from service from Fort Bragg.

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

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

The County is currently developing the Cedar Creek Business Center (the "Center"), a 485-acre, State-certified industrial park. The County plans to create 20 sites totaling 347 acres in the Park, with the remaining 138 acres set aside as open space and natural areas. The Center is located off Highway 53/210, approximately 1.2 miles from Interstate 95. Phase I of the master plan for the Center and related sewer

extension and road construction is complete. Funds for Phase II are available in the Industrial Development Fund. Manufacturing companies, as well as other designated businesses located in the County, are eligible for State tax credits for new job creation and machinery and equipment investments.

As of 2007, approximately 18,400 were employed in manufacturing around the area. An estimated 14.4% of those employed in manufacturing work at the Goodyear Tire & Rubber Company (Goodyear). In September 2008, the Goodyear plant in the county was awarded a \$30 million grant by the state Commerce Department. The grant, approved by the NC General Assembly in September 2007, authorizes up to \$30 million in incentives over ten years to help retain jobs and encourage a \$200 million plant expansion. The plant must maintain 2,398 jobs; complete the expansion by 2012; provide health insurance; and maintain wages at 140% of the average wage for private employers in the county to remain eligible for the grant. In August, Goodyear officials announced the company would be spending a total of \$500-\$700 million to modernize five U.S. plants including the county plant. The plant is the one of the area's largest and highest paying private employers. The plant currently has about 2,700 employees with an average income above \$50,000.

Purolator's auto filter plant and M.J. Soffe's sports apparel plant are the area's second and third ranking manufacturing and industrial employers. E.I. du Pont de Nemours and Company, a Fortune 500 world renowned leader in plastics technology, is also located in the area. Wal-Mart, through its distribution center and retail stores, and AT&T Mobility, formerly known as Cingular Wireless, through its customer service center, are also large private employers in the area, employing approximately 3,448 and 1,010 people, respectively.

Efforts to attract military-related industry to North Carolina and Fayetteville area have resulted in several significant initiatives in the past three years. In 2004, the North Carolina General Assembly provided funding to establish the North Carolina Military Business Center ("NCMBC"). The NCMBC's principal location is at Fayetteville Technical Community College. The NCMBC is a collaborative effort between North Carolina business, industry and the community college system. NCMBC's objectives include increasing military business for existing North Carolina companies and recruiting and developing defense-related businesses in North Carolina.

In November 2006, the Defense & Security Technology Accelerator ("DSTA") opened in Fayetteville. As the only business incubator in North Carolina focused exclusively on defense and security, the DSTA is a program designed to create collaborations with the military, entrepreneurs and innovators to drive technology business development, commercialization and job creation. Currently, there are eight companies in the program. A limited number of seed grants are available to DSTA companies. DSTA will work with 12-15 early-stage companies at its facility. In July 2007, the DSTA announced plans to develop a new battlefield communications system based on wireless fidelity (WiFi) for the military. To date, the DSTA has secured federal and state funding in excess of \$3 million to launch a technology accelerator program and develop the wireless lab and test bed.

The Cape Fear region's housing market has continued to slow down in 2008. Residential sales through the first nine months of 2008 totaled 4,917 units versus 5,681 units in 2007. However, total home sales in September 2008 were up 4.3% over September 2007 which may signal a turn around. The continued deployment of soldiers from Fort Bragg has limited the demand for home sales. The county is also affected by the tightening of the mortgage lending standards nationwide. Also, as noted earlier, the relocation of the FORSCOM and USARC headquarters from Atlanta to Fort Bragg as part of BRAC will be in phased in between 2008 and 2011. New residential building permits for the first six months of 2008 are down 32.00% compared with the same period in 2007 following the same downward trend as the residential sales. New non-residential permits are up 13% in the first six months of 2008 compared with the same period in 2007.

Building Permits				
	New Residential		New Non-Residential	
Calendar Year	Number	Value	Number	Value
2008 (6 mo)	896	\$ 98,304,517	62	\$ 38,307,988
2007	1897	\$ 233,182,104	98	\$ 49,441,498
2006	3,205	\$ 345,648,242	131	\$ 143,515,926
2005	2,905	\$ 328,672,716	146	\$ 109,281,931
2004	2,289	\$ 251,844,210	140	\$ 74,271,447
2003	1,313	\$ 159,650,565	99	\$ 36,388,397

EDUCATION

Public Education

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

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

The State and Federal governments provide approximately 70.36% and 7.32% respectively, of the operating budget for the Cumberland County School Administrative Unit. For the fiscal year ended June 30, 2008, the County appropriated \$69,959,192 from General Fund revenues for school current operations. For the fiscal year ending June 30, 2009, the County appropriation is \$70,918,442 from General Fund revenues.

The County School Capital Fund is supported from the designated portions of two local option one-half cent sales taxes which must be used for school capital outlay expenditures or the retirement of school bond indebtedness. For the fiscal year ended June 30, 2008, the actual sales taxes totaled \$10,344,901. For the fiscal year ending June 30, 2009, budgeted sales tax is \$10,000,000. The State also provides support through the Public School Building Capital Fund. The revenue is distributed by the Office of State Budget and Management based on average daily membership ("ADM") and may be used to pay up to 75% of school construction costs for approved projects. The Public School Building Capital Fund provided \$4,242,131 to the Cumberland County School Administrative Unit for the fiscal year ended June 30, 2008. At June 30, 2008, the County had received \$46,550,306 from the Public School Building Capital Fund since its inception in 1987. The County received \$6,881,135 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2008. At June 30, 2008, the County has received \$11,616,283 from the North Carolina Education Lottery since its inception in 2007. The proceeds are primarily to be used for school construction and reduction of class size in the early grades.

The following table shows the number of schools and the Average Daily Membership (ADM) for the Cumberland County School Administrative Unit.

County Schools ADM							
Year	K-5		6-8		9-12		Total ADM
	# Schools	ADM	# Schools	ADM	# Schools	ADM	
2007-2008*	51	24,631	15	11,876	14	16,405	52,912
2006-2007*	53	24,516	15	12,157	13	16,405	53,078
2005-2006*	53	24,153	15	12,171	13	16,241	52,565
2004-2005*	53	24,480	16	12,458	12	16,388	53,326
2003-2004	54	24,547	17	12,445	13	16,097	53,089

* Number of schools excludes special schools and academies.

Private and Parochial Schools

There are five independent schools and 19 religious schools in the County.

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 third largest community college in the State.

FTCC, a two-year public institution, offers associate degrees, diplomas and certificates in 112 academic programs. In an average year, hundreds of classes teach new skills and improve quality of life. These programs provide specialized occupational education to help fill the manpower needs of local industrial, business, health and public service employers. Through FTCC's Center for Business and Industry, opportunities for retraining and upgrading are available. The Advanced Technology Center provides additional training and education in the community. In November 2006, the Board of trustees approved an addition of 8,820 square feet to the Thomas R. McLean Administration building. Construction is in the preliminary stages for this project. In January 2007, the Board of Trustees approved a general classroom project to renovate a former Service Merchandise building. This project is in the planning and design phase and cost estimates are approximately \$13 million.

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, 2008 totaled \$7,977,015. The County also appropriated capital outlay funds in the amount of \$2,015,093. For the fiscal year ending June 30, 2009, the appropriations from the County to FTCC are \$8,283,893 for operating expenses.

Fayetteville State University: Founded in 1867, Fayetteville State University ("FSU"), a constituent institution of the University of North Carolina, is the second oldest state-supported educational institution in North Carolina. FSU has 40 buildings on a 156-acre campus and currently offers 43 baccalaureate degrees and master's degrees in 23 programs and one doctoral program in educational leadership. New bachelor programs include: biotechnology, communications, forensic science, management information systems, and generic nursing. New graduate programs include the Master of Arts in teaching and the Master of Science in criminal justice. The Weekend and Evening College provides an opportunity for education to non-traditional students who are ready to make a career change. FSU Online offers majors in criminal justice, psychology and sociology. The

Center for Continuing Education offers outreach and public service activities and a program of higher education to military personnel and their dependents through FSU military education centers. The Center provides specialized technical and management training.

Methodist University: Methodist University is a private, co-educational university of liberal arts and sciences established in 1956. Methodist offers bachelor's degrees in over 70 fields of study (majors and concentrations) and three master's degree programs. New majors and concentrations recently added include management information systems, resort management and computer information technology. The college offers day, evening, and online courses year-round. Its business, teacher education, physician assistant, professional golf management, professional tennis management and social work programs are nationally accredited. 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 32 buildings, an 18-hole golf course, a three-and-a-half mile nature trail and an amphitheater.

The following table shows the enrollment figures for the institutions of higher education located in the County:

Enrollment		
	Total Enrollment	Full-Time/FTEs
Fayetteville State University		
Undergraduate	6,068	5,263
Graduate	624	472
Methodist University		
Undergraduate	1,996	1,831
Graduate	122	113
Fayetteville Technical Community College		
Curriculum Students	13,859	7,778
Continuing Education Students	21,296	2,782

MAJOR INITIATIVES

For the fiscal year ending June 30, 2008 the county obtained bank financing to build a \$26.5 million public health department building and a \$20 million middle school. The County had planned to issue Certificates of Participation for the construction of a new library and elementary school in October. Due to the recent instability in the financial markets, the County has decided to postpone that issuance until the first quarter of 2009. The County will continually evaluate market conditions and decide how best to finance the two projects. In the interim, the Board of Education will use sales tax and lottery proceeds to begin initial site work.

In Spring 2008, the Fayetteville metropolitan Housing Authority was awarded a \$20 million federal Hope VI grant to demolish and replace two public housing projects comprising of barracks-style buildings with 249 units built in the 1940s and 1950s. The \$20 million grant requires the contribution of \$20.5 million from local sources. The County has committed \$4 million, Public Works Commission has committed \$3.4 million and the City will provide the remaining local contribution using borrowed money, waived fees and donated land. The grant is expected to be the catalyst for private and public investments. Plans include a community resource center, senior apartments, single family homes and an avenue lined with apartment building public housing units scattered among the homes. The project, completion of which is expected in approximately five years, will see an estimated \$119 million in total spending.

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

FINANCIAL INFORMATION

Internal Control

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

Single Audit

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

Budgeting Controls

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

Risk Management

The County is self-insured for group medical insurance and contracts with Blue Cross Blue Shield of North Carolina to administer the program. The contract provides for stop loss pooling of individual claims in excess of \$150,000 and an aggregate stop loss of 120% of expected claims during the contract year.

The County of Cumberland is self-insured for Workers' Compensation. The program is administered by Key Risk Management Services, Inc. with a liability limit of \$500,000 per incident. The County is also self-insured for Unemployment Compensation.

All property and casualty insurance is reviewed on a continuing basis to insure that the County's assets are protected.

Debt Administration

At June 30, 2008, the County's General Obligation Bond debt was \$91,471,000. This amount includes \$1,236,000 of debt for the NORCRESS Water and Sewer District which is a blended component unit.

In September 2008, Standard and Poor's Rating Group upgraded the County's General Obligation Bond Rating from AA- to AA+ and the County's Certificates of Participation from A+ to AA. Moody's Investor Service upgraded the County's rating from A1 to Aa3 in February 2000 and the North Carolina Municipal Council upgraded the debt rating for the County from 85 to 86 in July 2002. Their decisions were based upon the County's improved financial performance due to prudent fiscal management coupled with an expanded economic base.

Under current statutes, the County's debt limit is subject to a legal limitation of 8% of the total assessed value of real and personal property. As of June 30, 2008, the General Obligation Debt of \$91,471,000 was significantly less than the legal debt margin of \$1,368,500,000.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury and commercial paper. The County earned unrestricted interest revenue of \$7,977,472 on all investments for the year ended June 30, 2008. The General Fund's share of the revenue was \$4,346,452 which represents an equivalent tax rate of 2.70 cents.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits are held by the State Treasurer's agent in the name of the State Treasurer. The majority of the County's investments are in the two lowest risk categories as defined by the Governmental Accounting Standards Board.

OTHER INFORMATION

Independent Audit

North Carolina General Statute 159-34 requires an annual audit by independent certified public accountants. The accounting firm of Cherry, Bekaert, and Holland, L.L.P., was selected by the Board of Commissioners. In addition to meeting the requirements set for in the State Statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133. The auditor's unqualified report on the basic financial statements is included in the Financial Section of the Comprehensive Annual Financial Report. The auditor's reports relating specifically to the single audit are presented in the Compliance Section.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cumberland for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



James E. Martin
County Manager



Amy H. Cannon, CPA
Assistant County Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cumberland County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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

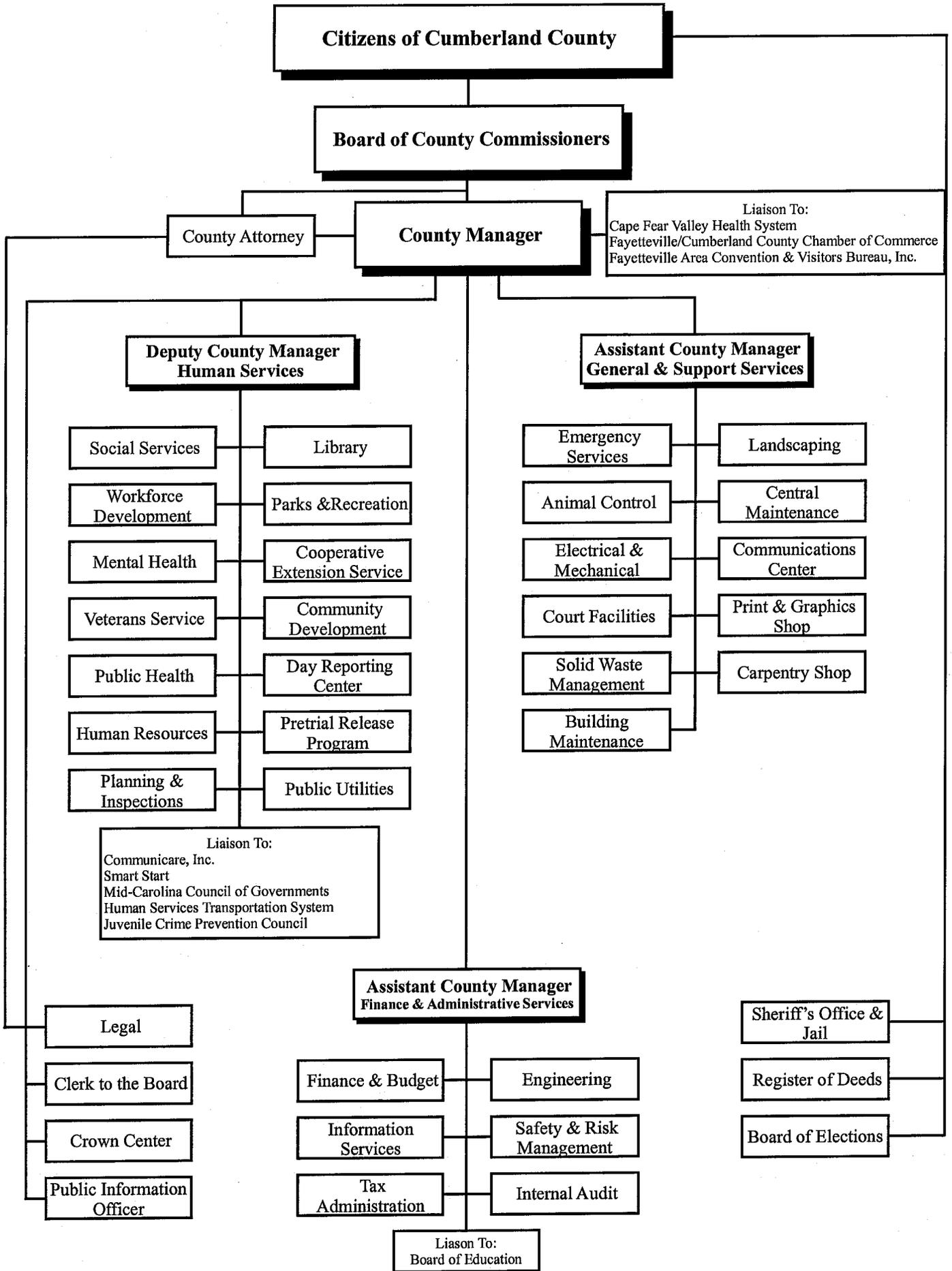


Oliver S. Cox

President

Jeffrey R. Egan

Executive Director



FINANCIAL SECTION

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



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
County of Cumberland, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Eastover Sanitary District (the "District"), the Fayetteville Area Convention and Visitors Bureau (the "Bureau"), the Cumberland County Tourism Development Authority (the "Authority"), each major fund and the aggregate remaining fund information of the County of Cumberland, North Carolina (the "County") as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Cumberland County ABC Board (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Board and the Bureau were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the general and county school funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

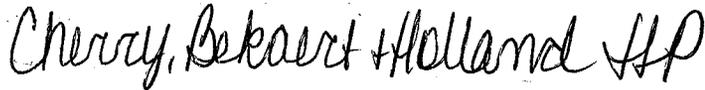
In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2008 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, the schedules of funding progress and employer contributions and the notes to the required schedules for the Law Enforcement Officer's Special Separation Allowance and the Other Post Employment Benefit Retiree Healthcare Plan are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the County. The combining and individual fund statements and schedules for the years ended June 30, 2008 and 2007, 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 for the year ended June 30, 2008, the introductory, the other supplemental financial data, the statistical and the continuing disclosures sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules for the years ended June 30, 2008 and 2007, the other supplemental financial data, 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 for the year ended June 30, 2008, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the introductory, statistical and continuing disclosure information sections of this report and, accordingly, we express no opinion on this data.

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

A handwritten signature in cursive script that reads "Cherry, Bekaert & Holland LLP". The signature is written in black ink and is positioned below the firm's name.

Fayetteville, North Carolina
November 15, 2008

Management's Discussion and Analysis

As management of the County of Cumberland, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of Cumberland for the fiscal year ended June 30, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

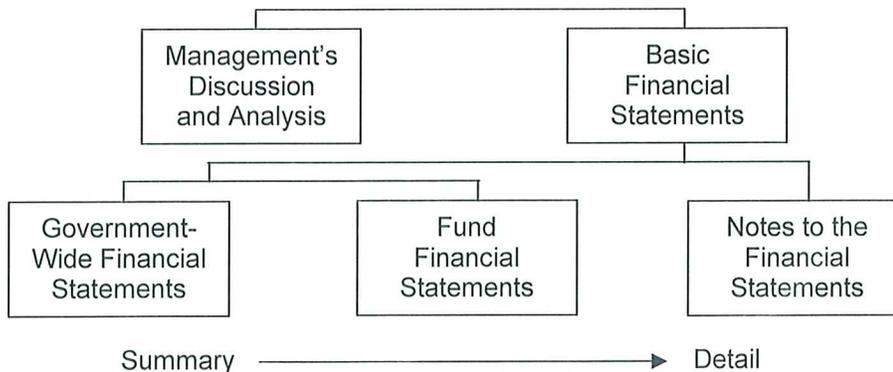
- The assets of the County of Cumberland exceeded its liabilities at the close of the fiscal year by \$180,604,866 (*net assets*). In accordance with North Carolina law, liabilities of the county include approximately \$84,930,000 in long-term debt associated with assets belonging to the Cumberland County Board of Education and Fayetteville Technical Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a corresponding lower net asset amount.
- The government's total net assets increased by \$6,200,409 (3.56%), primarily due to increased ad valorem tax collections.
- As of the close of the current fiscal year, the County of Cumberland's governmental funds reported combined ending fund balances of \$177,743,669 an increase of \$43,194,812 from the prior year due to \$39,775,254 of unexpended capital project funds. Approximately 78.97 percent of this total amount, or \$140,359,170, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, undesignated and designated fund balance for the General Fund was \$66,728,474 or 22.85 percent of total general fund expenditures including transfers for the fiscal year. Of this amount, \$24,725,293 has been designated for subsequent year's expenditures and other purposes leaving \$42,003,181 or 14.38 percent of total general fund expenditures as undesignated.
- The County of Cumberland's total debt increased by \$29,505,671 (13.62%) during the current fiscal year. This increase was due to the County issuing new debt in the amount of \$46,500,000 to fund construction of a \$20,000,000 middle school and \$26,500,000 for a replacement health department facility and paying down existing debt.
- Cumberland County received a two-step upgrade, AA+, to its bond rating from Standard and Poor's Rating Group and maintained its Moody's Investor Service's Aa3 bond rating for the eighth consecutive year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Cumberland's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County of Cumberland.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (pages E-1 through E-11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 4) the fiduciary fund statements.

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

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

Government-wide Financial Statements

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

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to evaluate the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities and 3) component units. The governmental activities include most of the County's basic services such as general government, public safety, economic and physical development, human services, cultural and recreational, and education. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include Solid Waste Management, Cumberland County Crown Complex, Kelly Hills and NORCRESS Water and Sewer Districts and other proprietary funds. The final category is component units. Although legally separate from the County, the Cumberland County ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The Eastover Sanitary District, although legally separate, is included because exclusion would be misleading to the reporting unit. The Fayetteville Area Convention and Visitors Bureau is a non-profit organization that provides services to promote the development and expansion of travel and tourism. A voting majority of the bureau's 11-member board of directors is appointed by the County. The Cumberland County Tourism Development Authority exists to promote travel, tourism, conventions, sponsor tourist-related events, and finance tourist-related capital projects in the County. A voting majority of the 7-member board of directors is appointed by the County. The government-wide financial statements are on pages D-1 and D-2.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Cumberland, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County of Cumberland can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County of Cumberland adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statements.

Proprietary Funds – The County of Cumberland has two types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County of Cumberland uses enterprise funds to account for its Crown Center Complex activity, Solid Waste operations, and two water and sewer districts. *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 five Internal Service Funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County of Cumberland has eight fiduciary funds; two of which are a pension trust fund and Special Allowance fund and six of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page F-1 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page G-1 of this report. The statistical section, starting on page S-1, has been modified to comply with GASB Statement No. 44. This statement required that additional schedules be added as part of the statistical section and required that some of the previously reported data be reformatted.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the County of Cumberland exceeded liabilities by \$180,604,866 as of June 30, 2008. The County's net assets increased by \$6,200,409 for the fiscal year ended June 30, 2008. The increase in net assets is lower than previous years' due to the implementation of GASB 45 that now requires governmental

The County of Cumberland's Net Assets

Figure 2

	Government Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Assets						
Current and other	\$ 167,234,422	\$ 216,729,863	\$ 43,442,943	\$ 47,648,978	\$ 210,677,365	\$ 264,378,841
Capital	135,230,584	142,173,301	76,885,603	76,149,943	212,116,187	218,323,244
Total assets	302,465,006	358,903,164	120,328,546	123,798,921	\$ 422,793,552	\$ 482,702,085
Liabilities						
Long-term outstanding	173,450,475	220,297,583	51,222,239	50,829,855	224,672,714	271,127,438
Other	20,879,830	26,840,690	2,836,551	4,129,091	23,716,381	30,969,781
Total liabilities	194,330,305	247,138,273	54,058,790	54,958,946	248,389,095	302,097,219
Net assets:						
Invested in capital, net of related debt	31,490,183	46,663,703	33,021,723	34,904,003	64,511,906	81,567,706
Restricted	45,620,960	59,131,948	2,038,462	5,328,277	47,659,422	64,460,225
Unrestricted	31,023,558	5,969,240	31,209,571	28,607,695	62,233,129	34,576,935
Total net assets	\$ 108,134,701	\$ 111,764,891	\$ 66,269,756	\$ 68,839,975	\$ 174,404,457	\$ 180,604,866

entities to record the liability associated with providing postemployment healthcare benefits (OPEB) to retirees of the County. For FY2008, the net OPEB obligation (expense) of \$14,875,304 was allocated between the governmental activities functional areas and business-type activities. Of total net assets, one of the largest portions \$81,567,706 (45.16%), reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The County of Cumberland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County of Cumberland's net assets, \$64,460,225 (35.69%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$34,576,935 (19.15%) may be used to meet the County's ongoing obligations to citizens and creditors.

As with many counties in the State of North Carolina, the County's *unrestricted net assets*, is low 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 \$84,930,000 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 positively influenced the total unrestricted governmental net assets:

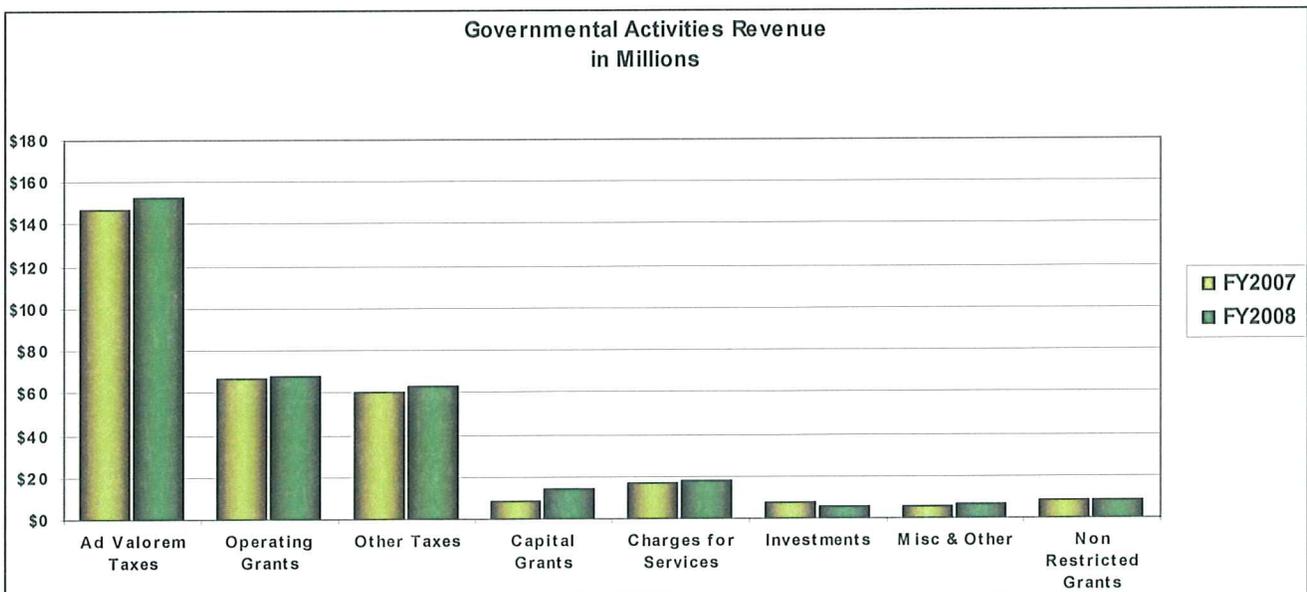
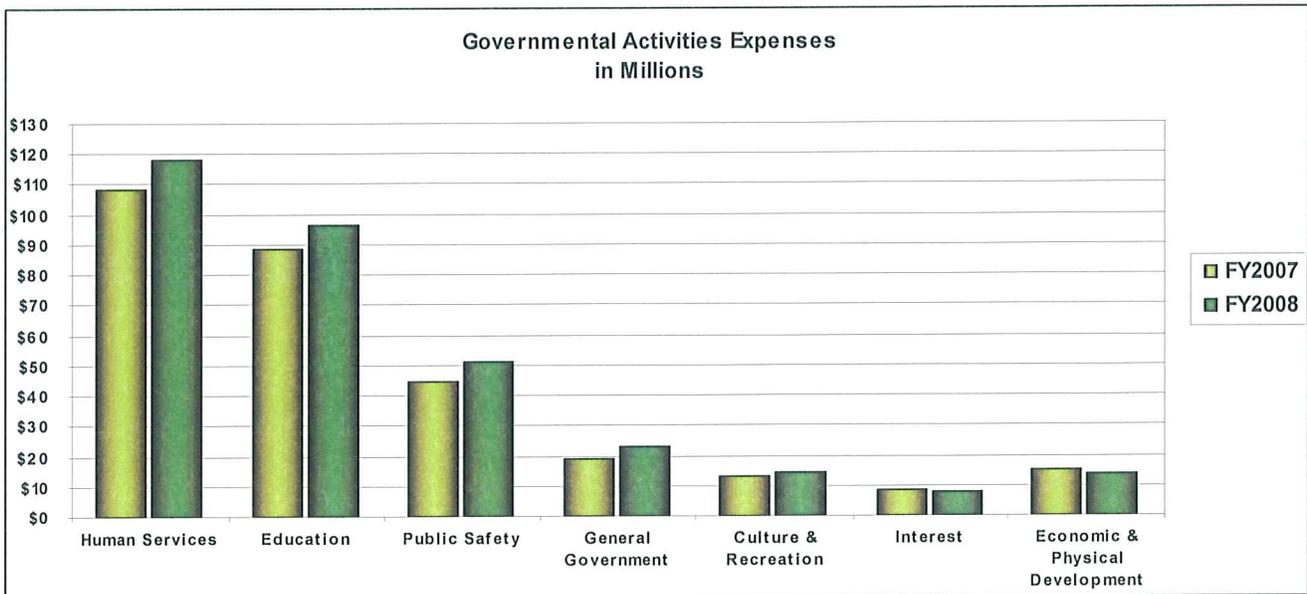
- Continued diligence in the collection of current year property taxes by achieving a collection percentage of 99.13% for real and personal property and 81.56% for motor vehicles.
- Achieving an average overall tax collection rate including collection of prior year taxes of 99.18%.
- Continued low cost of debt due to the County's high bond rating and increased interest income on investments.

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

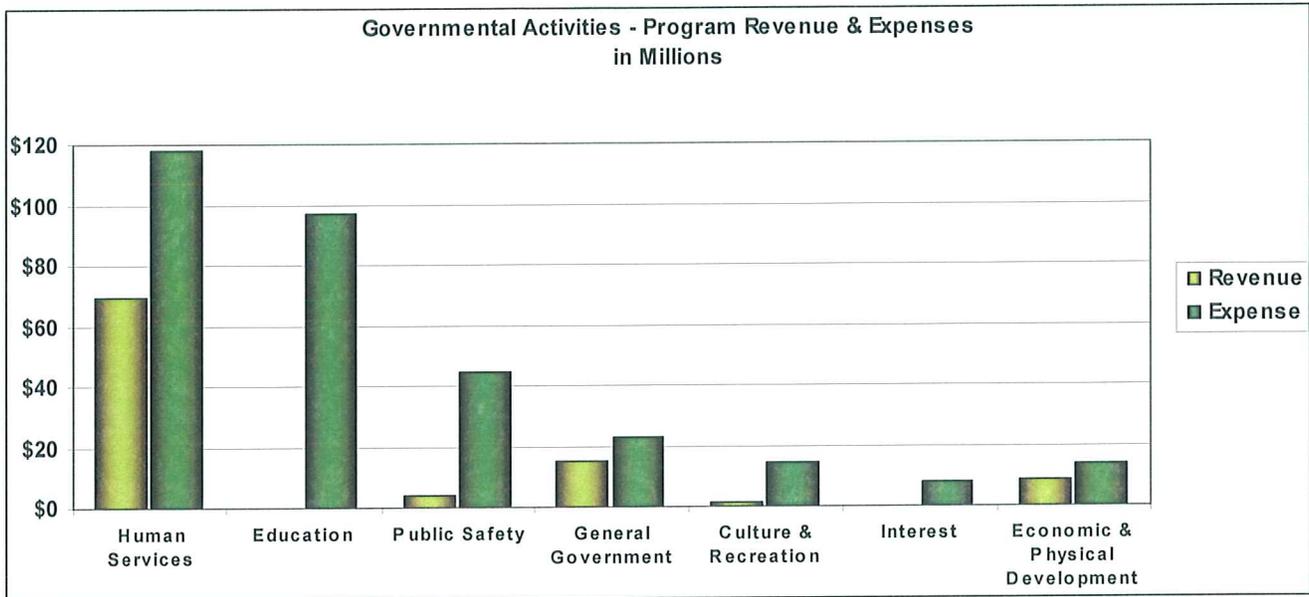
	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenues:						
Program revenues:						
Charges for services	\$ 17,328,803	\$ 17,533,042	\$ 6,752,961	\$ 6,956,477	\$ 24,081,764	\$ 24,489,519
Operating grants and contributions	67,113,144	67,907,709			67,113,144	67,907,709
Capital grants and contributions	8,489,794	14,273,076	257,032		8,746,826	14,273,076
General revenues:						
Property taxes	146,997,789	153,067,580			146,997,789	153,067,580
Other taxes	60,450,548	63,209,326	5,505,055	5,780,859	65,955,603	68,990,185
Grants and contributions not restricted to specific programs	8,236,597	8,498,758			8,236,597	8,498,758
Unrestricted investment earnings	7,779,579	5,932,341	1,988,735	2,045,131	9,768,314	7,977,472
Gain on sale of assets	(601,370)	250,912			(601,370)	250,912
Miscellaneous	5,977,746	6,396,576	6,344	28,779	5,984,090	6,425,355
Total revenues	<u>321,772,630</u>	<u>337,069,320</u>	<u>14,510,127</u>	<u>14,811,246</u>	<u>336,282,757</u>	<u>351,880,566</u>
Expenses:						
General government	19,112,649	23,237,459			19,112,649	23,237,459
Public safety	44,747,490	51,535,695			44,747,490	51,535,695
Economic and physical development	15,170,460	13,898,530			15,170,460	13,898,530
Human services	108,265,701	118,152,732			108,265,701	118,152,732
Culture and recreation	13,342,022	14,240,374			13,342,022	14,240,374
Education	88,478,548	96,807,818			88,478,548	96,807,818
Interest on long-term debt	8,464,650	8,179,997			8,464,650	8,179,997
Crown Center			9,816,360	10,374,820	9,816,360	10,374,820
Solid Waste			6,924,954	8,777,111	6,924,954	8,777,111
Kelly Hills Water and Sewer District				602		602
Norcross Water and Sewer District			437,476	475,019	437,476	475,019
Total expenses	<u>297,581,520</u>	<u>326,052,605</u>	<u>17,178,790</u>	<u>19,627,552</u>	<u>314,760,310</u>	<u>345,680,157</u>
Increase in net assets before transfers	24,191,110	11,016,715	(2,668,663)	(4,816,306)	21,522,447	6,200,409
Transfers	(7,392,159)	(7,386,525)	7,392,159	7,386,525		
Increase in net assets	16,798,951	3,630,190	4,723,496	2,570,219	21,522,447	6,200,409
Net assets, July 1	91,335,750	108,134,701	61,546,260	66,269,756	152,882,010	174,404,457
Net assets, June 30	<u>\$ 108,134,701</u>	<u>\$ 111,764,891</u>	<u>\$ 66,269,756</u>	<u>\$ 68,839,975</u>	<u>\$ 174,404,457</u>	<u>\$ 180,604,866</u>

Governmental activities. Governmental activities increased the County's net assets by \$3,630,190 thereby accounting for 58.55% of the total growth in net assets of the County of Cumberland. Key elements of this increase are as follows:

- Spending on salaries and related benefits increased by \$4,479,223 from FY2007 due to a 4.0% COLA for all full-time and a pro-rata share for most part-time employees, the addition of 42 new positions and the reclassification of 103 other employees.
- Operating expenses increased by \$7,063,175. The largest increase, \$2,065,739, was for contracted services as departments contracted out services to reduce personnel costs. The second largest area of expenditure was \$1,743,611 for supplies, furniture and equipment.
- Other charges and services increased \$1,983,101 (1.48%). The major change for FY2008 included a \$4,610,652 increase for current expense for county schools resulting from a change in the school funding formula. This large increase for school funding was offset by numerous small decreases.
- Spending on non-multiyear capital items increased \$3,604,022 due to net expenditures of \$5,180,739 for County schools and FTCC and reductions due to projects being completed in FY2007.
- Ad valorem taxes increased net assets by \$6,377,124 due in part to a high collection rate. Sales taxes increased \$2,460,973.
- Intergovernmental revenues increased \$20,999,551 as a result of a \$19,094,247 increase in lottery and bond proceeds and NC School Building funds for school construction and capital expenses.

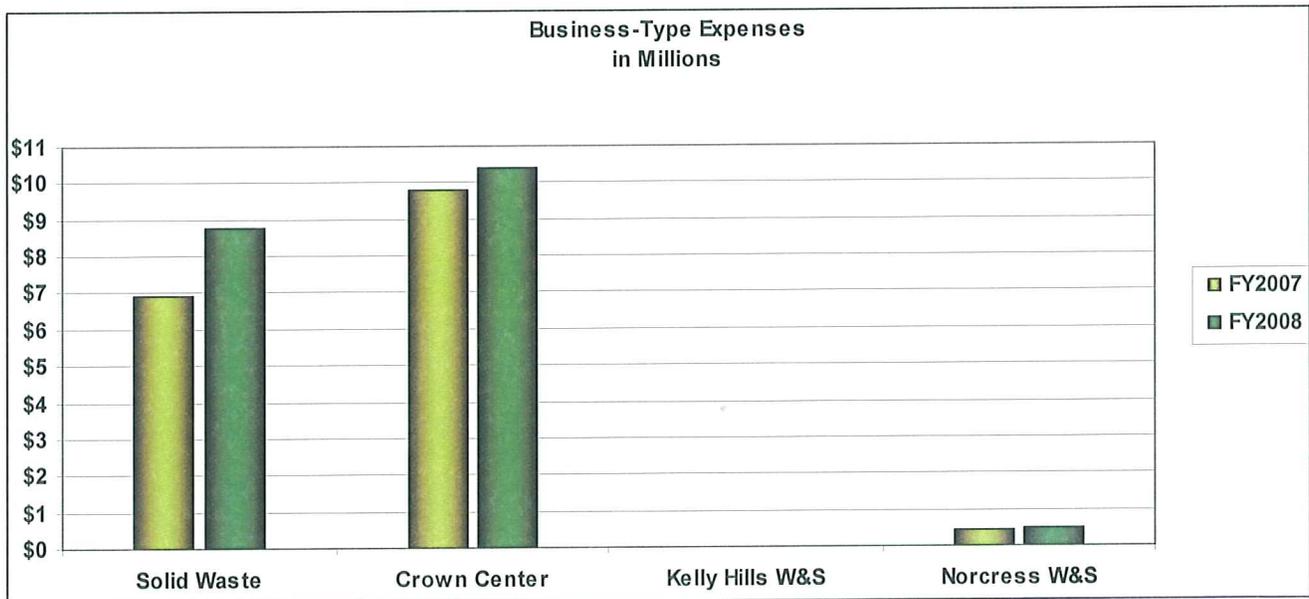


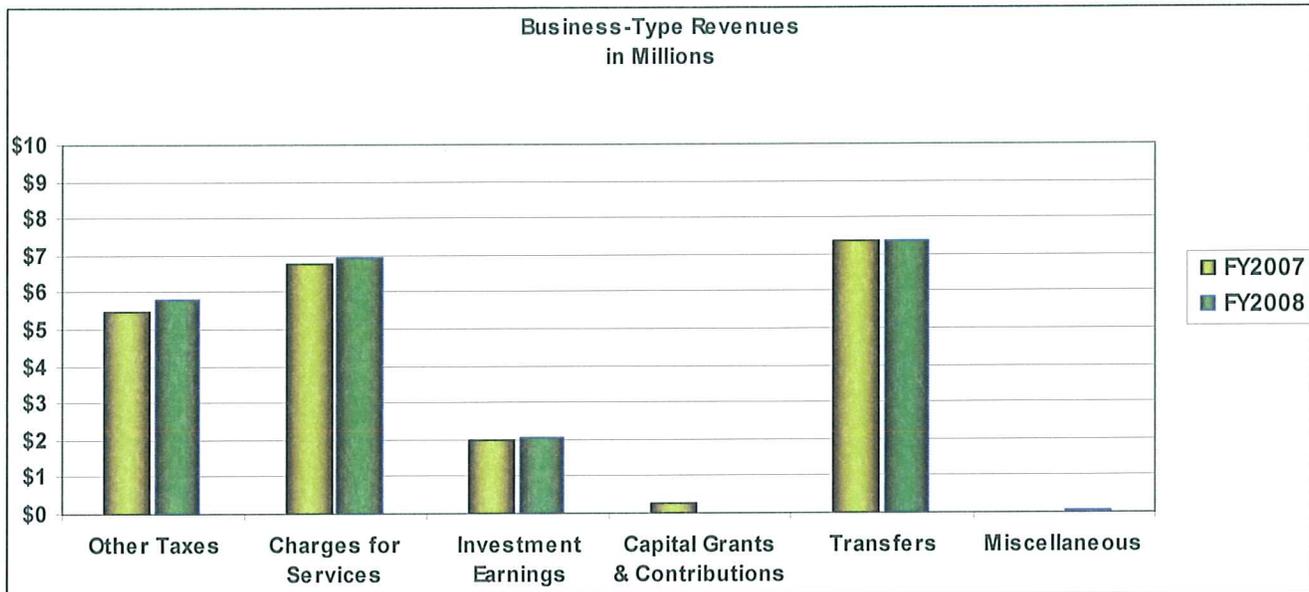
The graph below represents a comparison of program revenues to program expenses for governmental activities. For each activity, general revenues were required to support expenses. Program revenues covered 30.58% of expenses at June 30, 2008 and 31.23% at June 30, 2007. The largest general revenue source for governmental activities was ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$153,067,580 amounted to 64.40% of the total general revenue excluding transfers. The second largest general revenue source was Other Taxes at \$63,209,326 or 26.60% of the governmental activities revenues. All other general revenue amounted to \$21,378,587 or 9.00%.



Business-type activities: Business-type activities increased the County of Cumberland's net assets by \$2,570,219 accounting for 41.45% of the total growth in the government's net assets. Key elements of this increase are as follows:

- The Solid Waste Fund reported an increase in net assets of \$2,053,445 which represented 79.89% of the total business-type activities increase in net assets. This increase over the prior year was due to the continuing trend of charges for services and household fees exceeding expenses.





Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County of Cumberland's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County of Cumberland. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$42,003,181; unreserved fund balance was \$66,728,474 while total fund balance reached \$97,716,760. As a measure of the general fund's liquidity, it may be useful to compare the three different measures of fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 14.38 percent of total General Fund expenditures including transfers; unreserved fund balance was 22.85 percent while total fund balance represents 33.46 percent of that same amount.

At June 30, 2008, the governmental funds of the County of Cumberland reported a combined fund balance of \$177,743,669, a 32.10 percent increase over last year. This increase is due to \$39,775,254 of unexpended capital project funds.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) amendments to appropriate fund balance for encumbrances from the prior year 2) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 3) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 4) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenue by \$20,061,519 or 6.64 percent of total budget. Of this amount: \$2,352,945 represents increased ad valorem and other taxes; \$3,428,780 are additional/and or adjustments to federal and state funding estimates; local fees, licenses, permits and other increased \$1,567,247. The remaining \$12,712,547 or 63.37% of the increase is from fund balance (other financing sources). \$5,784,239 of this amount was appropriated to fund prior year obligations (encumbrances and unexpended grants), \$2,696,783 was from designated maintenance and renovations one-time funds, \$4,336 was from Health Department fund balance, and \$4,227,189 was for new initiatives.

Total actual revenues, excluding other financing sources, for the General Fund exceeded the budgeted amount by \$3,650,904. Ad Valorem taxes collected exceeded the budget by \$1,601,105. This increase was due, in part, to an increase in the tax collection rate. Total sales tax collections were \$3,559,425 above budget estimates and were \$2,358,488 above the prior year's actual collections. Unrestricted intergovernmental revenue was \$426,829 above budget due to an increase in the sales tax hold harmless reimbursement of \$431,263. Restricted intergovernmental revenues were less than the budgeted amount by \$2,328,820. Of this amount, \$2,598,665 is attributable to unrealized revenue in the Human Services departments. Slight gains of \$302,719 in other departments reduced the overall unrealized amount. Licenses and permit fees were \$126,668 less than budget due to lower than expected revenue in the Inspections Department. Overall, sales and fees for services were \$624,978 below budget with Mental Health fees accounting for a \$1,619,672 difference between budget and actual. Miscellaneous revenue was \$1,351,967 above budget with interest income accounting for \$1,195,305 for this amount.

Total actual expenditures, excluding transfers, were less than the budgeted amount by \$22,540,568 resulting in an expenditure rate of 92.69%. Due to turnover and vacancies, personnel expenditures were \$4,610,031 less than budgeted. Basic operating expenditures were \$8,752,998 under budget. Of this amount, \$5,528,209 was for contracted services. In total, 78 of 110 line items, 70.9%, were under spent. Other charges & services was \$3,641,562 under budget. Under spending in Human Services and General Government of \$20,228,244 accounted for 89.74% of the total. While capital outlay was under spent by \$5,380,035, almost all of those funds will be re-budgeted in fiscal year 2009.

Proprietary Funds. The County of Cumberland's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Fund at the end of the fiscal year amounted to \$28,542,927, a 7.93% decrease over the previous year, and those for the Cumberland County Crown Complex equaled a negative \$260,873. The decrease in the Solid Waste unrestricted net assets was due to investment in capital improvements which resulted in a corresponding increase in the "invested in capital assets" sub-category of net assets. The other two proprietary funds had combined unrestricted net assets of \$325,641, an 88.80% increase. The total growth in net assets for Solid Waste was \$2,053,445, a 4.86% increase and the Crown Center was \$772,119, a 5.85% increase.

Capital Asset and Debt Administration

Capital assets. The County of Cumberland's capital assets for its governmental and business-type activities as of June 30, 2008, totals \$218,323,244 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other equipment, and construction in progress. Capital assets are reported in the government-wide financial statements and in the enterprise fund financial statements. Governmental funds treat capital acquisitions as expenditures in the period in which they are purchased. Significant changes included a \$3,836,900 increase in construction in progress related to the new Health Department facility.

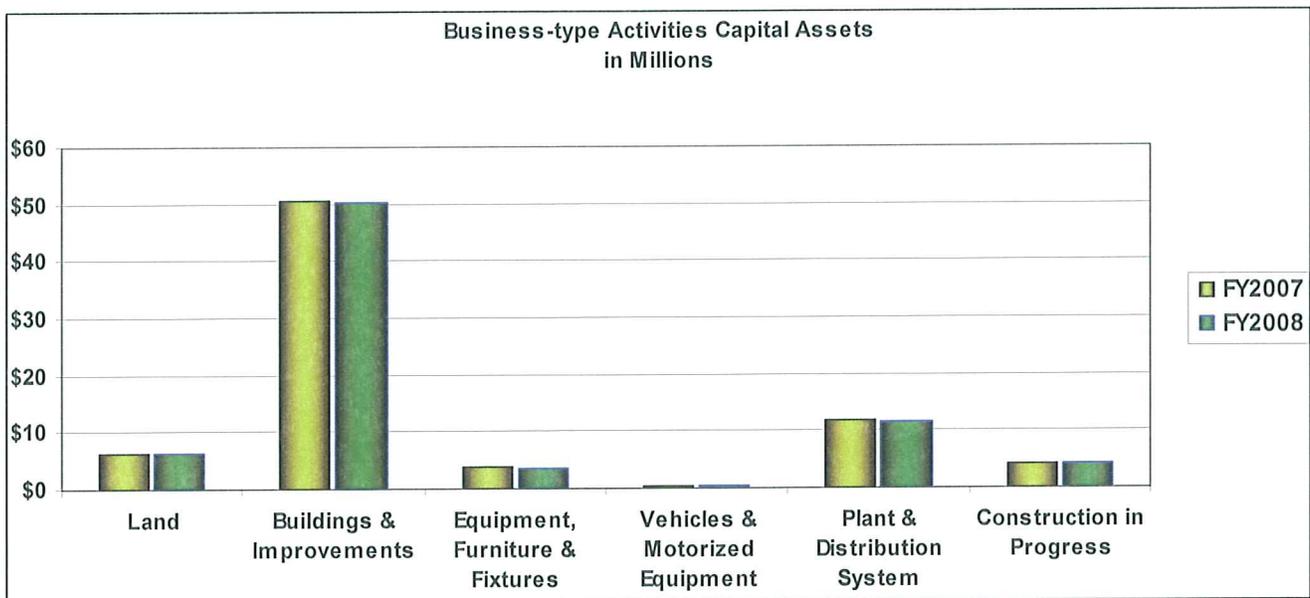
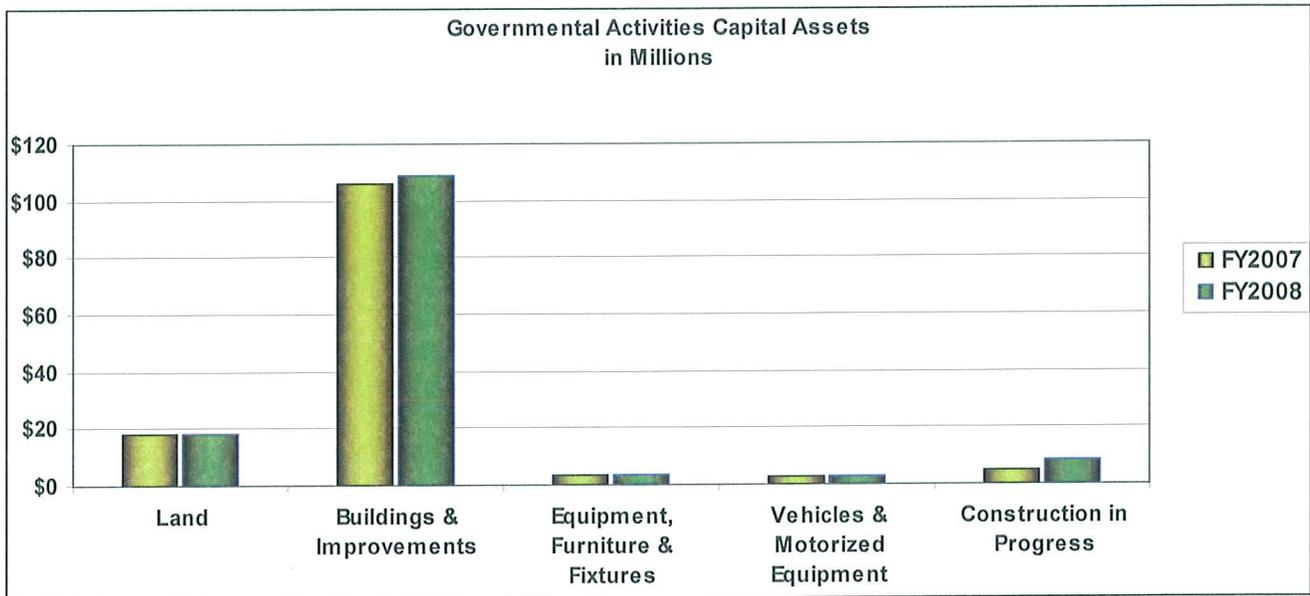
The County of Cumberland's Capital Assets

Figure 4

(net of depreciation)

	Government Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 18,216,850	\$ 18,482,239	\$ 6,248,474	\$ 6,423,807	\$ 24,465,324	\$ 24,906,046
Buildings and improvements	106,104,682	108,490,172	50,415,985	50,332,835	156,520,667	158,823,007
Equipment, furniture and fixtures	3,499,499	3,532,948	3,915,167	3,488,170	7,414,666	7,021,118
Vehicles and motorized equipment	2,713,035	3,134,524	388,869	292,029	3,101,904	3,426,553
Plant and distribution system	-	-	11,783,609	11,479,603	11,783,609	11,479,603
Construction in progress	4,696,518	8,533,418	4,133,499	4,133,499	8,830,017	12,666,917
Total net assets	<u>\$ 135,230,584</u>	<u>\$ 142,173,301</u>	<u>\$ 76,885,603</u>	<u>\$ 76,149,943</u>	<u>\$ 212,116,187</u>	<u>\$ 218,323,244</u>

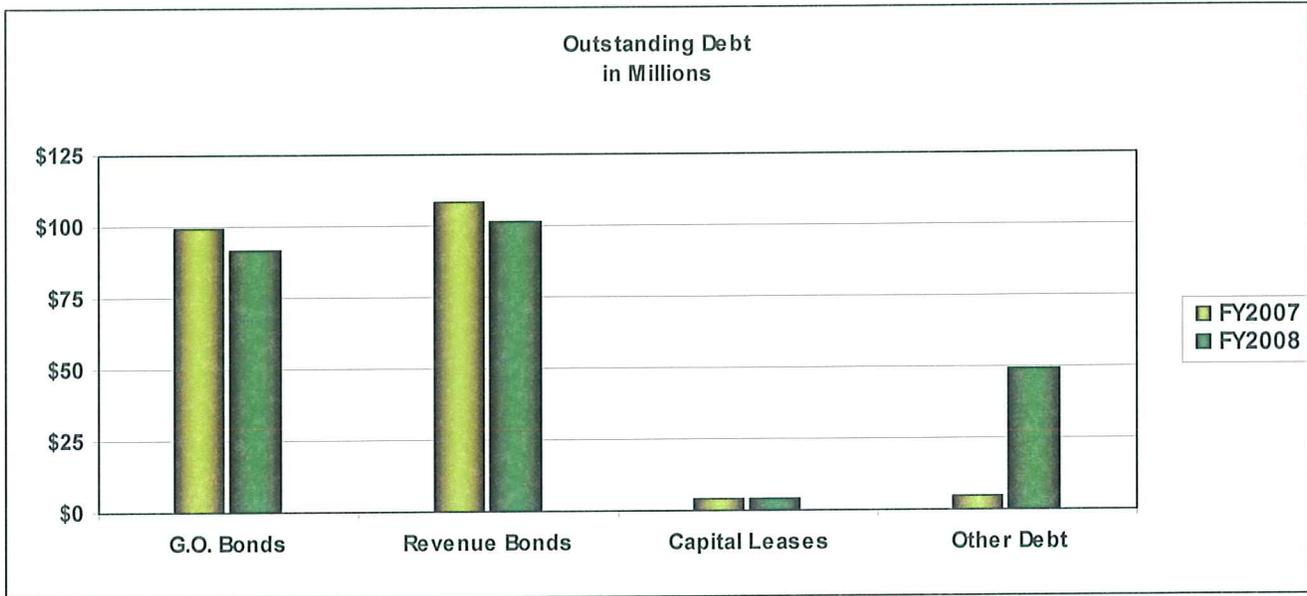
Additional information on the County's capital assets can be found in note 4 of the Basic Financial Statements.



Long-term Debt. As of June 30, 2008, the County of Cumberland had total bonded debt outstanding of \$90,235,000 all of which is backed by the full faith and credit of the County.

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

	Government Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
General obligation bonds	\$ 98,230,000	\$ 90,235,000	\$ 1,250,000	\$ 1,236,000	\$ 99,480,000	\$ 91,471,000
Revenue bonds	62,250,000	57,950,000	46,078,781	43,198,781	108,328,781	101,148,781
Capital leases	4,241,761	3,908,523			4,241,761	3,908,523
Other debt	4,526,143	49,554,052			4,526,143	49,554,052
Total debt	\$ 169,247,904	\$ 201,647,575	\$ 47,328,781	\$ 44,434,781	\$ 216,576,685	\$ 246,082,356



The County of Cumberland's total debt of \$246,082,356 increased \$29,505,671 (13.62%) during the past fiscal year. The County issued new debt in the amount of \$46,500,000 to fund construction of a \$20,000,000 middle school and \$26,500,000 for a replacement health department.

As mentioned in the financial highlights section of this document, the County of Cumberland recently received a two-step increase in its bond rating to AA+ from Standard and Poor's Rating Group and has maintained its Aa3 rating from Moody's Investor Service for the eighth year. This bond rating increase is a clear indication of the sound financial condition of the County during a time of financial turmoil in the nation. These high ratings are a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8.0 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$1,368,500,000.

Additional information regarding the County of Cumberland's long-term debt can be found in note 9 beginning on page F-28 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- The County has an unemployment rate of 6.6% which is .4% higher than the state average.
- The county enjoys its fifth consecutive year without a property tax increase.
- Continued presence and future expansion of Fort Bragg due to the implementation of BRAC recommendations.

Budget Highlights for the Fiscal Year Ending June 30, 2009

The County approved a \$309,459,597 General Fund budget for fiscal year 2009, which represents a \$7,251,758 (2.40%) increase over fiscal year 2008 approved budget. *Ad Valorem Taxes* have been budgeted at an increase of only \$1,781,239 (1.25%). As result of the passage of a ¼-cent county-wide tax referendum, the County Commissioners, by resolution, reduced the ad valorem tax rate by 2 cents from 88.0 cents to 86.0 cents. *Other Taxes* are projected to increase \$1,811,402 (4.10%). The new Article 46 ¼-cent sales tax is expected to generate \$6 million in additional taxes. The Article 39 one-cent and Article 44 ½-cent sales taxes are being

affected by the second year of the three year implementation plan for Medicaid. While Medicaid expenditures have been reduced by \$6,732,019, the County has to forgo \$3,699,200 in the Article 44 taxes to the state and \$2,815,949 in the Article 39 taxes to hold municipalities harmless for their losses of sale tax revenue. *Unrestricted Intergovernmental revenue* is projected to increase \$83,155 (1.11%) due to increases in sales tax hold harmless reimbursements and reductions in federal prisoner housing payments. *Restricted Intergovernmental revenue* has been budgeted at a net increase of only \$434,407 (0.73%) based on a budget of \$59,681,412. Mental Health restricted revenue is projected to decrease \$693,774 (4.31%) while Social Services revenues are projected to increase \$798,208 (2.17). Both departments experienced significant fluctuation in their revenue streams as funding was shifted between programs. *Licenses and Fees* are projected to decrease \$1,454,882 (39.86%) due to the reduction in various building inspection fees and the elimination of the local cable franchise fee. This cable franchise fee is now a state collected and distributed tax revenue. *Sales and Service fees* are projected to increase \$2,693,444 (20.81%) due primarily to the startup of a new Mental Health program funded by Medicaid that is projected to generate \$3,375,000 in fees. Changes in Mental Health revenues are associated with the continuing statewide plan to change how mental health services are provided. *Miscellaneous Revenue* will decrease \$560,657 (6.47%). The loss of a one-time \$1,000,000 "balloon" payment from Cape Fear Valley Medical Center received last year will be partially offset by additional interest income. *Other Financing Sources* will increase \$2,463,650 (10.52%) due to increases in the transfers from the School Capital Fund to pay for increased debt service on new schools and increases in fund balance appropriated for one-time expenditures.

Budgeted expenditures in the General Fund are \$309,459,597 which represents an increase of \$7,251,758 (2.40%) over fiscal year 2008. *Personal Services* increased \$5,880,197 (5.44%) due to the addition of 14 new positions, 68 reclassifications, implementation of a new Detention Center Pay and Retention Pay Plan and a 4.0% cost-of-living increase and an increase \$952,321 in medical insurance costs. *Operating Expenditures* will increase \$2,482,174 (6.70%). Mental Health contracted services accounts for a \$1,864,424 of the increase as the department continues the shift started last year from in-house provided services to outside contractors. *Other Charges and Services* will decrease \$2,696,899 (2.21%) to \$119,069,884. Funding for education increased \$3,434,063; Social Services Foster Care Board increased \$2,471,685 while Medicaid funding decreased \$6,732,019 due to the "Medicaid Swap". *Capital Outlay* expenditures decreased by \$525,858 (22.87%) to \$1,773,899. *Debt Service* increased \$3,064,922 (12.48%) due to the new debt payments for the new Gray's Creek Middle School, Western Library and new Health Department. *Transfers* decreased \$952,778 (11.23%) as a transfer of \$837,831 from the General Fund to the County's Health Insurance Fund was reallocated to departments.

The State budget, passed in August 2007, provides for the State to assume 100% of the County's portion of Medicaid expenditures over a three year period. Starting in October 2007, the State assumed 25% of a county's liability for eight months. In return, the County had its Corporate ADM funds reduced 60%. From the Medicaid savings, the County has reimbursed the School Capital Fund for the ADM loss. The County had a slight \$53,590 loss in the first year due to this "Medicaid swap". In FY2009, the State will assume 50% of the County's Medicaid cost while the County will forgo ¼-cent of the current ½-cent Article 44 sales tax. This swap of expenditures and revenue is projected to result in a \$216,871 net gain. In the third year, FY2010, the State will assume 100% of the County's Medicaid liability and in return the State will takeover all of the Article 44 ½-cent sales tax.

The Fayetteville Metropolitan Housing Authority has been granted a HOPE VI grant to construct over 600 affordable housing units in the Old Wilmington Road neighborhood. The plan includes the City and County jointly borrowing \$9,360,000 for infrastructure needs and pledging the incremental property tax increase from the revitalized district to repay the debt. The Board of County Commissioners has committed \$3,375,000 to the Hope VI project.

The County had planned to issue Certificates of Participation for construction of a new library and elementary school in October 2008. Due to the recent instability in the financial market, the County has decided to postpone that issuance until the first quarter of 2009. The County will continually evaluate market conditions and decide how best to finance the two projects. In the interim, the Board of Education will use sales tax and lottery proceeds to begin initial site work. Other projects under consideration in future years are two additional libraries, addition to the Detention Center, public safety communication towers and radios and a potential \$175 million school G.O. bond issue.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, the County of Cumberland, 117 Dick Street, Fayetteville, NC 28301.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Assets
June 30, 2008

	Governmental Activities	Business Type Activities	Total Primary Government	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau
Assets							
Cash and cash equivalents	\$ 73,395,425	\$ 16,090,876	\$ 89,486,301	\$ 2,520,386	\$ 224,112	\$ 988,294	\$ 616,541
Investments	49,966,286	24,924,633	74,890,919	-	-	-	-
Taxes receivable, net	4,909,396	113,823	5,023,219	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	814
Sales tax receivable	15,037,272	136,953	15,174,225	-	3,086	-	-
Due from other governments	10,926,891	168,958	11,095,849	-	72,397	-	171,947
Patient receivables, net	1,468,727	-	1,468,727	-	-	-	-
Other receivables, net	1,004,579	629,451	1,634,030	-	-	-	-
Internal balances	(226,942)	226,942	-	-	-	-	-
Due from component units	1,278,964	-	1,278,964	-	-	-	-
Inventories	230,328	27,360	257,688	2,740,462	-	-	1,230
Prepaid expenses	38,048	-	38,048	14,899	-	-	34,461
Restricted cash and cash equivalents	55,836,003	2,243,391	58,079,394	19,737	-	-	-
Restricted investments	2,636,757	3,086,591	5,723,348	-	-	-	-
Restricted accounts receivable	29,687	-	29,687	-	916,976	-	-
Capital assets:							
Nondepreciable	27,015,657	10,557,306	37,572,963	1,215,516	4,100,503	-	-
Depreciable, net	115,157,644	65,592,637	180,750,281	2,641,791	5,687,459	-	221,476
Other assets	198,442	-	198,442	-	-	-	-
Security deposits	-	-	-	4,501	-	-	-
Total assets	358,903,164	123,798,921	482,702,085	9,157,292	11,004,533	988,294	1,046,469
Liabilities							
Accounts and vouchers payable	17,735,543	1,452,699	19,188,242	1,380,169	414,072	171,915	65,644
Due to other governments	2,788,808	345,916	3,134,724	-	-	-	-
Accrued payroll	3,210,004	92,034	3,302,038	-	-	-	-
Accrued interest payable	1,810,766	2,233,452	4,044,218	187,882	13,904	-	-
Other payables	41,629	4,990	46,619	-	-	-	-
Arbitrage rebate	683,626	-	683,626	-	-	-	-
Due to primary government	-	-	-	700,776	578,188	-	-
Unearned revenue	570,314	-	570,314	-	-	-	-
Long-term liabilities:							
Due in less than one year	19,916,256	3,640,996	23,557,252	36,397	50,500	-	-
Due in more than one year	200,381,327	47,188,859	247,570,186	555,624	3,923,000	-	-
Total liabilities	247,138,273	54,958,946	302,097,219	2,860,848	4,979,664	171,915	65,644
Net assets							
Invested in capital assets net of related debt	46,663,703	34,904,003	81,567,706	3,857,307	5,864,962	-	221,476
Restricted for debt service	10,302,326	5,328,277	15,630,603	688,372	916,976	-	-
Restricted by grants	39,191,250	-	39,191,250	-	-	-	-
Restricted for cemetery - nonexpendable	39,125	-	39,125	-	-	-	-
Restricted - claims	9,599,247	-	9,599,247	-	-	-	-
Unrestricted	5,869,240	28,607,695	34,576,935	1,750,765	(757,069)	816,379	759,349
Total net assets	\$ 111,764,891	\$ 68,839,975	\$ 180,604,866	\$ 6,296,444	\$ 6,024,869	\$ 816,379	\$ 980,825

COUNTY OF CUMBERLAND, NORTH CAROLINA
Statement of Activities
Year Ended June 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Primary Business-type Activities		Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau
					Governmental Activities	Primary Business-type Activities	Cumberland County ABC Board	Total			
Governmental activities:											
General government	\$ 23,237,459	\$ 3,053,211	\$ 722,308	\$ 11,123,266	\$ (8,338,674)	\$ -	\$ (8,338,674)	\$ -	\$ -	\$ -	\$ -
Public safety	51,535,695	2,735,095	1,258,882	1,545,270	(45,996,508)	-	(45,996,508)	-	-	-	-
Economic and physical development	13,898,530	918,059	6,479,821	973,716	(5,526,934)	-	(5,526,934)	-	-	-	-
Human services	118,152,732	10,563,755	58,407,822	630,824	(48,550,331)	-	(48,550,331)	-	-	-	-
Cultural and recreational	14,240,374	262,982	1,038,876	-	(12,938,516)	-	(12,938,516)	-	-	-	-
Education	96,807,818	-	-	-	(96,807,818)	-	(96,807,818)	-	-	-	-
Interest on long-term debt	8,179,997	-	-	-	(8,179,997)	-	(8,179,997)	-	-	-	-
Total governmental activities	326,052,605	17,533,042	67,907,709	14,273,076	(226,338,778)	-	(226,338,778)	-	-	-	-
Business-type activities:											
Crown Center	10,374,820	2,682,260	-	-	-	(7,692,560)	(7,692,560)	-	-	-	-
Solid Waste	8,777,111	4,042,647	-	-	-	(4,734,464)	(4,734,464)	-	-	-	-
NORCROSS Water and Sewer District	475,019	231,570	-	-	-	(243,449)	(243,449)	-	-	-	-
Kelly Hills Water and Sewer District	602	-	-	-	-	(602)	(602)	-	-	-	-
Total business-type activities	19,627,652	6,956,477	-	-	-	(12,671,075)	(12,671,075)	-	-	-	-
Total primary government	\$ 345,680,157	\$ 24,489,519	\$ 67,907,709	\$ 14,273,076	(226,338,778)	(12,671,075)	(239,009,853)	-	-	-	-
Component unit:											
ABC Board	\$ 16,474,414	\$ 17,192,517	\$ -	\$ -	-	-	718,103	718,103	-	-	-
Eastover Sanitary District	436,129	286,325	-	3,493,995	-	-	-	3,444,191	-	-	-
Tourism Development Authority	3,700,000	4,177,728	-	-	-	-	-	-	477,728	-	-
Fayetteville Area Convention & Visitors Bureau	1,660,190	1,857,349	-	-	-	-	-	-	-	-	197,159
Total component unit	\$ 22,270,733	\$ 23,513,919	\$ -	\$ 3,493,995	-	-	718,103	3,344,191	477,728	-	197,159
General revenues:											
Property taxes					153,067,580	-	153,067,580	-	-	-	-
Other taxes:											
Miscellaneous					63,209,326	5,780,859	68,990,185	-	-	-	-
Grants and contributions not restricted to specific programs					8,498,758	2,045,131	10,543,889	-	-	-	-
Unrestricted investment earnings					5,852,341	-	5,852,341	-	-	-	-
Gain on sale of capital assets					250,912	-	250,912	-	-	-	-
Miscellaneous					6,396,576	28,779	6,425,355	-	-	-	-
Transfers					(7,386,525)	7,386,525	-	-	-	-	-
Total general revenues and transfers					229,968,968	15,241,294	245,210,262	281,389	28,018	-	43,603
Change in net assets					3,630,190	2,570,219	6,200,409	969,492	3,372,209	477,728	240,762
Net assets - beginning					108,134,701	66,269,756	174,404,457	5,286,952	2,652,660	338,651	740,063
Net assets - ending					\$ 111,764,891	\$ 68,839,975	\$ 180,604,866	\$ 6,296,444	\$ 6,024,869	\$ 816,379	\$ 980,825

FUND FINANCIAL STATEMENTS

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2008**

	General	County School Fund	Health Department Building Fund	Grays Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 43,610,538	\$ 9,363,930	\$ -	\$ -	\$ 20,420,957	\$ 73,395,425
Investments	44,278,816	4,075,202	-	-	1,612,268	49,966,286
Taxes receivable, net	3,787,185	-	-	-	395,839	4,183,024
Sales tax receivable	12,303,371	2,686,132	-	-	47,642	15,037,145
Due from other governments	7,823,735	2,346,832	-	-	756,324	10,926,891
Patient receivables	1,468,727	-	-	-	-	1,468,727
Other receivables, net	914,994	24,011	-	-	542,913	1,481,918
Due from other funds	420,881	-	-	-	-	420,881
Due from component units	754,725	-	-	-	-	754,725
Inventories	230,328	-	-	-	-	230,328
Restricted assets:						
Cash and cash equivalents	15,775	689,746	26,914,500	20,109,620	1,008,202	48,737,843
Investments	-	-	-	-	135,670	135,670
Accounts receivable	-	-	-	-	29,687	29,687
Total assets	\$ 115,609,075	\$ 19,185,853	\$ 26,914,500	\$ 20,109,620	\$ 24,949,502	\$ 206,768,550
Liabilities and fund balances						
Liabilities:						
Accounts and vouchers payable	\$ 7,183,860	\$ 1,517,986	\$ 650,432	\$ 6,564,375	\$ 1,030,798	\$ 16,947,451
Due to other governments	2,774,079	-	-	-	15,127	2,789,206
Accrued payroll	3,120,461	-	-	-	89,543	3,210,004
Other payables	38,656	-	-	-	2,575	41,231
Due to other funds	232,442	-	-	34,059	380,912	647,413
Deferred revenue	4,542,817	4,338	-	-	842,421	5,389,576
Total liabilities	17,892,315	1,522,324	650,432	6,598,434	2,361,376	29,024,881
Fund balances:						
Reserved:						
Reserved for inventories	230,328	-	-	-	-	230,328
Reserved for register of deeds	463,139	-	-	-	-	463,139
Reserved for encumbrances	7,087,448	-	-	-	319,819	7,407,267
Reserved by State statute	23,207,371	5,052,637	-	-	929,984	29,189,992
Reserved for inmates	-	-	-	-	54,648	54,648
Reserved for cemetery	-	-	-	-	39,125	39,125
Unreserved:						
Designated for subsequent year's expenditures	15,778,274	-	-	-	-	15,778,274
Designated for revaluation	175,000	-	-	-	-	175,000
Designated for tax office software	1,000,000	-	-	-	-	1,000,000
Designated for renovations and maintenance	3,258,222	-	-	-	-	3,258,222
Designated for Courthouse/plaza renovations	262,793	-	-	-	-	262,793
Designated for Hope VI Project	3,375,000	-	-	-	-	3,375,000
Designated for special purposes	876,004	-	-	-	-	876,004
Undesignated	42,003,181	12,610,892	26,264,068	13,511,186	-	94,389,327
Unreserved, reported in nonmajor:						
Designated for subsequent year's expenditures	-	-	-	-	3,021,881	3,021,881
Special revenue	-	-	-	-	-	-
Undesignated						
Special revenue	-	-	-	-	17,234,733	17,234,733
Capital projects	-	-	-	-	987,936	987,936
Total fund balances	97,716,760	17,663,529	26,264,068	13,511,186	22,588,126	177,743,669
Total liabilities and fund balances	\$ 115,609,075	\$ 19,185,853	\$ 26,914,500	\$ 20,109,620	\$ 24,949,502	\$ 206,768,550

COUNTY OF CUMBERLAND, NORTH CAROLINA

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
June 30, 2008

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

Ending fund balance - governmental funds		\$ 177,743,669
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (see note 4).		142,168,371
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Deferred Revenue	\$ 4,819,262	
Accrued Tax Penalties	726,372	
Bond issue cost	198,442	
Prepaid Pension benefit	<u>38,048</u>	
		5,782,124
Internal service funds are used by management to charge the costs of group insurance, employee flexible benefits, workers' compensation, and general litigation costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		8,150,777
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	\$ (220,269,284)	
Accrued interest payable	<u>(1,810,766)</u>	
		(222,080,050)
Net assets of governmental activities		<u>\$ 111,764,891</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008**

	General	County School Fund	Health Department Building Fund	Gray's Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Ad valorem taxes	\$ 145,904,049	\$ -	\$ -	\$ -	\$ 7,935,995	\$ 153,840,044
Other taxes	48,210,518	10,344,901	-	-	4,777,776	63,333,195
Unrestricted intergovernmental revenue	7,911,600	700,804	-	-	108,000	8,720,504
Restricted intergovernmental revenue	60,324,008	11,123,266	-	-	10,034,767	81,482,041
Licenses and permits	2,841,307	-	-	-	-	2,841,307
Sales and services	14,550,872	-	-	-	373,609	14,924,481
Interest earned on investments	4,346,452	375,437	15,284	109,621	847,615	5,694,409
Miscellaneous	5,693,194	110,265	-	-	837,367	6,640,826
Total revenues	289,782,000	22,654,773	15,284	109,621	24,915,129	337,476,807
Expenditures						
Current:						
General government	20,248,262	-	-	-	512,473	20,760,735
Public safety	38,296,141	-	-	-	6,657,850	44,953,991
Economic and physical development	4,385,943	-	-	-	8,364,884	12,750,827
Human services	108,083,000	-	-	-	1,777,802	109,860,802
Cultural and recreational	9,276,065	-	-	-	2,957,246	12,233,311
Education	79,739,888	17,045,955	-	6,581,351	-	103,367,194
Capital outlay	3,894,245	-	1,552,332	-	1,052,525	6,499,102
Debt service:						
Principal payments	13,950,329	-	-	-	150,000	14,100,329
Interest and fees	7,940,675	-	-	17,084	27,039	7,984,798
Total expenditures	285,814,548	17,045,955	1,552,332	6,598,435	21,499,819	332,511,089
Excess (deficiency) of revenues over (under) expenditures	3,967,452	5,608,818	(1,537,048)	(6,488,814)	3,415,310	4,965,718
Other financing sources (uses)						
Debt issuance	-	-	26,500,000	20,000,000	-	46,500,000
Sale of capital assets	172,355	-	-	-	-	172,355
Transfers in	4,009,700	1,795,969	20,000	-	2,394,409	8,220,078
Transfers out	(8,544,631)	(3,884,708)	-	-	(4,234,000)	(16,663,339)
Total other financing sources (uses)	(4,362,576)	(2,088,739)	26,520,000	20,000,000	(1,839,591)	38,229,094
Net change in fund balances	(395,124)	3,520,079	24,982,952	13,511,186	1,575,719	43,194,812
Fund balance - beginning	98,111,884	14,143,450	1,281,116	-	21,012,407	134,548,857
Fund balance - ending	\$ 97,716,760	\$ 17,663,529	\$ 26,264,068	\$ 13,511,186	\$ 22,588,126	\$ 177,743,669

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, 2008**

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

Net change in fund balances - total governmental funds \$ 43,194,812

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	\$ 13,295,458	
Depreciation	<u>(6,269,976)</u>	7,025,482

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) to increase net assets. (81,807)

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

Accrued tax penalties	\$ (47,775)	
Pension costs	11,759	
Deferred revenues	<u>(848,558)</u>	(884,574)

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

Principal payments	\$ 14,080,260	
Proceeds	(46,500,000)	
Accrued interest payable	(155,061)	
Accrued vacation payable	(190,066)	
Bond issuance costs	(20,068)	
Other postemployment benefits	<u>(14,209,005)</u>	(46,993,940)

The net revenue of certain activities of the internal service fund is reported with governmental activities. 1,370,217

Change in net assets of governmental activities \$ 3,630,190

COUNTY OF CUMBERLAND, NORTH CAROLINA

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual
Year Ended June 30, 2008**

General Fund				
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 142,635,009	\$ 144,302,944	\$ 145,904,049	\$ 1,601,105
Other taxes	44,174,039	44,859,049	48,210,518	3,351,469
Unrestricted intergovernmental revenue	7,461,814	7,484,771	7,911,600	426,829
Restricted intergovernmental revenue	59,247,005	62,652,828	60,324,008	(2,328,820)
Licenses and permits	3,649,985	2,967,975	2,841,307	(126,668)
Sales and services	12,943,122	15,175,850	14,550,872	(624,978)
Interest earned on investments	3,151,147	3,151,147	4,346,452	1,195,305
Miscellaneous	5,520,003	5,536,532	5,693,194	156,662
Total revenues	<u>278,782,124</u>	<u>286,131,096</u>	<u>289,782,000</u>	<u>3,650,904</u>
Expenditures:				
Current:				
General government	21,469,898	23,182,160	20,248,262	2,933,898
Public safety	37,175,742	38,947,744	38,296,141	651,603
Economic and physical development	4,584,305	4,760,237	4,385,943	374,294
Human services	117,653,503	121,121,633	108,083,000	13,038,633
Cultural and recreational	9,315,187	9,434,799	9,276,065	158,734
Education	76,874,653	80,705,164	79,739,888	965,276
Capital outlay	2,166,757	8,312,369	3,894,245	4,418,124
Debt service:				
Principal payments	13,950,333	13,950,333	13,950,329	4
Interest and fees	7,940,677	7,940,677	7,940,675	2
Total expenditures	<u>291,131,055</u>	<u>308,355,116</u>	<u>285,814,548</u>	<u>22,540,568</u>
Revenues over (under) expenditures	<u>(12,348,931)</u>	<u>(22,224,020)</u>	<u>3,967,452</u>	<u>(26,191,472)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	172,355	172,355
Transfers in	4,009,700	4,009,700	4,009,700	-
Transfers out	(6,372,225)	(9,209,683)	(8,544,631)	665,052
Appropriated fund balance	14,711,456	27,424,003	-	(27,424,003)
Total other financing sources (uses)	<u>12,348,931</u>	<u>22,224,020</u>	<u>(4,362,576)</u>	<u>(26,586,596)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(395,124)</u>	<u>\$ (395,124)</u>
Fund Balances:				
Beginning of year, July 1			<u>98,111,884</u>	
End of year, June 30			<u>\$ 97,716,760</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**County School Fund
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual
Year Ended June 30, 2008**

County School Fund				
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Other taxes	\$ 9,000,000	\$ 9,128,177	\$ 10,344,901	\$ 1,216,724
Unrestricted intergovernmental revenue	132,840	400,000	700,904	300,904
Restricted intergovernmental revenue	-	9,570,090	11,123,266	1,553,176
Interest earned on investments	-	-	375,437	375,437
Miscellaneous	-	-	110,265	110,265
Total revenues	<u>9,132,840</u>	<u>19,098,267</u>	<u>22,654,773</u>	<u>3,556,506</u>
Expenditures:				
Current:				
Education	5,094,192	28,908,855	17,045,955	11,862,900
Total expenditures	<u>5,094,192</u>	<u>28,908,855</u>	<u>17,045,955</u>	<u>11,862,900</u>
Revenues over (under) expenditures	<u>4,038,648</u>	<u>(9,810,588)</u>	<u>5,608,818</u>	<u>(15,419,406)</u>
Other financing sources (uses):				
Transfers in	-	1,898,112	1,795,969	(102,143)
Transfers out	(4,038,648)	(3,884,708)	(3,884,708)	-
Appropriated fund balance	-	11,797,184	-	(11,797,184)
Total other financing sources (uses)	<u>(4,038,648)</u>	<u>9,810,588</u>	<u>(2,088,739)</u>	<u>(11,899,327)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>3,520,079</u>	<u>\$ 3,520,079</u>
Fund Balances:				
Beginning of year, July 1			<u>14,143,450</u>	
End of year, June 30			<u>\$ 17,663,529</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Assets
Proprietary Funds
June 30, 2008

	Enterprise Funds				Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund		
Assets						
Current assets						
Cash and cash equivalents	\$ 12,969,890	\$ 2,835,200	\$ 25,433	\$ 260,353	\$ 16,090,876	\$ -
Investments	24,924,606	27	-	-	24,924,633	-
Taxes receivable, net	113,823	-	-	-	113,823	-
Sales tax receivable	109,402	26,801	-	750	136,953	127
Due from other governments	117,593	-	378	50,987	168,958	3,220
Other receivables, net	225,646	403,496	-	309	629,451	43,270
Due from other funds	232,442	-	-	-	232,442	-
Inventories	27,360	-	-	-	27,360	-
Total current assets	38,720,762	3,265,524	25,811	312,399	42,324,496	46,617
Noncurrent assets						
Restricted:						
Cash and cash equivalents	655,774	1,587,617	-	-	2,243,391	7,098,160
Investments	3,086,591	-	-	-	3,086,591	2,501,087
Capital assets, net of accumulated depreciation	12,004,460	52,665,881	2,548,126	8,931,476	76,149,943	4,930
Total noncurrent assets	15,746,825	54,253,498	2,548,126	8,931,476	81,479,925	9,604,177
Total assets	54,467,587	57,519,022	2,573,937	9,243,875	123,804,421	9,650,794
Liabilities and net assets						
Current liabilities						
Accounts and vouchers payable	903,022	541,959	-	7,718	1,452,699	37,374
Due to other governments	-	345,916	-	-	345,916	-
Accrued payroll	49,436	42,598	-	-	92,034	7,060
Accrued interest payable	-	2,229,203	-	4,249	2,233,452	-
Other payables	4,990	-	-	-	4,990	-
Incurred but not reported	-	-	-	-	-	1,427,284
Current portion of long-term debt and accrued vacation	97,479	3,528,517	-	15,000	3,640,996	-
Due to other funds	-	5,500	-	-	5,500	-
Total current liabilities	1,054,927	6,693,693	-	26,967	7,775,587	1,471,718
Noncurrent liabilities						
Post closing liability	8,738,768	-	-	-	8,738,768	-
Long-term debt	-	36,483,730	-	1,221,000	37,704,730	-
Accrued vacation	5,130	102,231	-	-	107,361	-
Other postemployment benefits liability	379,010	258,990	-	-	638,000	28,299
Total noncurrent liabilities	9,122,908	36,844,951	-	1,221,000	47,188,859	28,299
Total liabilities	10,177,835	43,538,644	-	1,247,967	54,964,446	1,500,017
Net assets						
Invested in capital assets, net of related debt	12,004,460	12,655,339	2,548,126	7,696,078	34,904,003	4,930
Restricted net assets - debt service	3,742,365	1,585,912	-	-	5,328,277	-
Restricted net assets - claims	-	-	-	-	-	9,599,247
Unrestricted	28,542,927	(260,873)	25,811	299,830	28,607,695	(1,453,400)
Total net assets	\$ 44,289,752	\$ 13,980,378	\$ 2,573,937	\$ 7,995,908	\$ 68,839,975	\$ 8,150,777

COUNTY OF CUMBERLAND, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2008

	Enterprise Funds				Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund		
Operating revenues						
Charges for services	\$ 3,564,745	\$ 2,682,260	\$ 1,538	\$ 230,032	\$ 6,478,575	\$ -
Contributions	-	-	-	-	-	15,738,508
Other operating revenue	477,902	-	-	-	477,902	-
Total operating revenues	4,042,647	2,682,260	1,538	230,032	6,956,477	15,738,508
Operating expenses						
Salaries and employee benefits	2,572,839	2,442,498	-	-	5,015,337	15,067,954
Medical supplies and related expenses	860	-	-	-	860	-
Other supplies	1,748,716	233,689	-	6,700	1,989,105	-
Repairs and maintenance	1,415,991	274,745	-	174,092	1,864,828	-
Utilities	67,073	687,334	-	-	754,407	-
Administrative costs	665,556	1,981,198	602	-	2,647,356	594,048
Depreciation	724,659	2,105,113	67,027	238,494	3,135,293	957
Landfill closure and postclosure care costs	1,575,137	-	-	-	1,575,137	-
Total operating expenses	8,770,831	7,724,577	67,629	419,286	16,982,323	15,662,959
Operating income (loss)	(4,728,184)	(5,042,317)	(66,091)	(189,254)	(10,025,846)	75,549
Nonoperating revenue (expense)						
Interest earned on investments	1,985,090	60,041	-	-	2,045,131	237,932
Motel occupancy tax	-	1,013,099	-	-	1,013,099	-
Miscellaneous	28,779	-	-	-	28,779	-
Solid Waste fees	4,767,760	-	-	-	4,767,760	-
Interest expense	-	(2,645,229)	-	-	(2,645,229)	-
Total nonoperating revenue (expense)	6,781,629	(1,572,089)	-	-	5,209,540	237,932
Income (loss) before transfers and contributions	2,053,445	(6,614,406)	(66,091)	(189,254)	(4,816,306)	313,481
Transfers in	-	7,441,718	-	-	7,441,718	1,056,736
Transfers out	-	(55,193)	-	-	(55,193)	-
Change in net assets	2,053,445	772,119	(66,091)	(189,254)	2,570,219	1,370,217
Total net assets - beginning	42,236,307	13,208,259	2,640,028	8,185,162	66,269,756	6,780,560
Total net assets - ending	\$ 44,289,752	\$ 13,980,378	\$ 2,573,937	\$ 7,995,908	\$ 68,839,975	\$ 8,150,777

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2008

	Enterprise Funds				Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund		
Operating activities						
Cash received from customers	\$ 3,609,535	\$ 2,498,918	\$ 1,538	\$ 230,032	\$ 6,340,023	\$ -
Other operating revenue	518,975	-	-	-	518,975	-
Cash received from contributions	-	-	-	-	-	15,734,680
Cash paid to employees	(2,174,254)	(2,169,439)	-	-	(4,343,693)	-
Cash paid for goods and services	(3,148,764)	(2,766,708)	-	(107,124)	(6,022,596)	(545,169)
Cash received for goods and services	-	-	(609)	-	(609)	(44,492)
Cash paid for claims	-	-	-	-	-	(15,394,234)
Net cash provided by (used in) operating activities	(1,194,508)	(2,437,229)	929	122,908	(3,507,900)	(249,215)
Noncapital financing activities						
Transfers in	-	7,441,718	-	-	7,441,718	1,056,736
Transfers out	(8,934)	(55,193)	-	-	(64,127)	-
Net cash provided (used) by noncapital financing activities	(8,934)	7,386,525	-	-	7,377,591	1,056,736
Capital and related financing activities						
Acquisition and construction of capital assets	(2,164,260)	(249,021)	-	-	(2,413,281)	-
Other capital asset transactions	28,779	-	-	(1,514)	27,265	-
Proceeds from sales of capital assets	15,162	-	-	-	15,162	-
Proceeds from issuance of long-term debt	-	-	-	(15,048)	(15,048)	-
Proceeds from issuance of debt	-	-	-	1,000	1,000	-
Principal paid on long-term debt	-	(2,605,655)	-	-	(2,605,655)	-
Interest paid on bonds	-	(2,433,519)	-	-	(2,433,519)	-
Motel occupancy tax	-	1,013,099	-	-	1,013,099	-
Solid Waste fee	4,767,760	-	-	-	4,767,760	-
Net cash provided (used) by capital and related financing activities	2,647,441	(4,275,096)	-	(15,562)	(1,643,217)	-
Investing activities						
Proceeds from sale of investments	(3,179,877)	-	-	-	(3,179,877)	(1,000,527)
Purchase of investments	(3,086,591)	-	-	-	(3,086,591)	-
Investment earnings	1,985,090	60,041	-	-	2,045,131	237,932
Net cash provided (used) in investing activities	(4,281,378)	60,041	-	-	(4,221,337)	(762,595)
Net Increase in cash and cash equivalents	(2,837,379)	734,241	929	107,346	(1,994,863)	44,926
Cash and cash equivalents						
Beginning of year	16,463,043	3,688,576	24,504	153,007	20,329,130	7,053,234
End of year	\$ 13,625,664	\$ 4,422,817	\$ 25,433	\$ 260,353	\$ 18,334,267	\$ 7,098,160
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (4,728,184)	\$ (5,042,317)	\$ (66,091)	\$ (189,254)	\$ (10,025,846)	\$ 75,549
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	724,659	2,105,113	67,027	238,494	3,135,293	957
Landfill closure and post closure care costs	1,575,137	-	-	-	1,575,137	-
Change in assets and liabilities						
(Increase) decrease in accounts receivable	44,790	685	-	-	45,475	-
(Increase) decrease in other receivables	41,073	(44,062)	(7)	(647)	(3,643)	(231)
(Increase) decrease in inventories	(27,405)	-	-	200,028	172,623	(3,220)
Increase (decrease) in accounts payable and accrued liabilities	1,168,826	535,814	-	-	1,704,640	(321,158)
Increase (decrease) in compensated absences payable	330	7,538	-	-	7,868	-
Increase (decrease) in deferred revenue	-	-	-	(125,713)	(125,713)	-
Increase (decrease) in contract retainage	6,266	-	-	-	6,266	(1,112)
Total adjustments	3,533,676	2,605,088	67,020	312,162	6,517,946	(324,764)
Net cash provided by (used in) operating activities	(1,194,508)	(2,437,229)	929	122,908	(3,507,900)	(249,215)
Noncash investing, capital, and financing activities:						
Cash and cash equivalents						
Unrestricted	\$ 12,969,890	\$ 2,835,200	\$ 25,433	\$ 260,353	\$ 16,090,876	\$ -
Restricted	655,774	1,587,617	-	-	2,243,391	7,098,160
Total	\$ 13,625,664	\$ 4,422,817	\$ 25,433	\$ 260,353	\$ 18,334,267	\$ 7,098,160

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	<u>Pension Trust Fund Special Separation Allowance Fund</u>	<u>Agency Funds</u>
Assets		
Taxes receivable	\$ -	\$ 4,663,893
Restricted cash and cash equivalents	303,280	654,846
Restricted investments - U.S. Government Agencies	987,632	-
Total assets	<u>1,290,912</u>	<u>\$ 5,318,739</u>
Liabilities		
Accounts and vouchers payable	-	\$ 5,297,761
Due to other governments	-	20,978
Accrued payroll	7,229	-
Total liabilities	<u>7,229</u>	<u>\$ 5,318,739</u>
Net assets		
Net assets held in trust for pension benefits	<u>\$ 1,283,683</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2008**

	Pension Trust Fund
	Special Separation Allowance Fund
Additions	
Employee contributions	\$ 260,000
Interest earned on investments	61,740
Total additions	<u>321,740</u>
Deductions	
Benefits	<u>293,227</u>
Total deductions	<u>293,227</u>
Change in net assets	28,513
Total net assets - beginning	<u>1,255,170</u>
Total net assets - ending	<u><u>\$ 1,283,683</u></u>

NOTES TO FINANCIAL STATEMENTS

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies

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

A - Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. GASB Statement Number 14, as amended by GASB Statement Number 39, defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and a) it is able to impose its will on that organization or b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens upon, the primary government.

This statement provides two methods for reporting component units in the financial statements of the primary government: discrete presentation and blending. Discrete presentation means that data will be presented in one or more separate columns to the right of the primary government data columns. Blending means that the component unit's financial data is reported as though the unit is part of the primary government. If the units provide services or benefits exclusively, or almost exclusively, to the primary government, or if the component units and the primary government have "substantively identical boards," the legally separate component units should be incorporated by blending. If the units do not meet these criteria, their data should be incorporated by discrete presentation.

Based on evaluating these characteristics, the following is a brief review of the component units in the County's reporting entity:

Blended Component Units

NORCRESS Water and Sewer Authority and Kelly Hills Water and Sewer Authority (the "Authorities") exist to provide and maintain a sanitary sewer system for the county residents within those districts. The Authorities, which have June 30 year-ends, are considered proprietary funds of the County and adopt budgets on an annual basis. The authorities are included as enterprise funds.

Discretely Presented Component Units

Cumberland County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Cumberland County Finance Corporation ("the Corporation"), a North Carolina nonprofit corporation, exists to issue obligations pursuant to Internal Revenue Service Revenue Ruling 63-20 and Internal Revenue Service Revenue Procedure 82-26. The Corporation has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

The Cumberland County ABC Board (the "ABC Board"), which has a June 30 year-end, is presented as if it were a proprietary fund. Eastover Sanitary District (the "District"), which has a June 30 year-end, is presented as if it were a proprietary fund.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

A - Reporting Entity (continued)

Discretely Presented Component Units (continued)

The Fayetteville Area Convention and Visitors Bureau (the "Bureau"), which has a June 30 year-end, is a non-profit organization that provides services to promote the development and expansion of travel and tourism within the Fayetteville area. It is presented as if it were a proprietary fund. The Cumberland County Tourism Development Authority (the "TDA") exists to promote travel, tourism, and conventions in the County, sponsor tourist-related events and activities in the County, and finance tourist-related capital projects in the County. A voting majority of the 7-member board of directors is appointed by Cumberland County. The TDA is presented as if it were a proprietary fund.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
NORCRESS Water and Sewer Authority	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the Authority	None issued.
Kelly Hills Water and Sewer Authority	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the Authority	None issued.
Cumberland County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.
Cumberland County Finance Corporation	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Corporation with or without cause.	None issued.
Cumberland County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County	Cumberland County ABC Board 1705 Owen Drive Fayetteville, NC 28304
Eastover Sanitary District	Discrete	The District is considered to be fiscally dependent upon the County such that excluding the entity would cause the County's statements to be incomplete.	Included in the County's financial statements.
Fayetteville Area Convention and Visitors Bureau	Discrete	A voting majority of the Bureau's 11-member board of directors is appointed by the County. The County is financially accountable 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. The County is financially accountable for the TDA.	Included in the County's financial statements.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

B - Basis of Presentation - Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

County School Fund. This fund accounts for all financial resources associated with the Cumberland County Schools as financed by the County.

Health Department Building Fund. This fund accounts for all financial resources associated with the construction of the new health department building.

Gray's Creek Middle School Fund. This fund accounts for all financial resources associated with the Cumberland County Schools as financed by the County.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

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

Basis of Presentation (continued)

The County reports the following non-major governmental funds:

Special Revenue Funds. Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The County reports the following Special Revenue Funds: Prepared Food and Beverage Fund; Wireless 911 Emergency Fund; Wireless 911 Fund; Workforce Development Fund; Industrial Development Fund; Water and Sewer Fund; Property Revaluation Fund; Recreation Fund; Juvenile Crime Prevention Fund; Transportation Fund; Flea Hill Drainage District Fund; Community Development Fund; Fire Protection Fund; Federal Drug Forfeiture Fund; Federal Forfeiture Treasury Fund; North Carolina Controlled Substance Fund; Injured Animal Stabilization Fund; Downtown Revitalization Fund; Inmate Welfare Fund.

Capital Project Funds. Capital Project Funds account for financial resources to be used for the acquisition or construction of governmental capital assets. The County reports the following Capital Project Funds: Animal Control Building Fund; Sheriff Training Facility Fund; Averasboro Battlefield Fund; and West Regional Library Fund.

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

The County reports the following major enterprise funds:

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

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

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

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

The County reports the following fund types:

Internal Service Funds. The County has a Group Insurance Fund, Employee Flexible Benefit Fund, Vehicle Insurance Fund, Workers' Compensation Fund and General Litigation 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, 2008

Note 1 - Summary of Significant Accounting Policies (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 property taxes that are billed and collected by the County for various municipalities and special districts within the County; the Payee Account Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Inmate Payee Fund which accounts for funds held by the County on behalf of inmates of the County jail; the Intergovernmental Custodial Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Cumberland County Board of Education; Stormwater Utility Fund, which accounts for monies collected in connection with the joint storm water utility agreement with the City of Fayetteville; and the Vehicle Interest Fund, which accounts for a 3% late fee on registered motor vehicle property taxes that are billed and collected by the County for the State of North Carolina.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

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

Measurement Focus, Basis of Accounting (continued)

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Cumberland County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and proprietary funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C - Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue, the permanent, the enterprise funds, and the internal services funds. All annual appropriations lapse at the fiscal year end. Project budgets are adopted for the capital project funds and the enterprise capital project funds. All budgets are prepared using the modified accrual basis of accounting.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

C - Budgetary Data (continued)

Expenditures may not legally exceed appropriations at the departmental level for the general, special revenue, and permanent funds, at the fund level for the enterprise and pension trust funds, and at the construction level for the capital project funds. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a department, however, any revisions that alter total expenditures of any fund or that alter revenues or relate to salary increases must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and revenues estimates for their department for the budget year.

May 15 - The finance officer for the school board transmits the budget and the budget message to the County.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

As required by State law {G.S. 159-26(d)}, the County maintains encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "reserved for encumbrances" in the fund balance section of the balance sheet and will be charged against the subsequent year's budget.

D - Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the County, the ABC Board, the District, the Bureau, and the TDA are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the ABC Board, the District, the Bureau, and the TDA may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the ABC Board, the District, the Bureau, and the TDA may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, the ABC Board, the District, the Bureau, and the TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

1. Deposits and Investments (continued)

The County, the ABC Board, the District, the Bureau, and the TDA investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

2. Cash and Cash Equivalents

The County pools money from several funds, except the pension trust fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The County, the ABC Board, the District, the Bureau, and the TDA consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

Amounts on hand at year end for future construction, payment of asserted and unasserted malpractice claims, self-insurance, trust arrangements and customer deposits for future services have been restricted. Restrictions in the general fund relate to the several ongoing capital projects.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2007.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

6. Inventories and Prepaid Items (continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are \$5,000 for all asset categories. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Cumberland County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Cumberland County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	Years
Buildings	40
Improvements	25
Furniture and equipment	5 - 20
Vehicles	3

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

	Years
Buildings and improvements	25 - 33
Furniture and equipment	5 - 10
Leasehold improvements	10 - 20
Vehicles	5
Computers	5

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

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

	Years
Equipment	5
Furniture	10
Improvements	3

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

8. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up thirty (30) days earned vacation leave with such leave being fully vested when earned. The vacation policy of the Bureau provides for the accumulation of up to forty-five (45) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the ABC Board and the Bureau, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

The sick leave policies of the County and the ABC Board provide for unlimited accumulation of earned sick leave. The Bureau allows for up to 15 days accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

10. Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Fund Balances

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

10. Net Assets/Fund Balances (continued)

Fund Balances (continued)

The governmental fund types classify fund balances as follows:

Reserved

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

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

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

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

Reserved for inmates - portion of total fund balance available for use by inmates in the County jail.

Reserved for cemetery - portion or total fund balance restricted to maintain the cemetery.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2008-2009 budget ordinance.

Designated for revaluation – portion of total fund balance designated by the management for future countywide property revaluation needs.

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

Designated for renovations and maintenance – portion of total fund balance designated by the management for various maintenance and renovation on County facilities

Designated for health department renovation – portion of total fund balance designed by the management for renovation to health department buildings.

Designated for Courthouse/plaza renovations – portion of total fund balance designed by the management for renovations to the Courthouse plaza, parking lot and other exterior portions of the Courthouse.

Designated for Hope VI project – portion of total fund balance designated by the management for Hope VI housing project contingent upon approval of grant application.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

10. Net Assets/Fund Balances (continued)

Fund Balances (continued)

Designated for special purposes – portion of total fund balance designated by the management for future operational reserves.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

11. Reclassifications

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

12. Accounting Estimates

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

E – Pronouncements Implemented in the Current Year

GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions" is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. This Statement is effective for periods beginning after December 15, 2006, for phase one governments (those with total annual revenues of \$100 million or more); after December 15, 2007, for phase two governments (those with total annual revenues of \$10 million or more but less than \$100 million); and after December 15, 2008, for phase three governments (those with total annual revenues of less than \$10 million). Earlier implementation is encouraged. In addition to pensions, many state and local governmental employers provide other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits (for example, life insurance) when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. See Note 5 for more details.

During Fiscal Year (FY) 2008, the County implemented GASB Statement No. 50 "Pension Disclosures". This statement requires defined contribution plans to disclose in the notes to financial statements and required supplemental information, additional information to improve the transparency and decision usefulness of financial reporting. See note 5 for more details.

During Fiscal Year (FY) 2008, the County implemented GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues". This statement requires disclosures for specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure the debt of a component unit. There are no such pledged revenues for the County.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

F - Upcoming Pronouncements

GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." This statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007.

GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

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

The County is currently in the process of evaluating these statements and the impact that they will have on the County.

Note 2 - Cash, Cash Equivalents and Investments

A - Deposits

All of the County's, the ABC Board's, the District's, the Bureau's, and the TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the ABC Board's, the District's, the Bureau's, and the TDA's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the ABC Board, the District, the Bureau, and the TDA, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the ABC Board, the District, the Bureau, and the TDA, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the ABC Board, the District, the Bureau, and the TDA, under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

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

A - Deposits (continued)

At June 30, 2008, the County's deposits had a carrying amount of \$113,331,620 and a bank balance of \$116,414,451. Of the bank balance, \$500,000 was covered by Federal depository insurance, \$116,059,013 was covered by collateral under the Pooling Method and (\$144,562) was related to a deficit with an insurance administrator for future claim payments. Included in the County's deposits is cash of \$224,112 and \$988,294 for the District and the TDA, respectively. The County had \$15,128 in the petty cash and change funds.

At June 30, 2008, the ABC Board's deposits had a carrying amount of \$2,540,123 and a bank balance of \$2,565,604. Of the bank balance, \$300,000 was covered by Federal depository insurance and \$2,265,604 was covered by collateral under the Pooling Method. Included in the carrying balance for the ABC Board is petty cash of \$18,350.

At June 30, 2008, the Bureau's deposits had a carrying amount of \$616,541 and a bank balance of \$834,780. Of the bank balance, \$100,000 was covered by Federal depository insurance and \$734,780 was covered by collateral under the Pooling Method. Included in the carrying balance for the Bureau is petty cash of \$112.

B - Investments - County

As of June 30, 2008 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>
Bankers Acceptance	\$ 5,775,733	\$ 4,789,343	\$ 986,390	\$ -
Certificate of Deposit	110,466	-	110,466	-
US Government Agencies	55,899,252	14,787,454	26,483,555	14,628,243
Commercial Paper	6,974,240	6,974,240	-	-
NC Capital Management Trust - Cash Portfolio	21,095,096	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	3,086,591	N/A	N/A	N/A
NC Student Loans	25,050,000	25,050,000	-	-
Total	\$ 117,991,378	\$ 51,601,037	\$ 27,580,411	\$ 14,628,243

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. The North Carolina State Education Assistance Agency (NCSEAA) instruments in the portfolio having final stated maturities ranging from 2015 to 2036 have all been called on or before July 30, 2008 resolving the matter of illiquid investments for the County.

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, 2008, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2008. The County's investments in US Agencies (Federal Home Loan Bank, Federal Farm Credit Banks, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poor's and Aaa by Moody's Investor Service.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

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

B - Investments - County (continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. US Bank provides safekeeping service for the County. The securities are held in a separate entity with the bank and our held in the name of County of Cumberland.

Concentration of Credit Risk: It is the County's policy that no more than 50% of the total investment portfolio may be invested in commercial paper and bankers acceptances. In addition no more than 6% of the total investment portfolio will be invested in any one company's commercial paper or financial institution's bankers acceptances. More than 5% of the County's investments are in Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Fannie Mae (FNMA), and NC Student Loans. These investments are 17%, 11%, 13%, and 30% respectively.

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	\$ 117,991,378	\$ -	\$ 224,112	\$ -	\$ -
Cash (demand deposits)	112,119,214	2,521,773	-	988,294	616,429
Petty cash	15,128	18,350	-	-	112
Total cash and investments	230,125,720	2,540,123	224,112	988,294	616,541
Less: investments	(81,601,899)	-	-	-	-
Total cash and equivalents	<u>\$ 148,523,821</u>	<u>\$ 2,540,123</u>	<u>\$ 224,112</u>	<u>\$ 988,294</u>	<u>\$ 616,541</u>

Total per Statement of Net Assets:

Cash and cash equivalent - unrestricted	\$ 89,486,301	\$ 2,520,386	\$ 224,112	\$ 988,294	\$ 616,541
Cash and cash equivalent - restricted	58,079,394	19,737	-	-	-
Cash and cash equivalent - pension trust fund	303,280	-	-	-	-
Cash and cash equivalent - agency funds	654,846	-	-	-	-
Total cash and equivalents	<u>\$ 148,523,821</u>	<u>\$ 2,540,123</u>	<u>\$ 224,112</u>	<u>\$ 988,294</u>	<u>\$ 616,541</u>
Investments - unrestricted	\$ 74,890,919	\$ -	\$ -	\$ -	\$ -
Investments - restricted	5,723,348	-	-	-	-
Investments - restricted - pension trust fund	987,632	-	-	-	-
Total investments	<u>\$ 81,601,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

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, 2008 is as follows:

Taxes receivable - General Fund	\$ 7,711,858
Patient receivable - General Fund	4,314,370
Other receivables - Water and Sewer Special Revenue Fund	17,373
	<u>\$ 12,043,601</u>

Note 4 - Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2008 was as follows:

	<u>Beginning Balances</u>	<u>Increases & Adjustments</u>	<u>Decreases & Adjustments</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 18,216,850	\$ 305,525	\$ 40,136	\$ -	\$ 18,482,239
Construction in progress	4,696,518	8,348,234	-	(4,511,334)	8,533,418
Total capital assets not being depreciated	<u>22,913,368</u>	<u>8,653,759</u>	<u>40,136</u>	<u>(4,511,334)</u>	<u>27,015,657</u>
Capital assets being depreciated:					
Buildings and improvements	155,150,578	2,283,080		4,509,751	161,943,409
Equipment, furniture and fixtures	17,035,305	994,086	12,000	1,656	18,019,047
Vehicles	10,789,557	1,364,534	78,775	(25)	12,075,291
Total capital assets being depreciated	<u>182,975,440</u>	<u>4,641,700</u>	<u>90,775</u>	<u>4,511,382</u>	<u>192,037,747</u>
Less accumulated depreciation for:					
Buildings and improvements	49,045,896	4,407,308		33	53,453,237
Equipment, furniture and fixtures	13,535,806	962,293	12,000	-	14,486,099
Vehicles	8,076,521	901,334	46,312	9,224	8,940,767
Total accumulated depreciation	<u>70,658,223</u>	<u>\$ 6,270,935</u>	<u>\$ 58,312</u>	<u>\$ 9,257</u>	<u>76,880,103</u>
Total capital assets being depreciated, net	<u>112,317,217</u>				<u>115,157,644</u>
Governmental activity capital assets, net	<u>\$ 135,230,585</u>				<u>\$ 142,173,301</u>

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

General government	\$ 972,673
Public safety	2,730,291
Human services	1,293,141
Economic and physical development	408,908
Cultural and recreational	864,965
Internal Service Fund	957
Total depreciation expense	<u>\$ 6,270,935</u>

Total governmental activities capital assets include internal service fund capital assets with a book value of \$4,930.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 4 - Capital Assets (continued)

Primary Government (continued)

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

Business-type activities:	Beginning		Decreases &	Ending
	Balances	Increases	Transfers	Balances
Cumberland County Solid Waste				
Capital assets not being depreciated:				
Land	\$ 2,920,645	\$ -	\$ -	\$ 2,920,645
Construction in progress	4,133,499	-	-	4,133,499
Total capital assets not being depreciated	<u>7,054,144</u>	<u>-</u>	<u>-</u>	<u>7,054,144</u>
Capital assets being depreciated:				
Landfill	7,198,817	-	-	7,198,817
Buildings and building improvements	4,539,148	1,861,430	-	6,400,578
Furniture, fixtures and equipment	6,568,293	247,514	-	6,815,807
Vehicles	1,871,215	40,154	-	1,911,369
Total capital assets being depreciated	<u>20,177,473</u>	<u>2,149,098</u>	<u>-</u>	<u>22,326,571</u>
Less accumulated depreciation for:				
Landfill	7,198,817	-	-	7,198,817
Buildings and building improvements	3,582,742	181,553	-	3,764,295
Furniture, fixtures and equipment	4,377,410	411,265	-	4,788,675
Vehicles	1,492,627	131,841	-	1,624,468
Total accumulated depreciation	<u>16,651,596</u>	<u>\$ 724,659</u>	<u>\$ -</u>	<u>17,376,255</u>
Total capital assets being depreciated, net	<u>3,525,877</u>			<u>4,950,316</u>
Cumberland County Solid Waste capital assets, net	<u>\$ 10,580,021</u>			<u>\$ 12,004,460</u>
Cumberland County Crown Center				
Capital assets not being depreciated:				
Land	\$ 3,327,829	\$ 175,333	\$ -	\$ 3,503,162
Capital assets being depreciated:				
Buildings and building improvements	69,425,241	15,083	-	69,440,324
Furniture, fixtures and equipment	4,021,174	58,605	-	4,079,779
Vehicles	54,629	-	-	54,629
Total capital assets being depreciated	<u>73,501,044</u>	<u>73,688</u>	<u>-</u>	<u>73,574,732</u>
Less accumulated depreciation for:				
Building and building improvements	19,965,662	1,778,110	-	21,743,772
Furniture, fixtures and equipment	2,296,890	321,848	-	2,618,738
Vehicles	44,348	5,155	-	49,503
Total accumulated depreciation	<u>22,306,900</u>	<u>\$ 2,105,113</u>	<u>\$ -</u>	<u>24,412,013</u>
Total capital assets being depreciated, net	<u>51,194,144</u>			<u>49,162,719</u>
Cumberland County Crown Center capital assets, net	<u>\$ 54,521,973</u>			<u>\$ 52,665,881</u>
Kelly Hills Water and Sewer District				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Plant and distribution system	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	61,345	67,027	-	128,372
Total accumulated depreciation	<u>61,345</u>	<u>\$ 67,027</u>	<u>\$ -</u>	<u>128,372</u>
Total capital assets being depreciated, net	<u>2,615,153</u>			<u>2,548,126</u>
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 2,615,153</u>			<u>\$ 2,548,126</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 4 - Capital Assets (continued)

Primary Government (continued)

	Beginning		Decreases &	Ending
	Balances	Increases	Transfers	Balances
Business-type activities (continued):				
Norcross Water and Sewer District				
Capital assets being depreciated:				
Plant and distribution system	\$ 9,522,109	\$ 1,514	\$ -	\$ 9,523,623
Total capital assets being depreciated	<u>9,522,109</u>	<u>1,514</u>	<u>-</u>	<u>9,523,623</u>
Less accumulated depreciation for:				
Plant and distribution system	353,653	238,494	-	592,147
Total accumulated depreciation	<u>353,653</u>	<u>\$ 238,494</u>	<u>\$ -</u>	<u>592,147</u>
Total capital assets being depreciated, net	<u>9,168,456</u>			<u>8,931,476</u>
Norcross Water and Sewer District capital assets, net	<u>\$ 9,168,456</u>			<u>\$ 8,931,476</u>
Business-type activities capital assets, net	<u>\$ 76,885,603</u>			<u>\$ 76,149,943</u>

Construction contracts of approximately \$47,587,521 exist for various renovation and construction projects for the County. At June 30, 2008, the remaining commitment on these contracts approximated \$36,674,343. Construction contracts of approximately \$4,098,493 exist for various renovation and construction projects for Eastover Sanitary District. At June 30, 2008, the remaining commitment on these contracts approximated \$748,265.

Discretely presented component units

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

	Beginning		Decreases/	Ending
	Balances	Increases	Transfers	Balances
Capital assets not being depreciated				
Land	\$ 868,021	\$ 347,495	\$ -	\$ 1,215,516
Construction in Progress	431,592	-	(431,592)	-
Total capital assets not being depreciated	<u>1,299,613</u>	<u>347,495</u>	<u>(431,592)</u>	<u>1,215,516</u>
Capital assets being depreciated:				
Buildings and improvements	2,123,689	512,993	431,592	3,068,274
Leasehold improvements	220,931	116,019	-	336,950
Furniture and equipment	881,947	-	(145,045)	736,902
Vehicles	190,980	34,653	-	225,633
Total capital assets being depreciated	<u>3,417,547</u>	<u>663,665</u>	<u>286,547</u>	<u>4,367,759</u>
Less accumulated depreciation	<u>1,856,098</u>	<u>-</u>	<u>(130,130)</u>	<u>1,725,968</u>
Total capital assets being depreciated, net	<u>1,561,449</u>			<u>2,641,791</u>
ABC capital assets, net	<u>\$ 2,861,062</u>			<u>\$ 3,857,307</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 4 - Capital Assets (continued)

Discretely presented component units (continued)

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balances</u>
<i>Eastover Sanitary District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 251,791	\$ 3,848,712	\$ -	\$ 4,100,503
Total capital assets not being depreciated	<u>251,791</u>	<u>3,848,712</u>	<u>-</u>	<u>4,100,503</u>
Capital assets being depreciated:				
Water lines	6,654,956	-	-	6,654,956
Total capital assets being depreciated	6,654,956	-	-	6,654,956
Less accumulated depreciation	(800,180)	(167,317)	-	(967,497)
Total capital assets being depreciated, net	5,854,776	\$ (167,317)	\$ -	5,687,459
Total capital assets being depreciated, net	<u>\$ 6,106,567</u>			<u>\$ 9,787,962</u>

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Furniture and fixtures	\$ 15,664	\$ 12,103	\$ (4,309)	\$ 23,458
Equipment	133,440	15,372	(22,198)	126,614
Software	31,719	-	-	31,719
Capital improvements	6,232	132,924	-	139,156
Total capital assets being depreciated	187,055	160,399	(26,507)	320,947
Less accumulated depreciation	(97,317)	(27,006)	24,852	(99,471)
Total capital assets being depreciated, net	89,738	\$ 133,393	\$ (1,655)	221,476
Bureau capital assets, net	<u>\$ 89,738</u>			<u>\$ 221,476</u>

Note 5 - Benefit Plan Obligations

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 5 - Benefit Plan Obligations (continued)

A - Law Enforcement Officers Special Separation Allowance System

Plan Description

The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund. A separate report was not issued for the plan.

All full time County law enforcement officers are covered by the Separation Allowance. At December 31, 2007 the Separation Allowance's membership consisted of:

Retirees receiving benefits	28
Active plan members	<u>298</u>
Total	<u>326</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 \$260,000. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 5 - Benefit Plan Obligations (continued)

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

Contributions (continued)

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

Annual required contribution	\$ 248,532
Interest on net pension obligation	(1,906)
Adjustment to annual required contribution	1,615
Annual pension cost	<u>248,241</u>
Contributions made	<u>(260,000)</u>
Increase (decrease) in net pension obligation	(11,759)
Net prepaid pension benefit beginning of year	<u>(26,289)</u>
Prepaid pension benefit end of year	<u><u>\$ (38,048)</u></u>

Three Year Trend Information

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Prepaid)
2006	242,685	90.65%	12,085
2007	221,626	117.31%	(26,289)
2008	248,241	104.74%	(38,048)

Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was 43.86% funded. The actuarial accrued liability for benefits was \$3,227,956 and the actuarial value of the assets was \$1,415,764, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,812,192. The covered payroll (annual payroll of active employees covered by the plan) was \$12,572,094 and the ratio of the UAAL to the covered payroll was 14.41%.

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, 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, 2008, membership of the Board's Separation Allowance consisted of one retiree receiving benefits and five active plan members. The Board has chosen to pay benefits and administration costs on a pay as you go basis. The Board paid benefits of \$17,568 and \$17,568 for the years ending June 30, 2008 and 2007, respectively. No contributions were made to the plan by employees. The Board has chosen not to have an actuarial study performed because the liability is considered immaterial.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 5 - Benefit Plan Obligations (continued)

B - Local Governmental Employees' Retirement System

Plan Description

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

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement, for law enforcement officers, and Crown Center employees is 4.80%, 5.27%, and 4.80%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.60% and 7.44% respectively, of annual covered payroll. The contribution requirements of members and of the County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2008, 2007 and 2006 were \$3,961,497, \$3,786,437, and \$3,844,275, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2008, 2007 and 2006 were \$130,677, \$115,780, and \$113,597 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, 2008 were \$1,016,103, which consisted of \$651,711 from the County and \$364,392 from the law enforcement officers.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 5 - Benefit Plan Obligations (continued)

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

Funding Policy (continued)

the year ended June 30, 2008, contributions for law enforcement officers were \$24,930, which consisted of \$13,486 from the Board and \$11,444 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2008 were \$195,808, which consisted of \$109,417 from the Board and \$86,391 from the employees.

D - Register of Deeds' Supplemental Pension Fund

Plan Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G. S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) 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, 2008, the County's required and actual contributions were \$29,306.

E - Other Post-employment Benefits (OPEB)

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

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 5 - Benefit Plan Obligations (continued)

Funding Policy

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

The current annual required contribution (ARC) rate is 23.29% of annual covered payroll. For the current year the County contributed \$2,911,417 or 3.41% 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 accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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

Annual required contribution	\$ 17,786,721
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>17,786,721</u>
Contributions made	<u>(2,911,417)</u>
Increase (decrease) in net OPEB obligation	14,875,304
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u>\$ 14,875,304</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008:

<u>For Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2008	\$17,786,721	16.37%	\$14,875,304

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 5 - Benefit Plan Obligations (continued)

Funding Status and Funding Progress

As of December 31, 2005, 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 \$171,135,376. The covered payroll (annual payroll of active employees covered by the plan) was \$73,619,726 and the ratio of the UAAL to the covered payroll was 232.5%. 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 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, 2005 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 12.00% to 6.00% annually. Both rates included a 3.75% inflation assumption. The actuarial value of the assets, if any, was determined using techniques that spread the effects of short term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2005 was 30 years.

F - Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to employees' death, but the benefit may not be less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 5 - Benefit Plan Obligations (continued)

For the fiscal year ended June 30, 2008 the County made contributions to the State for death benefits of \$87,753. The County's required contributions for employees not engaged in law enforcement, Crown Center employees and law enforcement officers, represented .10 percent, .09 percent and .14 percent of covered payroll respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

The ABC Board has elected to provide a post-retirement death benefit to the beneficiaries of retired employees. The ABC Board provides \$1,000 to the spouse or estate of a retired employee upon death. Former employees who are currently receiving retirement benefits under the System are eligible for this benefit. This benefit is a fixed amount and can only be changed by action of the Board. The ABC Board has chosen to fund this death benefit on a pay as you go basis and recognize all expenses as they become due. The ABC Board paid \$1,000 and \$2,000 of benefits for the years ended June 30, 2008 and 2007, respectively. There are currently 17 retirees whose spouses or estates are eligible to receive this death benefit.

Note 6 - Closure and Postclosure Care Costs - Ann Street Sanitary Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Ann Street Sanitary Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,738,768 reported as landfill closure and postclosure care liability at June 30, 2008 consists of a closed landfill with estimated costs of \$1,401,424 a phase 2 C & D landfill with estimated costs of \$1,802,956 and the subtitle D landfill with estimated costs of \$5,534,388. The costs associated with the phase 2 C & D landfill and the subtitle D landfill represent a cumulative amount reported to date based on the use of 31.73% and 40.73%, respectively of the total estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$3,878,598 and \$8,187,836 for the phase 2 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 2008. The County expects to close the phase 2 C & D landfill and the subtitle D landfill in the year 2021. 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, 2008

Note 7 - Deferred/Unearned Revenues

The balance of deferred revenues in the fund financial statements (includes both the deferred and unearned amounts disclosed below) and unearned revenues in the government-wide financial statements at year-end is composed of the following elements:

	<u>Unearned/ Deferred Revenue</u>	<u>Unearned Revenue</u>
Taxes receivable net of allowance - General Fund	\$ 3,787,185	\$ -
Taxes receivable net of allowance - Other Governmental Funds	395,839	-
Accounts receivable - General Fund	479,062	-
Accounts receivable - Other Governmental Funds	157,176	-
Unearned - County School Fund	4,338	4,338
Unearned - Workforce Development Fund	289,406	289,406
Prepaid taxes not yet earned - General Fund	276,570	276,570
	<u>\$ 5,389,576</u>	<u>\$ 570,314</u>

Note 8 - Risk Management

The County is self-insured with respect to health insurance (up to \$150,000 per occurrence), worker's compensation (up to \$500,000 per occurrence), unemployment compensation and some general liability risks. Losses from asserted claims and from unasserted claims identified under the County's incident reporting system are accrued based on estimates that incorporate the County's past experience, as well as other considerations including the nature of each claim and relevant trend factors. Incurred but not reported claims have been accrued as a liability based upon the carrier's estimate. Additional Health Insurance stop loss coverage is purchased through the NCACC 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, 2008 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the balances of claim liabilities for the County during the years ended June 30, 2008 and 2007 were as follows:

	<u>Fiscal-Year Liability</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>Fiscal Year-End</u>
2007-08	\$ 1,790,739	\$ 12,983,269	\$ (13,346,724)	\$ 1,427,284
2006-07	1,416,617	12,040,022	(11,665,900)	1,790,739

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 8 - Risk Management (continued)

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

Workers' Compensation – The ABC Board is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation and employee health coverage as well as liquor legal liability through commercial coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Note 9 - Long-term Obligations

A - Capital Lease Obligations

The County entered into a lease agreement in 2005 as lessee for financing the acquisition of new energy efficient equipment and improvements to existing energy infrastructure relating to a guaranteed energy savings contract. This lease agreement qualified as a capital lease for accounting purposes and, therefore, was recorded at the present value of its minimum lease payments as of the date of its inception.

The term of the capital lease obligation was as follows:

Governmental Activities

Capital lease obligation payable in semi-annual installments of \$284,661, beginning June 9, 2008, including interest at 3.945%. \$ 3,908,523

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, 2008, the value of the capital assets associated with this lease is \$4,109,279.

B - General Obligation Bonds - County

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2008 are comprised of the following individual issues:

Governmental Activities:

\$23,325,000 General Obligation Bonds, School Refunding Series 1998

Serial bonds payable annually from February 1, 1999 through February 1, 2013 in amounts ranging from \$565,000 to \$2,240,000; interest ranges from 4.5% to 5.0%. \$ 9,465,000

\$53,180,000 General Obligation Bonds, School Series 1998

Serial bonds payable annually from March 1, 1999 through March 1, 2017 in amounts ranging from \$2,300,000 to \$5,105,000; interest ranges from 4.8% to 5.0%. 30,180,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 9 - Long-term Obligations (continued)

B - General Obligation Bonds - County (continued)

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

Serial bonds payable annually March 1, 2008 and March 1, 2010 in amounts ranging from \$1,100,000 to \$1,200,000; interest of 5.5%. \$ 2,400,000

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

Serial bonds payable annually from February 1, 2004 through February 1, 2021 in amounts ranging from \$500,000 to \$2,000,000; Interest ranges from 4.0% to 5.0%. 12,375,000

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

Serial bonds payable annually from February 1, 2006 through February 1, 2023 in amounts ranging from \$500,000 to \$2,000,000; Interest ranges from 4.0% to 5.0%. 4,475,000

\$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%. 31,340,000

Plus bond premium 90,235,000

Less gain on defeasance 2,019,480

Total \$ 90,018,585

Business type Activities:

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

Serial bonds payable annual from June 1, 2008 through June 1, 2045 in amounts ranging from \$14,000 to \$52,000; interest of 4.125% \$ 1,236,000

At June 30, 2008, the County had bonds authorized but unissued of \$14,101,000 and a legal debt margin of \$1,368,500,000.

C - Certificates of Participation

The County issued certificates of participation in 1995 to finance the construction of a new Coliseum. In July 1998, the County issued refunding certificates of participation to refinance this debt, which is accounted for in the County's enterprise fund. Certificates outstanding for the year ended June 30, 2008 are as follows:

Business-type Activities:

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

maturing in installments of \$1,555,000 from December 1, 2011 through December 1, 2013. Interest is paid at maturity at rates ranging from 6.7% to 6.8%. \$ 1,428,781

\$22,955,000 Current Interest Term 1998 Refunding Certificates,

due in various annual installments ranging from \$380,000 to \$3,780,000, from December 1, 1998 through December 1, 2013. Interest is paid semi-annually at rates ranging from 3.625% to 5.0%. 11,775,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 9 - Long-term Obligations (continued)

C - Certificates of Participation (continued)

\$11,610,000 Current Interest Term 1998 Refunding Certificates, due in various annual installments ranging from \$2,095,000 to \$2,560,000, from December 1, 2014 through December 1, 2018. Interest is paid semi-annually at a rate of 5.0%.

\$ 11,610,000

\$18,385,000 Current Interest Term 1998 Refunding Certificates, due in various annual installments ranging from \$2,695,000 to \$3,460,000, from December 1, 2019 through December 1, 2024. Interest is paid semi-annually at a rate of 5.0%.

18,385,000

43,198,781

(3,186,534)

Less gain on defeasance

\$ 40,012,247

The County has issued certificates of participation, which are being used to finance the construction of new Department of Social Services, Community Corrections Center and Detention Center buildings and to make renovations to an existing mental health facility, and therefore, are accounted for in the governmental activities. Certificates outstanding for the year ended June 30, 2008 are as follows:

Governmental Activities:

\$29,090,000 Current Interest Serial 1998 Certificates, due in various annual installments ranging from \$780,000 to \$2,500,000, from December 1, 1998 through December 1, 2014. Interest is paid semi-annually at rates ranging from 3.6% to 4.7%.

\$ 15,315,000

\$8,260,000 Current Interest Term 1998 Certificates, due in various annual installments ranging from \$2,625,000 to \$2,885,000, from December 1, 2015 through December 1, 2017. Interest is paid semi-annually at a rate of 4.75%.

8,260,000

\$42,305,000 Current Interest Serial 2000 Refunding Certificates, due in annual installments ranging from \$900,000 to \$2,575,000 from June 1, 2001 through June 1, 2020. Interest is paid semi-annually at rates ranging from 4.30% to 5.625%

25,900,000

\$8,475,000 Current Interest Term 2000 Refunding Certificates, due in annual installments ranging from \$2,110,000 to \$2,130,000 from June 1, 2021 through June 1, 2024. Interest is paid semi-annually at the rate of 5.25%.

8,475,000

\$ 57,950,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 9 - Long-term Obligations (continued)

D - Notes Payable (continued)

Notes payable included in the accompanying financial statements include the purchase of real estate, equipment and various claims. The County's notes payable at June 30, 2008 are comprised of the following:

Governmental Activities:

Note payable in semi-annual installments ranging From \$27,743 to \$28,322 including interest of 4.5%.	\$	80,659
Note payable in ten annual installments of \$150,000 plus variable interest at an average rate of 5.86%.		300,000
Note payable in nineteen quarterly installments of \$236,158 beginning August 24, 2008 plus a final payment of \$236,158 on April 24, 2011. Interest accrues at 3.65%.		2,673,393
Note payable in forty semi-annual installments of \$500,000 plus Interest at the rate of 4.21%.		20,000,000
Note payable in twenty annual installments of \$1,325,000 plus Interest at the rate of 4.42%.		<u>26,500,000</u>
	\$	<u>49,554,052</u>

E - Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations as of June 30, 2008:

	<u>Balance</u>			<u>Balance</u>	<u>Current Portion</u>
	<u>June 30, 2007</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2008</u>	<u>of Long-term</u>
					<u>Liabilities</u>
Governmental activities:					
Bonds payable	\$ 98,230,000	\$ -	\$ 7,995,000	\$ 90,235,000	\$ 7,940,000
Bond premium	2,206,598	-	187,118	2,019,480	187,118
Gain on defeasance	(2,443,082)	-	(207,187)	(2,235,895)	(207,187)
Capital lease obligations	4,241,761	-	333,238	3,908,523	346,514
Certificates of participation payable	62,250,000	-	4,300,000	57,950,000	4,365,000
Notes payable	4,526,143	46,500,000	1,472,091	49,554,052	2,887,147
Accrued vacation	4,439,055	4,407,165	4,217,101	4,629,119	4,397,664
OPEB payable	-	14,237,304	-	14,237,304	-
Total governmental activities	<u>\$ 173,450,475</u>	<u>\$ 65,144,469</u>	<u>\$ 18,297,361</u>	<u>\$ 220,297,583</u>	<u>\$ 19,916,256</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 9 - Long-term Obligations (continued)

E - Long-term Obligation Activity (continued)

	Balance June 30, 2007	Additions	Payments	Balance June 30, 2008	Current Portion of Long-term Liabilities
Business-type activities:					
Certificates of participation payable	\$ 46,078,781	\$ -	\$ 2,880,000	\$ 43,198,781	\$ 3,160,000
Gain on defeasance	(3,460,878)	274,344	-	(3,186,534)	271,398
Bond payable	1,250,000	-	14,000	1,236,000	15,000
Accrued landfill closure and postclosure costs	7,163,631	1,575,137	-	8,738,768	-
Accrued vacation	190,705	195,305	181,170	204,840	194,598
OPEB payable	-	638,000	-	638,000	-
Total business-type activities	\$ 51,222,239	\$ 2,682,786	\$ 3,075,170	\$ 50,829,855	\$ 3,640,996

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.

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 9 - Long-term Obligations (continued)

E - Long-term Obligation Activity (continued)

The following summarizes the annual debt service requirements to maturity for the County (excluding accrued vacation, OPEB, and arbitrage rebate payable, accrued landfill closure and postclosure costs):

	General Obligation Bonds		Certificates of Participation		Capital Leases		Notes Payable		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:										
2009	\$ 7,940,000	\$ 4,277,101	\$ 4,365,000	\$ 2,823,408	\$ 346,514	\$ 150,807	\$ 2,887,147	\$ 2,328,960	\$ 15,538,661	\$ 9,580,276
2010	7,885,000	3,927,180	4,130,000	2,628,080	360,319	137,002	3,392,723	1,983,211	15,768,042	8,675,473
2011	7,845,000	3,560,481	4,215,000	2,438,940	374,674	122,648	3,249,182	1,842,946	15,683,856	7,965,015
2012	7,920,000	3,182,719	4,315,000	2,235,365	389,600	107,721	2,325,000	1,721,830	14,949,600	7,247,635
2013	7,865,000	2,799,101	4,420,000	2,024,760	405,122	92,200	2,325,000	1,621,165	15,015,122	6,537,226
2014-2018	38,400,000	8,189,000	23,775,000	6,750,021	2,032,294	205,652	11,625,000	6,595,850	75,832,294	21,740,523
2019-2023	12,380,000	996,787	10,620,000	2,248,894	-	-	11,625,000	4,079,225	34,625,000	7,324,906
2024-2028	-	-	2,110,000	110,775	-	-	11,625,000	1,562,600	13,735,000	1,673,375
2029-2033	-	-	-	-	-	-	500,000	10,525	500,000	10,525
	<u>90,235,000</u>	<u>26,932,369</u>	<u>57,950,000</u>	<u>21,260,243</u>	<u>3,908,523</u>	<u>816,030</u>	<u>49,554,052</u>	<u>21,746,312</u>	<u>201,647,575</u>	<u>70,754,954</u>
Add: Bond premium	2,019,480	-	-	-	-	-	-	-	2,019,480	-
Less: Gain on defeasance (net of amortization)	(2,235,895)	-	-	-	-	-	-	-	(2,235,895)	-
	<u>\$90,018,585</u>	<u>\$26,932,369</u>	<u>\$57,950,000</u>	<u>\$21,260,243</u>	<u>\$ 3,908,523</u>	<u>\$ 816,030</u>	<u>\$49,554,052</u>	<u>\$21,746,312</u>	<u>\$ 201,431,160</u>	<u>\$70,754,954</u>
Business-type Activities:										
2009	\$ 15,000	\$ 50,985	\$ 3,160,000	\$ 2,008,175	\$ -	\$ -	\$ -	\$ -	\$ 3,175,000	\$ 2,059,160
2010	16,000	50,366	3,465,000	1,842,550	-	-	-	-	3,481,000	1,892,916
2011	16,000	49,706	3,780,000	1,661,425	-	-	-	-	3,796,000	1,711,131
2012	17,000	49,046	947,326	2,599,159	-	-	-	-	964,326	2,648,205
2013	18,000	48,345	930,519	2,614,379	-	-	-	-	948,519	2,662,724
2014-2018	100,000	230,175	9,970,936	7,748,564	-	-	-	-	10,070,936	7,978,739
2019-2023	120,000	207,900	14,195,000	3,533,125	-	-	-	-	14,315,000	3,741,025
2024-2028	149,000	180,840	-	-	-	-	-	-	6,899,000	522,590
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
	<u>1,236,000</u>	<u>1,185,319</u>	<u>43,198,781</u>	<u>22,349,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,434,781</u>	<u>23,534,446</u>
Less: Gain on defeasance (net of amortization)	-	-	(3,186,534)	-	-	-	-	-	(3,186,534)	-
	<u>\$ 1,236,000</u>	<u>\$ 1,185,319</u>	<u>\$40,012,247</u>	<u>\$22,349,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,248,247</u>	<u>\$23,534,446</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 9- Long-term Obligations (continued)

F - Conduit Debt Obligations

The County's Industrial Facility and Pollution Control Financing Authority has at various times issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. On July 1, 2007, outstanding bonds in the amount of \$920,000 were redeemed. As of June 30, 2008, there were no industrial revenue bonds outstanding.

G - Defeasance of 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, 2008, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted \$52,215,000.

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 the certificates of participation and general obligation bonds have been adjusted for the gain from defeasance (net of amortization) of \$3,186,534 and \$2,235,895, respectively.

H - ABC Board Note Payable

In the current year, the Board entered into a note payable with the County for \$380,000 for purchase of building and land. The Board's note payable at June 30, 2008 is comprised of the following individual issues:

Note payable in quarterly installments, in the amount of \$4,583; interest is at 2% below prime	\$ 229,167
Note payable in quarterly installments of \$9,190 including Interest at a fixed rate of 5.25%	<u>362,854</u>
Total	592,021
Less current portion	<u>(36,397)</u>
Noncurrent portion	<u>\$ 555,624</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 9- Long-term Obligations (continued)

H – ABC Board Note Payable (continued)

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

	<u>Principal</u>
2009	\$ 36,397
2010	37,364
2011	38,383
2012	39,456
2013	40,587
2014-2018	222,141
2019-2023	177,693
	<u>\$ 592,021</u>

I - General Obligation Bonds - Eastover Sanitary District

The general obligation bonds of the District, which are for the acquisition and construction of a major sanitary system capital improvement, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due. There were no issuances in fiscal year 2008. Principal payments amounted to \$48,000 during fiscal year 2008.

The District's general obligation bonds payable at June 30, 2008 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%. \$ 2,670,500

\$1,102,000 General Obligation Water Bonds, Series 2002B
 Serial bonds payable annually from June 1, 2003 through June 1, 2042 in amounts ranging from \$0 to \$46,000;
 Interest is paid annually at rate of 4.75%. 1,053,000

Total	3,723,500
Less current portion	<u>(50,500)</u>
Noncurrent	<u>\$ 3,673,000</u>

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 9- Long-term Obligations (continued)

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

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

	Eastover Sanitary District	
	Principal	Interest
2009	\$ 50,500	\$ 166,852
2010	52,500	164,590
2011	55,000	162,239
2012	57,500	159,774
2013	59,500	157,199
2014-2018	342,500	743,321
2019-2023	427,000	659,348
2024-2028	531,000	554,724
2029-2033	661,500	424,471
2034-2038	806,500	262,777
2039-2043	680,000	76,100
	<u>\$ 3,723,500</u>	<u>\$ 3,531,395</u>

J - Eastover Sanitary District Note Payable

In the current year, the Board entered into a note payable with the County for \$250,000 for the construction of a sewer line extension. The District's note payable at June 30, 2008 is comprised of the following:

Note payable in annual installments, in the amount of \$25,000 from 2010 to 2013; interest is at 5.29% per annum. \$ 250,000

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

	Principal
2010	\$ 25,000
2011	25,000
2012	25,000
2013	175,000
	<u>\$ 250,000</u>

The following is a summary of changes in the District's long-term obligations as of June 30, 2008:

	Balance June 30, 2007	Additions	Payments	Balance June 30, 2008	Current Portion of Long-term Liabilities
Eastover Sanitary District					
General obligation bonds payable	\$ 3,771,500	\$ -	\$ 48,000	\$ 3,723,500	\$ 50,500
Notes payable	-	250,000	-	250,000	-
Total	<u>\$ 3,771,500</u>	<u>\$ 250,000</u>	<u>\$ 48,000</u>	<u>\$ 3,973,500</u>	<u>\$ 50,500</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

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, 2008 is as follows:

	Payable Fund					Total
	General	Gray's Creek Middle School	Nonmajor Governmental	Cumberland County Crown Center	Fiduciary	
Receivable Fund						
General	\$ -	\$ 34,059	\$ 380,912	\$ 5,500	\$ 410	\$ 420,881
Solid waste	232,442	-	-	-	-	232,442
Total	\$ 232,442	\$ 34,059	\$ 380,912	\$ 5,500	\$ 410	\$ 653,323

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

Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2008 is summarized below:

	Transfer in:						Total
	General	County School	Health Department Building	Nonmajor Governmental	Cumberland County Crown Center	Internal service	
Transfer out:							
General	\$ -	\$ 1,795,969	\$ 20,000	\$ 2,324,409	\$ 3,347,517	\$ 1,056,736	\$ 8,544,631
County School	3,884,708	-	-	-	-	-	3,884,708
Nonmajor governmental	69,799	-	-	70,000	4,094,201	-	4,234,000
Crown Center	55,193	-	-	-	-	-	55,193
Total Transfers out	\$ 4,009,700	\$ 1,795,969	\$ 20,000	\$ 2,394,409	\$ 7,441,718	\$ 1,056,736	\$ 16,718,532

Transfers between the major funds, other nonmajor governmental and enterprise funds, and internal service funds were primarily to support capital projects (Sheriff's Training Facility) and operations of the funds.

Note 11 - Joint Venture

The County, in conjunction with the State of North Carolina and the Cumberland County Board of Education, participates in a joint venture to operate the Fayetteville Technical Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the last general obligation bond issue for this purpose, \$0 in debt is outstanding. During fiscal year 2005, the County refunded the outstanding \$3,260,000 Series 1994 FTCC bonds.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 11 - Joint Venture (continued)

The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. As a result of the refunding the County has \$1,780,000 in bonds outstanding at June 30, 2008 related to the Community College. In fiscal year 2006, the County entered into a note payable for \$4,300,000 that is being used as part of the required local match for the community college in order to access the North Carolina State construction bond funds. At June 30, 2008 the outstanding note balance is \$2,673,393.

The County contributed \$7,977,015 and \$1,102,777 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2008. In addition, the County made debt service payments of \$434,350 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2008. Complete financial statements for the community college may be obtained from the Fayetteville Technical Community College's administrative offices at 2201 Hull Road, Fayetteville, North Carolina 28303.

Note 12 - Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 191,372,185	\$ 98,233,824
TANF	4,737,950	(2,553)
Special Assistance for Adults	-	2,124,773
Energy Assistance	575,731	-
Adoption Subsidy	-	964,977
WIC Food Vouchers	9,025,468	-
Adoption Assistance	1,000,022	280,591
	<u>\$ 206,711,356</u>	<u>\$ 101,601,612</u>

Note 13 - Leases

A - Lessor Arrangements

Operating Lease

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 13 - Leases (continued)

A - Lessor Arrangements (continued)

Operating Lease (continued)

Remaining payments are as follows:

2009	\$	7,935
2010		7,935
2011		7,935
2012		7,935
2013		7,935
	\$	<u>39,675</u>

Management Lease

The County entered into a ten year lease and franchise agreement with Service America Corporation to provide food and beverage operations for the Cumberland County Civic Center Complex. Service America Corporation ("the franchisee") will pay sales commissions as outlined in the franchise agreement. The minimum lease income to the County will be the greater of 60% of the prior year's commissions paid or \$250,000. In no case shall the minimum lease income to the County be less than \$250,000 per year.

Under a management lease agreement entered into on June 16, 1998, effective as of March 15, 1998, and amended on April 30, 1999, Cumberland County shall lease to the Health System all land, buildings, furniture, equipment, and other facilities owned by the County which are used in connection with the operation of the two facilities known as Cape Fear Valley Medical Center and Highsmith-Rainey Memorial Hospital.

The term of the amended lease commenced on May 1, 1999 and shall terminate on April 30, 2029, provided, however, that after March 15, 2001, the County may terminate this lease as of April 30 in any year by giving the Health System at least one year's written notice prior to the April 30, as of which such termination shall be effective. Upon termination of this agreement, all of the land, buildings, furniture, equipment and other facilities leased hereunder shall revert to and vest fully in the County without any further action or notice required. Upon the County's request, however, the Health System will upon such termination quitclaim and assign to the County or its designee all the Health System's assets, claims, entitlements, rights, funds, equipment and property of every nature. The Health System further agrees, upon written request of the County, to dissolve the Corporation in accordance with its corporate charter and the General Statutes of North Carolina, and expeditiously to wind up its affairs.

The annual rent payments include a base rent for all property leased annually beginning July 1, 1999, and annually thereafter as long as the lease shall be in effect. Additionally, an amount equal to the ad valorem taxes that would have been received by the County on any real property acquired by or for the use of the Health System after January 1, 1998, will be paid annually.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 13 - Leases (continued)

A - Lessor Arrangements (continued)

Management Lease (continued)

Future minimum rental payments required under the operating lease for the two facilities known as Cape Fear Valley Medical Center and Highsmith-Rainey Memorial Hospital are as follows:

<u>Fiscal Year</u> <u>End</u>	<u>Health</u> <u>System</u>
2009	\$ 3,065,000
2010	3,065,000
2011	3,065,000
2012	3,065,000
2013-2017	15,325,000
2018-2022	15,325,000
2023-2027	15,325,000
2027-2028	3,065,000
	<u>\$ 61,300,000</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 2011. At June 30, 2008 future minimum lease payments under all leases are as follows:

2009	\$ 120,496
2010	104,760
2011	63,642
	<u>\$ 288,898</u>

Total rent expense under leases for the year ended June 30, 2008 was \$132,905.

The Fayetteville Area Convention and Visitors Bureau leases real property for its operations from the County. The lease agreement expired on June 30, 2003. Pending the establishment of a new lease agreement, the Bureau is renting this space on a month-to-month basis. Total rent expense under leases for the year ended June 30, 2008 was \$10,000.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2008

Note 14 - Contingent Liabilities

Federal and State Assisted Programs

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

Claims and judgments

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

Arbitrage

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

Note 15 - Deferred Compensation Plan

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

Note 16 - Law Enforcement and Alcoholic Education Expenses

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

Note 17 - Subsequent Events

The County had planned to issue Certificates of Participation for construction of a new library and elementary school in October 2008. Due to the recent instability in the financial market, the County has decided to postpone that issuance until the first quarter of 2009. The County will continually evaluate market conditions and decide how best to finance the two projects. In the interim, the Board of Education will use sales tax and lottery proceeds to begin initial site work.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

<u>Calendar Year</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll (b-a/c)</u>
1997	\$ 768,307	\$ 828,588	\$ 60,281	92.72%	\$ 7,438,100	0.81%
1998	814,479	971,723	157,244	83.82%	9,226,176	1.70%
1999	766,749	1,065,499	298,750	71.96%	9,784,928	3.05%
2000	726,819	1,759,985	1,033,166	41.30%	10,019,486	10.31%
2001	708,456	1,706,390	997,934	41.52%	9,483,327	10.52%
2002	619,478	1,783,284	1,163,806	34.74%	9,142,355	12.73%
2003	894,510	1,919,964	1,025,454	46.59%	8,955,910	11.45%
2004	992,117	2,359,322	1,367,205	42.05%	9,573,312	14.28%
2005	1,131,826	2,216,448	1,084,622	51.06%	10,803,871	10.04%
2006	1,275,277	2,558,408	1,283,131	49.85%	11,373,709	11.28%
2007	1,415,764	3,227,956	1,812,192	43.86%	12,572,094	14.41%

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2000	\$ 99,631	16.97%
2001	122,612	20.06%
2002	213,334	7.65%
2003	206,748	77.39%
2004	214,216	93.34%
2005	203,462	108.13%
2006	242,845	90.50%
2007	221,473	117.30%
2008	248,532	104.60%
2009	289,058	N/A

Notes to Required Schedules

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 years
Asset valuation method	Market value
Actuarial assumption	
Investment rate of return*	7.25%
Projected salary increase	4.5 to 12.3%
* Includes inflation at	3.75%
Cost-of-living adjustments	N/A

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

<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%

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	23.29%

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	12/31/2005
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	12.00% to 6.00%
Year of Ultimate trend rate	2010
* Includes inflation at	3.75%
Cost-of-living adjustments	N/A

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

MAJOR FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Comparative Balance Sheets
General Fund**

June 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 43,610,538	\$ 41,178,882
Investments	44,278,816	46,698,439
Taxes receivable, net	3,787,185	4,430,797
Sales tax receivable	12,303,371	11,264,059
Due from other governments	7,823,735	9,478,795
Patient receivables	1,468,727	1,802,174
Other receivables, net	914,994	1,068,887
Due from other funds	420,881	466,793
Due from component units	754,725	151,903
Inventories	230,328	250,613
Restricted assets		
Cash and cash equivalents	<u>15,775</u>	<u>399,801</u>
Total assets	<u>\$ 115,609,075</u>	<u>\$ 117,191,143</u>
 LIABILITIES AND FUND BALANCE 		
Liabilities		
Accounts and vouchers payable	\$ 7,183,860	\$ 6,009,881
Due to other governments	2,774,079	3,717,247
Accrued payroll	3,120,461	3,841,979
Other payables	38,656	43,006
Due to other funds	232,442	223,508
Deferred revenues	<u>4,542,817</u>	<u>5,243,638</u>
Total liabilities	<u>17,892,315</u>	<u>19,079,259</u>
Fund balance		
Reserved for inventories	230,328	250,613
Reserved for register of deeds	463,139	254,065
Reserved for encumbrances	7,087,448	6,620,116
Reserved by State statute	23,207,371	23,704,328
Unreserved (available for future appropriation)		
Designated for subsequent year's expenditures	15,778,274	14,711,456
Designated for revaluation	175,000	150,000
Designated for tax office software	1,000,000	655,072
Designated for potential Medicaid increase	-	1,500,000
Designated for backup E911 system	-	73,004
Designated for renovations and maintenance	3,258,222	454,516
Designated for Courthouse/plaza repairs	262,793	2,622,136
Designated for Health Department renovations	-	1,606,150
Designated for Hope VI Project	3,375,000	3,120,000
Designated for special purposes	876,004	1,351,235
Undesignated	<u>42,003,181</u>	<u>41,039,193</u>
Total fund balance	<u>97,716,760</u>	<u>98,111,884</u>
Total liabilities and fund balance	<u>\$ 115,609,075</u>	<u>\$ 117,191,143</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes				
Current year	\$ 124,619,573	\$ 125,954,067	\$ 1,334,494	\$ 120,359,554
Prior years	2,009,455	1,766,106	(243,349)	1,961,414
Penalties and interest	1,497,663	1,475,502	(22,161)	1,492,698
Motor vehicle - current	13,630,876	13,964,317	333,441	13,290,395
Motor vehicle - prior	2,195,377	2,296,833	101,456	2,231,017
Other	350,000	447,224	97,224	420,007
Total ad valorem taxes	144,302,944	145,904,049	1,601,105	139,755,085
Other taxes				
Dog registration fees	510,000	348,201	(161,799)	367,631
Real estate transfer	1,042,214	1,184,893	142,679	1,515,828
Beer and wine	695,840	507,004	(188,836)	489,287
Sales	42,610,995	46,170,420	3,559,425	43,227,809
Total other taxes	44,859,049	48,210,518	3,351,469	45,600,555
Unrestricted intergovernmental revenues				
Federal	610,000	343,226	(266,774)	668,345
State government	218,560	249,530	30,970	209,324
Fayetteville	5,445,296	6,030,212	584,916	5,472,354
Municipalities	210,915	289,182	78,267	202,652
Other governmental	1,000,000	999,450	(550)	1,220,958
Total unrestricted intergovernmental revenues	7,484,771	7,911,600	426,829	7,773,633
Restricted intergovernmental revenues				
Federal	499,245	482,763	(16,482)	496,415
NC health programs	5,008,607	4,572,081	(436,526)	4,668,389
NC mental health programs	15,708,218	14,898,238	(809,980)	12,723,587
NC social services programs	39,244,168	37,926,008	(1,318,160)	37,052,435
NC library programs	951,539	898,090	(53,449)	853,725
NC other restricted revenue	599,855	707,897	108,042	999,858
Other restricted revenue	641,196	838,931	197,735	573,442
Total restricted intergovernmental revenues	62,652,828	60,324,008	(2,328,820)	57,367,851

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues (continued)				
Licenses and permits				
Inspection department permits	\$ 1,219,800	\$ 891,838	\$ (327,962)	\$ 1,179,153
Marriage licenses	89,800	120,090	30,290	116,940
Register of Deeds fees	1,658,375	1,753,592	95,217	2,000,600
Miscellaneous permits	-	75,787	75,787	410,665
Total licenses and permits	2,967,975	2,841,307	(126,668)	3,707,358
Sales and services				
Health department fees	2,728,550	3,195,386	466,836	2,885,903
Library fees	229,614	262,982	33,368	314,225
Mental health department fees	7,689,640	6,069,968	(1,619,672)	5,915,420
Sheriff department fees	2,547,308	2,561,673	14,365	2,371,134
Social services fees	196,490	187,449	(9,041)	163,980
Other department fees	1,784,248	2,273,414	489,166	1,966,141
Total sales and services	15,175,850	14,550,872	(624,978)	13,616,803
Interest earned on investments	3,151,147	4,346,452	1,195,305	5,876,314
Miscellaneous				
Other restricted revenue	-	60,000	60,000	99,772
Miscellaneous	281,964	407,061	125,097	617,220
Rent, land, and buildings	5,249,488	5,047,530	(201,958)	4,349,859
Sales miscellaneous	5,080	6,655	1,575	8,660
Litigation Settlement	-	171,948	171,948	-
Special assessments	-	-	-	188
Total miscellaneous	5,536,532	5,693,194	156,662	5,075,699
Total revenues	286,131,096	289,782,000	3,650,904	278,773,298

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Expenditures				
Current				
General government				
Governing body	\$ 472,204	\$ 451,409	\$ 20,795	\$ 450,178
Administration	1,498,689	1,443,014	55,675	1,322,614
Court facilities	192,894	128,517	64,377	51,091
Information services	1,802,568	1,670,546	132,022	1,497,043
Elections	1,120,726	1,026,611	94,115	817,758
Finance	1,025,231	963,711	61,520	882,981
Legal	627,354	621,596	5,758	558,885
Register of Deeds	2,532,356	2,220,418	311,938	1,832,170
Tax assessor	4,371,273	3,941,458	429,815	3,787,527
Print & graphics shop	210,175	208,460	1,715	218,887
Public Building	2,476,897	2,060,721	416,176	1,730,578
Communications center	162,742	150,775	11,967	136,778
Carpenter shop	184,276	176,916	7,360	173,238
Public buildings - equipment maintenance	1,017,699	998,936	18,763	875,649
Public buildings - janitorial	636,049	594,775	41,274	586,374
Central maintenance	1,051,386	919,914	131,472	734,312
Landscaping and grounds	698,307	675,758	22,549	556,535
General government other	9,805,522	4,763,305	5,042,217	4,389,219
Total general government	29,886,348	23,016,840	6,869,508	20,601,817
Public safety				
Emergency services	1,335,948	1,232,622	103,326	1,375,555
Sheriff	21,691,735	21,632,214	59,521	20,549,536
Jail	10,747,547	10,439,558	307,989	9,829,130
School law enforcement-local	2,940,165	2,933,950	6,215	2,753,609
Sheriff's grants	243,811	160,965	82,846	-
Local law enforcement	98,723	-	98,723	-
Law enforcement block grant 01	52,045	52,045	-	102,683
Cops more grant 96	-	-	-	197,446
Law enforcement block grant 97	-	-	-	7,374
Animal Control	1,253,180	1,246,763	6,417	996,145
Public safety other	1,070,089	1,030,374	39,715	1,135,452
Cumberland day reporting center	255,231	248,775	6,456	223,674
Criminal justice unit	343,203	287,725	55,478	323,161
Community correction - probation	78,286	63,121	15,165	65,209
Total public safety	40,109,963	39,328,112	781,851	37,558,974

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Economic and physical development				
Planning and inspections department	\$ 3,047,699	\$ 2,810,268	\$ 237,431	\$ 3,211,766
Engineering	260,207	251,488	8,719	229,119
NC cooperative extension service	619,627	560,017	59,610	497,747
Soil conservation district	70,631	67,467	3,164	67,717
Soil conservation cost	52,124	51,423	701	48,874
Economic physical development - other	466,325	434,082	32,243	433,965
Industrial park	94,210	70,006	24,204	53,117
Public utilities	154,414	141,192	13,222	145,733
Total economic and physical development	4,765,237	4,385,943	379,294	4,688,038
Human services				
Mental Health				
Child and youth contracts	544,903	211,755	333,148	331,267
Adolescent sex offender treatment	98,745	56,484	42,261	77,072
Family preservation	316,843	262,491	54,352	335,946
Mental Health - Homeless child	58,616	58,191	425	54,536
Smart Start	276,456	252,611	23,845	222,140
Mental Health - CBA in-home	21,258	-	21,258	-
Periodic outpatient service	778,745	518,939	259,806	627,558
Mental Health - Winding creek	251,750	48,857	202,893	75,071
Mental Health - Adolescent group home	-	-	-	80,353
Mental Health - Adult homeless	89,866	81,282	8,584	77,046
Juvenile Crime prevention	199,645	151,036	48,609	171,759
Case management and referral - SA	-	-	-	19,654
High risk primary prevention	-	-	-	4,692
NC Treatment Alternative to street crime	426,704	348,578	78,126	293,720
NC Adolescent Substance Abuse	-	-	-	95,450
Alcohol/Drug - Women	-	-	-	60,177
Mental Health - Substance abuse - periodic	-	-	-	519,732
Mental Health - substance abuse contracts	2,087,824	1,091,440	996,384	553,472
Mental Health - Workfirst	-	-	-	87,621
Detoxification	1,062,036	759,857	302,179	707,088
Consultation and education	-	-	-	200
Mental Health - ABLE	-	-	-	2,027
Mental Health - Autism	-	-	-	107
Developmental disabled contracts	2,668,163	1,717,036	951,127	1,487,366
Mental Health - Child Outpatient	5,000	-	5,000	-
Mental Health - Case Management	-	-	-	206,526
Partial hospitalization	-	-	-	528,025
Mental Health - Adult contracts	2,081,244	556,951	1,524,293	546,771
Mental Health - Crisis stabilization	940,419	775,435	164,984	710,693
Mental Health - Adult periodic	1,622,724	1,165,321	457,403	1,026,225

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Mental Health (continued)				
Willie M. - Lakewood	\$ -	\$ -	\$ -	\$ 1
Willie M. - Case management	-	-	-	213,403
Willie M. - Child respite	649,373	492,810	156,563	407,240
Willie M. - Alternative family living	4,013,976	3,642,643	371,333	2,383,077
Willie M. - Outpatient treatment	123,168	80,857	42,311	62,239
Willie M. - Administration	177,043	120,604	56,439	181,940
Mental Health Department	855,060	700,080	154,980	602,164
Medical services	2,873,547	2,213,271	660,276	2,010,821
Claims Management	344,884	258,893	85,991	279,065
Mental Health - Medical records	368,973	277,691	91,282	294,661
Mental Health - MIS	1,178,486	514,826	663,660	529,764
Mental Health - Personnel	155,225	136,260	18,965	138,149
Mental Health - Medicaid contracts	1,506,750	1,126,971	379,779	1,124,318
Thomas S. - Mentally retarded and ill contracts	723,290	451,169	272,121	721,279
Thomas S. - Crisis diversion	-	-	-	10,451
Mental Health - Majors Grant	-	-	-	38,354
Mental Health - Managed Care	277,610	61,520	216,090	44,706
Mental Health - RCE - TASC	1,790,847	1,760,900	29,947	1,428,187
Mental Health - Adult Community Services	-	-	-	245,385
Business management and accounting	571,691	495,492	76,199	521,903
Provider relations	193,621	182,282	11,339	211,040
Mental Health - Access Line	923,571	680,223	243,348	665,174
Mental Health - Service management	802,966	575,858	227,108	482,159
Mental Health - Consumer affairs and customer service	389,792	289,703	100,089	255,296
Mental Health - Quality improvement and outcome evaluation	772,550	682,882	89,668	648,857
Mental Health - CTSP Court Order evaluation	124,500	65,698	58,802	44,141
Subtotal - mental health	32,347,864	22,866,897	9,480,967	22,446,068

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Health				
Health - administration	\$ 1,590,005	\$ 1,523,220	\$ 66,785	\$ 1,427,616
Laboratory	350,420	315,142	35,278	365,447
Mosquito control	93,019	58,400	34,619	50,162
Pharmacy	406,293	395,661	10,632	302,436
C. C. Jail Health program	1,472,979	1,358,050	114,929	1,318,045
Management Support	316,872	302,049	14,823	266,886
NC Environmental Health	1,532,323	1,497,239	35,084	1,394,025
Immunization clinic	517,795	470,556	47,239	404,370
School health program	822,810	721,912	100,898	693,817
Neurological	25,000	3,626	21,374	-
C.C. Wellness program	48,431	39,831	8,600	24,181
Child health clinic	726,354	716,435	9,919	696,553
Dental clinic	333,581	315,880	17,701	333,602
Health promotion	311,673	306,491	5,182	301,281
Maternal health clinic	584,779	488,979	95,800	425,951
Medical records	226,680	215,057	11,623	196,490
Childhood lead poison prevention	3,500	3,456	44	3,763
Breast/cervical cancer	88,372	74,230	14,142	39,370
Child Service Coordination	660,142	549,106	111,036	614,017
Child fatality prevention	3,898	3,501	397	3,618
BCCCP-CVD screening	58,800	41,734	17,066	54,344
Chest TB clinic	207,171	197,456	9,715	108,951
Family planning clinic	824,311	766,094	58,217	869,063
NC Epilepsy program	6,100	517	5,583	1,541
NC General Communicable Disease	378,730	270,838	107,892	379,690
CDC tuberculosis project	62,280	55,536	6,744	55,432
NC AIDS	89,273	59,990	29,283	65,309
Adult health clinic	814,102	718,428	95,674	518,507
School health	477,443	450,001	27,442	432,632
WIC - Clinic services	1,807,720	1,677,083	130,637	1,626,319
Health - other	166,027	143,815	22,212	168,640
Regional Bioterrorism response grant	428,782	384,092	44,690	410,613
Local Health Alert Network	3,600	2,969	631	2,700
NC Bioterrorism Pandemic	74,825	74,799	26	53,267
Healthy Carolinians of Cumberland County	20,000	20,000	-	-
Bioterrorism preparedness and response	132,070	115,603	16,467	129,035
STD Clinic	337,247	326,817	10,430	290,862
South Central partnership	136,665	65,068	71,597	236,054
Maternal care coordination	615,780	598,052	17,728	564,179
Subtotal - health	16,755,852	15,327,713	1,428,139	14,828,768
Welfare				
Social services department	33,057,503	31,649,585	1,407,918	29,723,243
Social services - other	38,229,515	37,289,559	939,956	37,221,628
Grant - FV Care Center	404,853	386,776	18,077	412,551
Welfare - other	429,902	385,881	44,021	379,948
Subtotal - welfare	72,121,773	69,711,801	2,409,972	67,737,370

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Other human services				
Veterans' services	\$ 270,119	\$ 230,461	\$ 39,658	\$ 216,593
Spring Lake Resource Center - Admin	3,200	3,200	-	8,874
Subtotal - other human services	<u>273,319</u>	<u>233,661</u>	<u>39,658</u>	<u>225,467</u>
Total human services	<u>121,498,808</u>	<u>108,140,072</u>	<u>13,358,736</u>	<u>105,237,673</u>
Cultural and recreational				
Library	8,428,544	8,322,480	106,064	7,880,995
Library foreign language	47,114	43,084	4,030	39,707
Law library	198,976	168,872	30,104	197,281
Library - Smart Start	306,489	271,029	35,460	263,381
Motherread	76,927	66,688	10,239	72,337
Stadium maintenance	156,036	156,036	-	103,229
Culture recreation other	284,500	284,500	-	270,150
Total cultural and recreational	<u>9,498,586</u>	<u>9,312,689</u>	<u>185,897</u>	<u>8,827,080</u>
Education				
Public schools - current	70,713,056	70,660,096	52,960	65,897,226
Community colleges - current	7,977,015	7,977,015	-	7,690,263
Community colleges - capital outlay	2,015,093	1,102,777	912,316	3,436,946
Total education	<u>80,705,164</u>	<u>79,739,888</u>	<u>965,276</u>	<u>77,024,435</u>
Debt service				
Principal payments	13,950,333	13,950,329	4	13,435,630
Interest and fees	7,940,677	7,940,675	2	8,535,159
Total debt service	<u>21,891,010</u>	<u>21,891,004</u>	<u>6</u>	<u>21,970,789</u>
Total expenditures	<u>308,355,116</u>	<u>285,814,548</u>	<u>22,540,568</u>	<u>275,908,806</u>
Revenues over (under) expenditures	<u>(22,224,020)</u>	<u>3,967,452</u>	<u>26,191,472</u>	<u>2,864,492</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Other financing sources (uses)				
Sale of capital assets	\$ -	\$ 172,355	\$ 172,355	\$ 151,043
Transfers in	4,009,700	4,009,700	-	4,137,772
Transfers out	(9,209,683)	(8,544,631)	665,052	(7,676,180)
Fund balance appropriated	27,424,003	-	(27,424,003)	-
Total other financing sources (uses)	22,224,020	(4,362,576)	(26,586,596)	(3,387,365)
Revenues and other financing sources (uses) over expenditures	\$ -	(395,124)	\$ (395,124)	(522,873)
Fund balance				
Beginning of year - July 1		98,111,884		98,634,757
End of year - June 30		<u>\$ 97,716,760</u>		<u>\$ 98,111,884</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Revenues				
Other taxes	\$ 9,128,177	\$ 10,344,901	\$ 1,216,724	\$ 10,242,415
Unrestricted intergovernmental revenue	400,000	700,904	300,904	548,686
Restricted intergovernmental revenue	9,570,090	11,123,266	1,553,176	6,898,894
Interest earned on investments	-	375,437	375,437	529,061
Miscellaneous	-	110,265	110,265	165,765
Total revenues	19,098,267	22,654,773	3,556,506	18,384,821
Expenditures				
Education				
School capital outlay I	21,030,855	12,464,807	8,566,048	6,810,694
School capital outlay II	7,036,000	4,130,446	2,905,554	2,507,324
School capital outlay III	842,000	450,702	391,298	312,802
Total expenditures	28,908,855	17,045,955	11,862,900	9,630,820
Revenues over expenditures	(9,810,588)	5,608,818	15,419,406	8,754,001
Other financing sources (uses)				
Operating transfers in	1,898,112	1,795,969	(102,143)	-
Transfers (out)	(3,884,708)	(3,884,708)	-	(4,038,648)
Appropriated fund balance	11,797,184	-	(11,797,184)	-
Total other financing sources (uses)	9,810,588	(2,088,739)	(11,899,327)	(4,038,648)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	3,520,079	\$ 3,520,079	4,715,353
Fund balances				
Beginning of year - July 1		14,143,450		9,428,097
End of year - June 30		\$ 17,663,529		\$ 14,143,450

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, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ -	\$ -	\$ 15,284	\$ 15,284
Total revenues	-	-	-	15,284	15,284
Expenditures					
Capital outlay					
Health Department Building	27,986,300	185,184	-	1,552,332	1,737,516
Total expenditures	27,986,300	185,184	-	1,552,332	1,737,516
Revenues over (under) expenditures	(27,986,300)	(185,184)	-	(1,537,048)	(1,722,232)
Other financing sources (uses)					
Debt issuance	26,500,000	-	-	26,500,000	26,500,000
Transfers in	1,486,300	1,466,300	-	20,000	1,486,300
Total other financing sources	27,986,300	1,466,300	-	26,520,000	27,986,300
Revenues and other financing sources over (under) expenditures	\$ -	\$ 1,281,116	\$ -	24,982,952	\$ 26,264,068
Fund balance					
Beginning of year - July 1				1,281,116	
End of year - June 30				\$ 26,264,068	

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, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ -	\$ -	\$ 109,621	\$ 109,621
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,621</u>	<u>109,621</u>
Expenditures					
Capital outlay					
NC school bond project	19,982,916	-	-	6,581,351	6,581,351
Debt service	<u>17,084</u>	<u>-</u>	<u>-</u>	<u>17,084</u>	<u>17,084</u>
Total expenditures	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>6,598,435</u>	<u>6,598,435</u>
Revenues over (under) expenditures	<u>(20,000,000)</u>	<u>-</u>	<u>-</u>	<u>(6,488,814)</u>	<u>(6,488,814)</u>
Other financing sources (uses)					
Debt issuance	20,000,000	-	-	20,000,000	20,000,000
Total other financing sources	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>20,000,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,511,186</u>	<u>\$ 13,511,186</u>
Fund balance					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ 13,511,186</u>	

NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 20,420,957	\$ -	\$ -	\$ 20,420,957
Investments	1,612,268	-	-	1,612,268
Taxes receivable, net	395,839	-	-	395,839
Sales tax receivable	43,985	3,657	-	47,642
Due from other governments	756,324	-	-	756,324
Other receivables, net	542,913	-	-	542,913
Restricted assets:				
Cash and cash equivalents	74,093	929,513	4,596	1,008,202
Investments	-	100,741	34,929	135,670
Accounts receivable	-	29,687	-	29,687
Total assets	\$ 23,846,379	\$ 1,063,598	\$ 39,525	\$ 24,949,502
Liabilities and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ 999,641	\$ 30,757	\$ 400	\$ 1,030,798
Due to other governments	15,127	-	-	15,127
Accrued payroll	89,543	-	-	89,543
Other payables	2,575	-	-	2,575
Due to other funds	369,351	11,561	-	380,912
Deferred revenue	842,421	-	-	842,421
Total liabilities	2,318,658	42,318	400	2,361,376
Fund balances:				
Reserved:				
Reserved for encumbrances	319,819	-	-	319,819
Reserved by State statute	896,640	33,344	-	929,984
Reserved for inmates	54,648	-	-	54,648
Reserved for cemetery	-	-	39,125	39,125
Designated for subsequent year's expenditures	3,021,881	-	-	3,021,881
Undesignated	17,234,733	987,936	-	18,222,669
Total fund balances	21,527,721	1,021,280	39,125	22,588,126
Total liabilities and fund balances	\$ 23,846,379	\$ 1,063,598	\$ 39,525	\$ 24,949,502

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ 7,935,995	\$ -	\$ -	\$ 7,935,995
Other taxes	4,777,776	-	-	4,777,776
Unrestricted intergovernmental revenue	108,000	-	-	108,000
Restricted intergovernmental revenue	9,944,310	90,457	-	10,034,767
Sales and services	369,467	4,142	-	373,609
Interest earned on investments	845,843	-	1,772	847,615
Miscellaneous	834,967	-	2,400	837,367
Total revenues	<u>24,816,358</u>	<u>94,599</u>	<u>4,172</u>	<u>24,915,129</u>
Expenditures				
Current:				
General government	510,873	-	1,600	512,473
Public safety	6,657,850	-	-	6,657,850
Economic and physical development	8,364,884	-	-	8,364,884
Human services	1,777,802	-	-	1,777,802
Cultural and recreational	2,870,992	86,254	-	2,957,246
Education	-	-	-	-
Capital outlay	90,357	962,168	-	1,052,525
Principal payments	150,000	-	-	150,000
Interest and fees	27,039	-	-	27,039
Total expenditures	<u>20,449,797</u>	<u>1,048,422</u>	<u>1,600</u>	<u>21,499,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,366,561</u>	<u>(953,823)</u>	<u>2,572</u>	<u>3,415,310</u>
Other financing sources (uses)				
Transfers in	1,921,447	472,962	-	2,394,409
Transfers out	(4,234,000)	-	-	(4,234,000)
Total other financing sources (uses)	<u>(2,312,553)</u>	<u>472,962</u>	<u>-</u>	<u>(1,839,591)</u>
Net change in fund balances	2,054,008	(480,861)	2,572	1,575,719
Fund balance - beginning	<u>19,473,713</u>	<u>1,502,141</u>	<u>36,553</u>	<u>21,012,407</u>
Fund balance - ending	<u>\$ 21,527,721</u>	<u>\$ 1,021,280</u>	<u>\$ 39,125</u>	<u>\$ 22,588,126</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

(continued)

	Prepared Food and Beverage Fund	Wireless 911 Emergency Fund	Wireless 911 Fund	Workforce Development Fund	Industrial Development Fund	Water and Sewer Fund	Property Revaluation Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund
Assets										
Cash and cash equivalents	\$ 4,902,933	\$ 2,766,977	\$ 2,285,010	\$ 298,856	\$ 3,656,248	\$ 2,656,673	\$ 367,104	\$ 1,421,352	\$ 394,058	\$ 100,512
Investments	-	536,557	-	-	503,189	496,986	-	-	-	-
Taxes receivable, net	-	2,465	63	15,725	-	33	702	138,691	858	820
Sales tax receivable	-	57,866	-	381,177	-	-	-	1,631	-	94,096
Due from other governments	-	5,144	114,538	-	5,209	406,640	-	-	-	11,382
Other receivables, net	-	-	-	-	-	-	-	-	-	-
Restricted assets:										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 4,902,933	\$ 3,369,029	\$ 2,399,611	\$ 695,758	\$ 4,164,646	\$ 3,560,331	\$ 367,806	\$ 1,561,674	\$ 394,916	\$ 206,810
Liabilities and fund balances										
Liabilities:										
Accounts and vouchers payable	\$ -	\$ 79,530	\$ 43	\$ 122,023	\$ 22,669	\$ -	\$ 1,214	\$ 73,678	\$ 216,214	\$ 63,060
Due to other governments	-	8,124	-	32,513	-	-	-	4,732	-	8,987
Accrued payroll	-	-	-	-	-	-	-	-	-	1,056
Other payables	-	-	-	-	-	-	9,965	-	12,992	357
Due to other funds	-	-	-	121,722	-	-	-	-	-	78,010
Deferred revenue	-	1,303	-	289,406	2,153	153,720	-	138,691	-	-
Total liabilities	-	89,957	43	565,664	24,822	153,720	11,179	217,101	229,206	151,480
Fund balances:										
Reserved:										
Reserved for encumbrances	-	96,782	19	26,964	5,322	37,577	-	140,000	300	11,904
Reserved by State statute	-	64,192	114,601	107,496	3,056	252,953	702	1,631	858	106,298
Reserved for inmates	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated for subsequent year's expenditures	-	305,918	231,178	-	141,655	2,000,000	-	181,000	-	-
Undesignated	4,902,933	2,813,180	2,053,770	(4,366)	3,989,791	1,116,081	355,925	1,021,942	164,552	(62,872)
Total fund balances	4,902,933	3,280,072	2,399,568	130,094	4,139,824	3,406,611	366,627	1,344,573	165,710	55,330
Total liabilities and fund balances	\$ 4,902,933	\$ 3,369,029	\$ 2,399,611	\$ 695,758	\$ 4,164,646	\$ 3,560,331	\$ 367,806	\$ 1,561,674	\$ 394,916	\$ 206,810

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

(concluded)

	Flea Hill Drainage District Fund	Community Development Fund	Fire Protection Fund	Federal Drug Forfeiture Fund	Federal Fortifire Treasury Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Downtown Revitalization Fund	Inmate Welfare Fund	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$ 5,134	\$ 33,588	\$ 402,329	\$ 644,591	\$ 58,799	\$ 185,321	\$ 10,672	\$ 230,800	\$ -	\$ 20,420,957
Investments	75,537	-	-	-	-	-	-	-	-	1,612,268
Taxes receivable, net	-	-	257,148	-	-	-	-	-	-	395,839
Sales tax receivable	-	13,543	-	8,145	-	-	-	-	-	43,985
Due from other governments	-	223,155	-	-	-	10	-	-	-	756,324
Other receivables, net	-	-	-	-	-	-	-	-	-	542,913
Restricted assets:										
Cash and cash equivalents	-	-	-	-	-	-	-	-	74,093	74,093
Total assets	\$ 80,671	\$ 270,286	\$ 659,477	\$ 652,736	\$ 58,799	\$ 185,321	\$ 10,682	\$ 230,800	\$ 74,093	\$ 23,846,379
Liabilities and fund balances										
Liabilities:										
Accounts and vouchers payable	\$ -	\$ 44,410	\$ 366,099	\$ 8,591	\$ -	\$ -	\$ 110	\$ -	\$ -	\$ 999,641
Due to other governments	-	1,398	-	-	-	-	-	-	-	15,127
Accrued payroll	-	13,924	-	8,417	-	-	-	-	2,552	89,543
Other payables	-	-	-	-	-	-	-	-	-	2,575
Due to other funds	-	152,726	-	-	-	-	-	-	16,893	369,351
Deferred revenue	-	-	257,148	-	-	-	-	-	-	842,421
Total liabilities	-	214,676	625,247	17,008	-	-	110	-	19,445	2,318,658
Fund balances:										
Reserved:										
Reserved for encumbrances	-	-	-	951	-	-	-	-	-	319,819
Reserved by State statute	-	236,698	-	8,145	-	-	10	-	-	896,640
Reserved for inmates	-	-	-	-	-	-	-	54,648	-	54,648
Unreserved:										
Designated for subsequent year's expenditures	80,671	(181,088)	34,230	464,502	58,799	185,321	10,562	230,800	-	3,021,881
Undesignated	80,671	55,610	34,230	635,728	58,799	185,321	10,572	230,800	54,648	17,234,733
Total fund balances	\$ 80,671	\$ 270,286	\$ 659,477	\$ 652,736	\$ 58,799	\$ 185,321	\$ 10,682	\$ 230,800	\$ 74,093	\$ 23,846,379

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2008

(continued)

	Prepared Food and Beverage Fund	911 Emergency Fund	Wireless 911 Emergency Fund	Workforce Development Fund	Industrial Development Fund	Water and Sewer Fund	Property Revaluation Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund
Revenues										
Ad valorem taxes	\$ 4,777,776	-	-	-	-	-	-	\$ 2,829,766	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental revenue	-	-	-	-	-	108,000	-	-	-	-
Restricted intergovernmental revenue	-	480,048	609,362	2,728,149	44,600	15,912	-	50,329	1,247,673	875,292
Sales and services	-	124,935	-	17,097	-	6,540	-	-	198,100	22,795
Interest earned on investments	191,120	134,986	78,547	-	168,641	125,841	11,848	63,217	9,191	4,611
Miscellaneous	-	1,437	-	161	-	427,047	-	982	-	-
Total revenues	4,968,896	721,376	687,909	2,745,407	213,241	683,340	11,848	2,944,294	1,454,964	902,698
Expenditures										
Current:										
General government	-	-	-	-	-	-	510,873	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	648,616	103,742	2,899,807	720,316	589,486	-	-	-	917,935
Human services	-	-	-	-	-	-	-	-	1,777,802	-
Cultural and recreational	3,588	-	-	-	-	-	-	2,967,404	-	-
Capital outlay	-	65,098	-	-	1,009	-	-	-	24,250	-
Principal payments	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	3,588	713,714	103,742	2,899,807	721,325	589,486	510,873	2,867,404	1,802,052	917,935
Excess (deficiency) of revenues over (under) expenditures	4,965,308	7,662	584,167	(154,400)	(508,084)	93,854	(499,025)	76,890	(347,088)	(15,237)
Other financing sources (uses)										
Transfers in	-	-	-	69,465	526,104	250,000	545,197	-	384,934	24,476
Transfers out	(4,140,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(4,140,000)	-	-	69,465	526,104	250,000	545,197	-	384,934	24,476
Net change in fund balances	825,308	7,662	584,167	(84,935)	18,020	343,854	46,172	76,890	37,846	9,239
Fund balance - beginning	4,077,625	3,272,410	1,815,401	215,029	4,121,804	3,062,757	310,455	1,267,683	127,864	46,091
Fund balance - ending	\$ 4,902,933	\$ 3,280,072	\$ 2,399,568	\$ 130,094	\$ 4,139,824	\$ 3,406,611	\$ 356,627	\$ 1,344,573	\$ 165,710	\$ 55,330

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2008

(concluded)

	North										Total Nonmajor Special Revenue Funds
	Flea Hill Drainage District Fund	Community Development Fund	Fire Protection Fund	Federal Drug Forfeiture Fund	Federal Treasury Substance Fund	Injured Animal Stabilization Fund	Downtown Revitalization Fund	Inmate Welfare Fund	Total Nonmajor Special Revenue Funds		
Revenues											
Ad valorem taxes	\$ -	\$ -	\$ 5,106,229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,935,995
Other taxes	-	-	-	-	-	-	-	-	-	-	4,777,776
Unrestricted intergovernmental revenue	-	-	-	-	-	-	-	-	-	-	108,000
Restricted intergovernmental revenue	-	2,452,636	-	1,324,318	20,074	8,002	-	-	-	-	9,944,310
Sales and services	-	-	-	-	-	-	-	-	-	-	369,467
Interest earned on investments	2,537	-	5,812	32,140	1,668	-	9,524	214	-	-	846,843
Miscellaneous	-	49,686	-	-	-	-	-	355,654	-	-	834,967
Total revenues	2,537	2,502,322	5,112,041	1,356,458	21,732	8,002	9,524	355,654	214	9,524	24,816,358
Expenditures											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	510,873
Public safety	-	-	5,321,036	835,453	-	5,889	-	495,472	-	-	6,657,850
Economic and physical development	-	2,484,982	-	-	-	-	-	-	-	-	8,364,884
Human services	-	-	-	-	-	-	-	-	-	-	1,777,802
Cultural and recreational	-	-	-	-	-	-	-	-	-	-	2,870,992
Capital outlay	-	-	-	-	-	-	-	-	-	-	90,357
Principal payments	-	150,000	-	-	-	-	-	-	-	-	150,000
Interest and fees	-	27,039	-	-	-	-	-	-	-	-	27,039
Total expenditures	-	2,662,021	5,321,036	835,453	-	5,889	-	495,472	-	27,039	20,449,797
Excess (deficiency) of revenues over (under) expenditures	2,537	(159,699)	(208,995)	521,005	21,732	2,113	9,524	(139,604)	-	9,524	4,366,561
Other financing sources (uses)											
Transfers in	-	121,271	-	-	-	-	-	-	-	-	1,921,447
Transfers out	-	-	(24,000)	(70,000)	-	-	-	-	-	-	(4,234,000)
Total other financing sources (uses)	-	121,271	(24,000)	(70,000)	-	-	-	-	-	-	(2,312,553)
Net change in fund balances	2,537	(38,428)	(232,995)	451,005	21,732	2,113	9,524	(139,604)	-	9,524	2,054,008
Fund balance - beginning	78,134	94,038	267,225	184,723	37,067	8,459	221,276	194,252	-	221,276	19,473,713
Fund balance - ending	\$ 80,671	\$ 55,610	\$ 34,230	\$ 635,728	\$ 58,799	\$ 10,572	\$ 230,800	\$ 54,648	\$ -	\$ 230,800	\$ 21,527,721

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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Revenues				
Other taxes	\$ 4,100,669	\$ 4,777,776	\$ 677,107	\$ 4,560,201
Interest earned on investments	50,000	191,120	141,120	200,445
Total revenues	<u>4,150,669</u>	<u>4,968,896</u>	<u>818,227</u>	<u>4,760,646</u>
Expenditures				
Cultural and recreational	8,131	3,588	4,543	4,338
Total expenditures	<u>8,131</u>	<u>3,588</u>	<u>4,543</u>	<u>4,338</u>
Revenues over expenditures	<u>4,142,538</u>	<u>4,965,308</u>	<u>822,770</u>	<u>4,756,308</u>
Other financing sources (uses)				
Transfers (out)	(4,142,538)	(4,140,000)	2,538	(3,832,305)
Total other financing sources (uses)	<u>(4,142,538)</u>	<u>(4,140,000)</u>	<u>2,538</u>	<u>(3,832,305)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>825,308</u>	<u>\$ 825,308</u>	<u>924,003</u>
Fund balances				
Beginning of year - July 1		<u>4,077,625</u>		<u>3,153,622</u>
End of year - June 30		<u>\$ 4,902,933</u>		<u>\$ 4,077,625</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - 911 Emergency Fund
Year Ended June 30, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 837,256	\$ 460,048	\$ (377,208)	\$ 828,054
Sales and services	113,782	124,935	11,153	118,655
Interest earned on investments	-	134,956	134,956	140,396
Miscellaneous	6,000	1,437	(4,563)	716
Total revenues	<u>957,038</u>	<u>721,376</u>	<u>(235,662)</u>	<u>1,087,821</u>
Expenditures				
Capital outlay	100,598	65,098	35,500	24,361
Economic and physical development	882,874	648,616	234,258	681,940
Total expenditures	<u>983,472</u>	<u>713,714</u>	<u>269,758</u>	<u>706,301</u>
Revenues over expenditures	<u>(26,434)</u>	<u>7,662</u>	<u>34,096</u>	<u>381,520</u>
Other financing sources (uses)				
Appropriated fund balance	26,434	-	(26,434)	-
Total other financing sources (uses)	<u>26,434</u>	<u>-</u>	<u>(26,434)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>7,662</u>	<u>\$ 7,662</u>	<u>381,520</u>
Fund balances				
Beginning of year - July 1		<u>3,272,410</u>		<u>2,890,890</u>
End of year - June 30		<u>\$ 3,280,072</u>		<u>\$ 3,272,410</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Wireless 911 Emergency Fund
Year Ended June 30, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 215,000	\$ 609,362	\$ 394,362	\$ 325,567
Interest earned on investments	-	78,547	78,547	80,961
Miscellaneous	-	-	-	75,524
Total revenues	<u>215,000</u>	<u>687,909</u>	<u>472,909</u>	<u>482,052</u>
Expenditures				
Economic and physical development	215,000	103,742	111,258	37,699
Total expenditures	<u>215,000</u>	<u>103,742</u>	<u>111,258</u>	<u>37,699</u>
Revenues over expenditures	<u>-</u>	<u>584,167</u>	<u>584,167</u>	<u>444,353</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>584,167</u>	<u>\$ 584,167</u>	<u>444,353</u>
Fund balances				
Beginning of year - July 1		1,815,401		1,371,048
End of year - June 30		<u>\$ 2,399,568</u>		<u>\$ 1,815,401</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 5,083,498	\$ 2,728,149	\$ (2,355,349)	\$ 3,566,136
Sales and services	30,000	17,097	(12,903)	12,780
Miscellaneous	-	161	161	1
Total revenues	5,113,498	2,745,407	(2,368,091)	3,578,917
Expenditures				
Economic and physical development				
Workforce development administration	252,720	211,659	41,061	171,092
Workforce development	2,257,977	1,786,769	471,208	1,628,416
National emergency	1,955,124	274,470	1,680,654	1,398,197
Senior aides	652,206	625,466	26,740	404,235
Housing activities	65,824	-	65,824	-
Planning	54,000	1,443	52,557	-
Total expenditures	5,237,851	2,899,807	2,338,044	3,601,940
Revenues over expenditures	(124,353)	(154,400)	(30,047)	(23,023)
Other financing sources (uses)				
Transfers in	100,162	69,465	(30,697)	57,698
Appropriated fund balance	24,191	-	(24,191)	-
Total other financing sources (uses)	124,353	69,465	(54,888)	57,698
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(84,935)	\$ (84,935)	34,675
Fund balances				
Beginning of year - July 1		215,029		180,354
End of year - June 30		\$ 130,094		\$ 215,029

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Industrial Development Fund
Year Ended June 30, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 44,600	\$ 44,600	\$ -	\$ 497,473
Interest earned on investments	100,000	168,641	68,641	216,784
Miscellaneous	-	-	-	41,600
Total revenues	<u>144,600</u>	<u>213,241</u>	<u>68,641</u>	<u>755,857</u>
Expenditures				
Economic and physical development	835,663	720,316	115,347	812,260
Capital outlay	6,331	1,009	5,322	233,961
Total expenditures	<u>841,994</u>	<u>721,325</u>	<u>120,669</u>	<u>1,046,221</u>
Revenues over expenditures	<u>(697,394)</u>	<u>(508,084)</u>	<u>189,310</u>	<u>(290,364)</u>
Other financing sources (uses)				
Transfers in	526,104	526,104	-	526,104
Appropriated fund balance	171,290	-	(171,290)	-
Total other financing sources (uses)	<u>697,394</u>	<u>526,104</u>	<u>(171,290)</u>	<u>526,104</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>18,020</u>	<u>\$ 18,020</u>	<u>235,740</u>
Fund balances				
Beginning of year - July 1		<u>4,121,804</u>		<u>3,886,064</u>
End of year - June 30		<u>\$ 4,139,824</u>		<u>\$ 4,121,804</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Water and Sewer Fund
Year Ended June 30, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Revenues				
Unrestricted intergovernmental revenue	\$ -	\$ 108,000	\$ 108,000	\$ -
Restricted intergovernmental revenue	37,260	15,912	(21,348)	226,178
Sales and services	-	6,540	6,540	15,886
Interest earned on investments	50,000	125,841	75,841	188,121
Miscellaneous	-	87,047	87,047	219,174
Contribution	340,000	340,000	-	-
Total revenues	427,260	683,340	256,080	649,359
Expenditures				
Economic and physical development	1,315,192	589,486	725,706	1,999,463
Total expenditures	1,315,192	589,486	725,706	1,999,463
Revenues over expenditures	(887,932)	93,854	981,786	(1,350,104)
Other financing sources (uses)				
Transfers in	250,000	250,000	-	500,000
Transfers (out)	(250,000)	-	250,000	(19,492)
Appropriated fund balance	887,932	-	(887,932)	-
Total other financing sources (uses)	887,932	250,000	(637,932)	480,508
Revenues and other financing sources (uses) over (under) expenditures	\$ -	343,854	\$ 343,854	(869,596)
Fund balances				
Beginning of year - July 1		3,062,757		3,932,353
End of year - June 30		<u>\$ 3,406,611</u>		<u>\$ 3,062,757</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Property Revaluation Fund
Year Ended June 30, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ 3,000	\$ 11,848	\$ 8,848	\$ 10,317
Total revenues	<u>3,000</u>	<u>11,848</u>	<u>8,848</u>	<u>10,317</u>
Expenditures				
General government	562,061	510,873	51,188	481,130
Capital outlay	-	-	-	25,045
Total expenditures	<u>562,061</u>	<u>510,873</u>	<u>51,188</u>	<u>506,175</u>
Revenues over expenditures	<u>(559,061)</u>	<u>(499,025)</u>	<u>60,036</u>	<u>(495,858)</u>
Other financing sources (uses)				
Transfers in	545,197	545,197	-	553,119
Appropriated fund balance	13,864	-	(13,864)	-
Total other financing sources (uses)	<u>559,061</u>	<u>545,197</u>	<u>(13,864)</u>	<u>553,119</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>46,172</u>	<u>\$ 46,172</u>	<u>57,261</u>
Fund balances				
Beginning of year - July 1		<u>310,455</u>		<u>253,194</u>
End of year - June 30		<u>\$ 356,627</u>		<u>\$ 310,455</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes	\$ 2,854,185	\$ 2,829,766	\$ (24,419)	\$ 2,740,955
Restricted intergovernmental revenue	-	50,329	50,329	36,599
Interest earned on investments	35,000	63,217	28,217	120,665
Miscellaneous	1,000	982	(18)	37,532
Total revenues	<u>2,890,185</u>	<u>2,944,294</u>	<u>54,109</u>	<u>2,935,751</u>
Expenditures				
Culture and recreational	2,890,185	2,867,404	22,781	3,581,534
Capital outlay	140,000	-	140,000	1,190,035
Total expenditures	<u>3,030,185</u>	<u>2,867,404</u>	<u>162,781</u>	<u>4,771,569</u>
Revenues over expenditures	<u>(140,000)</u>	<u>76,890</u>	<u>216,890</u>	<u>(1,835,818)</u>
Other financing sources (uses)				
Appropriated fund balance	140,000	-	(140,000)	-
Total other financing sources (uses)	<u>140,000</u>	<u>-</u>	<u>(140,000)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>76,890</u>	<u>\$ 76,890</u>	<u>(1,835,818)</u>
Fund balances				
Beginning of year - July 1		<u>1,267,683</u>		<u>3,103,501</u>
End of year - June 30		<u>\$ 1,344,573</u>		<u>\$ 1,267,683</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,260,574	\$ 1,247,673	\$ (12,901)	\$ 1,290,366
Sales and services	204,211	198,100	(6,111)	182,248
Interest earned on investments	-	9,191	9,191	8,962
Total revenues	<u>1,464,785</u>	<u>1,454,964</u>	<u>(9,821)</u>	<u>1,481,576</u>
Expenditures				
General government	-	-	-	-
Human services				
Juvenile court outreach	1,187,799	1,111,240	76,559	1,134,204
Residential group home	693,176	690,812	2,364	636,804
Total expenditures	<u>1,880,975</u>	<u>1,802,052</u>	<u>78,923</u>	<u>1,771,008</u>
Revenues over expenditures	<u>(416,190)</u>	<u>(347,088)</u>	<u>69,102</u>	<u>(289,432)</u>
Other financing sources (uses)				
Transfers in	384,934	384,934	-	315,123
Appropriated fund balance	31,256	-	(31,256)	-
Total other financing sources (uses)	<u>416,190</u>	<u>384,934</u>	<u>(31,256)</u>	<u>315,123</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>37,846</u>	<u>\$ 37,846</u>	<u>25,691</u>
Fund balances				
Beginning of year - July 1		<u>127,864</u>		<u>102,173</u>
End of year - June 30		<u>\$ 165,710</u>		<u>\$ 127,864</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Transportation Fund
 Year Ended June 30, 2008
 (With Comparative Totals for Year Ended June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,232,976	\$ 875,292	\$ (357,684)	\$ 951,505
Sales and services	38,020	22,795	(15,225)	35,348
Interest earned on investments	-	4,611	4,611	6,075
Miscellaneous	-	-	-	2
Total revenues	<u>1,270,996</u>	<u>902,698</u>	<u>(368,298)</u>	<u>992,930</u>
Expenditures				
Economic and physical development	1,296,320	917,935	378,385	1,066,047
Total expenditures	<u>1,296,320</u>	<u>917,935</u>	<u>378,385</u>	<u>1,066,047</u>
Revenues over expenditures	<u>(25,324)</u>	<u>(15,237)</u>	<u>10,087</u>	<u>(73,117)</u>
Other financing sources (uses)				
Transfers in	25,324	24,476	(848)	23,905
Total other financing sources (uses)	<u>25,324</u>	<u>24,476</u>	<u>(848)</u>	<u>23,905</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>9,239</u>	<u>\$ 9,239</u>	<u>(49,212)</u>
Fund balances				
Beginning of year - July 1		46,091		95,303
End of year - June 30		<u>\$ 55,330</u>		<u>\$ 46,091</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 2,537	\$ 2,537	\$ -
Total revenues	-	2,537	2,537	-
Expenditures				
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Revenues over expenditures	-	2,537	2,537	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	2,537	<u>\$ 2,537</u>	-
Fund balances				
Beginning of year - July 1		78,134		78,134
End of year - June 30		<u>\$ 80,671</u>		<u>\$ 78,134</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 5,452,463	\$ 2,452,636	\$ (2,999,827)	\$ 2,764,082
Miscellaneous	-	49,686	49,686	17,485
Total revenues	<u>5,452,463</u>	<u>2,502,322</u>	<u>(2,950,141)</u>	<u>2,781,567</u>
Expenditures				
Economic and physical development				
Administration	478,137	420,505	57,632	436,382
Economic Development	288,922	34	288,888	37,524
Housing activities	3,869,650	1,486,375	2,383,275	1,573,828
Public facilities	770,340	300,000	470,340	259,124
Public services	258,432	210,361	48,071	171,805
Program grants	276,542	67,707	208,835	151,950
Debt service				
Principal	150,000	150,000	-	150,000
Interest	27,039	27,039	-	37,802
Total expenditures	<u>6,119,062</u>	<u>2,662,021</u>	<u>3,457,041</u>	<u>2,818,415</u>
Revenues over (under) expenditures	<u>(666,599)</u>	<u>(159,699)</u>	<u>506,900</u>	<u>(36,848)</u>
Other financing sources (uses)				
Transfers in	652,635	121,271	(531,364)	101,138
Transfers (out)	-	-	-	-
Appropriated fund balance	13,964	-	(13,964)	-
Total other financing sources (uses)	<u>666,599</u>	<u>121,271</u>	<u>(545,328)</u>	<u>101,138</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(38,428)</u>	<u>\$ (38,428)</u>	<u>64,290</u>
Fund balances				
Beginning of year - July 1		<u>94,038</u>		<u>29,748</u>
End of year - June 30		<u>\$ 55,610</u>		<u>\$ 94,038</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Revenues				
Ad valorem taxes	\$ 5,371,867	\$ 5,106,229	\$ (265,638)	\$ 4,966,877
Interest earned on investments	4,000	5,812	1,812	8,418
Total revenues	<u>5,375,867</u>	<u>5,112,041</u>	<u>(263,826)</u>	<u>4,975,295</u>
Expenditures				
Public safety	5,616,751	5,321,036	295,715	5,454,120
Total expenditures	<u>5,616,751</u>	<u>5,321,036</u>	<u>295,715</u>	<u>5,454,120</u>
Revenues over expenditures	<u>(240,884)</u>	<u>(208,995)</u>	<u>31,889</u>	<u>(478,825)</u>
Other financing sources (uses)				
Operating transfers in	-	-	-	222,403
Operating transfers (out)	(24,000)	(24,000)	-	-
Appropriated fund balance	264,884	-	(264,884)	-
Total other financing sources (uses)	<u>240,884</u>	<u>(24,000)</u>	<u>(264,884)</u>	<u>222,403</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(232,995)</u>	<u>\$ (232,995)</u>	<u>(256,422)</u>
Fund balances				
Beginning of year - July 1		<u>267,225</u>		<u>523,647</u>
End of year - June 30		<u>\$ 34,230</u>		<u>\$ 267,225</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 231,388	\$ 1,324,318	\$ 1,092,930	\$ 189,612
Interest earned on investments	-	32,140	32,140	19,013
Total revenues	<u>231,388</u>	<u>1,356,458</u>	<u>1,125,070</u>	<u>208,625</u>
Expenditures				
Current				
General government				
Public safety	937,714	835,453	102,261	44,595
Total expenditures	<u>937,714</u>	<u>835,453</u>	<u>102,261</u>	<u>44,595</u>
Revenues over expenditures	<u>(706,326)</u>	<u>521,005</u>	<u>1,227,331</u>	<u>164,030</u>
Other financing sources (uses)				
Transfers (out)	-	-	-	87,000
Transfers (out)	(70,000)	(70,000)	-	(541,742)
Appropriated fund balance	776,326	-	(776,326)	-
Total other financing sources (uses)	<u>706,326</u>	<u>(70,000)</u>	<u>(776,326)</u>	<u>(454,742)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>451,005</u>	<u>\$ 451,005</u>	<u>(290,712)</u>
Fund balances				
Beginning of year - July 1		184,723		475,435
End of year - June 30		<u>\$ 635,728</u>		<u>\$ 184,723</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Federal Forfeiture Treasury Fund
Year Ended June 30, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 20,074	\$ 20,074	\$ -
Interest earned on investments	-	1,658	1,658	36,561
Total revenues	-	21,732	21,732	36,561
Expenditures				
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Revenues over expenditures	-	21,732	21,732	36,561
Other financing sources (uses)				
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>21,732</u>	<u>\$ 21,732</u>	<u>36,561</u>
Fund balances				
Beginning of year - July 1		37,067		506
End of year - June 30		<u>\$ 58,799</u>		<u>\$ 37,067</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 107,915	\$ 107,915	\$ 178,321
Interest earned on investments	-	5,986	5,986	7,406
Total revenues	-	113,901	113,901	185,727
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Revenues over expenditures	-	113,901	113,901	185,727
Other financing sources (uses)				
Gain (loss) on sale of capital assets	-	-	-	38,200
Transfers (out)	-	-	-	(217,000)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	(178,800)
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>113,901</u>	<u>\$ 113,901</u>	<u>6,927</u>
Fund balances				
Beginning of year - July 1		71,420		64,493
End of year - June 30		<u>\$ 185,321</u>		<u>\$ 71,420</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Injured Animal Stabilization Fund
 Year Ended June 30, 2008
 (With Comparative Totals for Year Ended June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 2,500	\$ 8,002	\$ 5,502	\$ 7,805
Total revenues	<u>2,500</u>	<u>8,002</u>	<u>5,502</u>	<u>7,805</u>
Expenditures				
Public safety	7,000	5,889	1,111	5,531
Total expenditures	<u>7,000</u>	<u>5,889</u>	<u>1,111</u>	<u>5,531</u>
Revenues over expenditures	<u>(4,500)</u>	<u>2,113</u>	<u>6,613</u>	<u>2,274</u>
Other financing sources (uses)				
Appropriated fund balance	4,500	-	(4,500)	-
Total other financing sources (uses)	<u>4,500</u>	<u>-</u>	<u>(4,500)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>2,113</u>	<u>\$ 2,113</u>	<u>2,274</u>
Fund balances				
Beginning of year - July 1		8,459		6,185
End of year - June 30		<u>\$ 10,572</u>		<u>\$ 8,459</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 9,524	\$ 9,524	\$ 11,016
Total revenues	-	9,524	9,524	11,016
Expenditures	-	-	-	-
Revenues over expenditures	-	9,524	9,524	11,016
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	9,524	<u>\$ 9,524</u>	11,016
Fund balances				
Beginning of year - July 1		221,276		210,260
End of year - June 30		<u>\$ 230,800</u>		<u>\$ 221,276</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, 2008
(With Comparative Totals for Year Ended June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 214	\$ 214	\$ 362
Miscellaneous	390,810	355,654	(35,156)	392,023
Total revenues	<u>390,810</u>	<u>355,868</u>	<u>(34,942)</u>	<u>392,385</u>
Expenditures				
Public safety	512,473	495,472	17,001	429,197
Total expenditures	<u>512,473</u>	<u>495,472</u>	<u>17,001</u>	<u>429,197</u>
Revenues over expenditures	<u>(121,663)</u>	<u>(139,604)</u>	<u>(17,941)</u>	<u>(36,812)</u>
Other financing sources (uses)				
Appropriated fund balance	121,663	-	(121,663)	-
Total other financing sources (uses)	<u>121,663</u>	<u>-</u>	<u>(121,663)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(139,604)</u>	<u>\$ (139,604)</u>	<u>(36,812)</u>
Fund balances				
Beginning of year - July 1		194,252		231,064
End of year - June 30		<u>\$ 54,648</u>		<u>\$ 194,252</u>

CAPITAL PROJECT FUND

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2008

	Animal Control Building Fund	Sheriff Training Facility Fund	Averasboro Battlefield Fund	West Regional Library Fund	Total Nonmajor Capital Project Funds
Assets					
Sales tax receivable	\$ 2,444	\$ 1,213	\$ -	\$ -	\$ 3,657
Restricted assets:					
Cash and cash equivalents	459,793	469,720	-	-	929,513
Investments	-	-	-	100,741	100,741
Accounts receivable	24	-	29,663	-	29,687
Total assets	\$ 462,261	\$ 470,933	\$ 29,663	\$ 100,741	\$ 1,063,598
Liabilities and fund balances					
Liabilities:					
Accounts and vouchers payable	\$ -	\$ 339	\$ 10,269	\$ 20,149	\$ 30,757
Due to other funds	-	-	11,561	-	11,561
Total liabilities	-	339	21,830	20,149	42,318
Fund balances:					
Reserved by State statute	2,468	1,213	29,663	-	33,344
Undesignated	459,793	469,381	(21,830)	80,592	987,936
Total fund balances	462,261	470,594	7,833	80,592	1,021,280
Total liabilities and fund balances	\$ 462,261	\$ 470,933	\$ 29,663	\$ 100,741	\$ 1,063,598

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Project Funds
 Year Ended June 30, 2008

	Animal Control Building Fund	Sheriff Training Facility Fund	Averasboro Battlefield Fund	West Regional Library Fund	Total Nonmajor Capital Project Funds
Revenues					
Restricted intergovernmental revenue	\$ -	\$ -	\$ 90,457	\$ -	\$ 90,457
Sales and services	4,142	-	-	-	4,142
Total revenues	<u>4,142</u>	<u>-</u>	<u>90,457</u>	<u>-</u>	<u>94,599</u>
Expenditures					
Capital outlay					
School bond project	-	-	-	322,370	322,370
Animal control building	99,317	-	-	-	99,317
Sheriff training facility	-	540,481	-	-	540,481
Averasboro battlefield	-	-	86,254	-	86,254
Total expenditures	<u>99,317</u>	<u>540,481</u>	<u>86,254</u>	<u>322,370</u>	<u>1,048,422</u>
Revenues over (under) expenditures	<u>(95,175)</u>	<u>(540,481)</u>	<u>4,203</u>	<u>(322,370)</u>	<u>(953,823)</u>
Other financing sources (uses)					
Transfers in	-	70,000	-	402,962	472,962
Total other financing sources	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>402,962</u>	<u>472,962</u>
Revenues and other financing sources over (under) expenditures	<u>(95,175)</u>	<u>(470,481)</u>	<u>4,203</u>	<u>80,592</u>	<u>(480,861)</u>
Fund balance					
Beginning of year - July 1	557,436	941,075	3,630	-	1,502,141
End of year - June 30	\$ <u>462,261</u>	\$ <u>470,594</u>	\$ <u>7,833</u>	\$ <u>80,592</u>	\$ <u>1,021,280</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Sales and Services	\$ -	\$ 37,584	\$ -	\$ 4,142	\$ 41,726
Interest earned on investments	-	10,475	-	-	10,475
Miscellaneous	-	5,435	-	-	5,435
Total revenues	<u>-</u>	<u>53,494</u>	<u>-</u>	<u>4,142</u>	<u>57,636</u>
Expenditures					
Animal control building	5,025,753	4,521,809	-	99,317	4,621,126
Total expenditures	<u>5,025,753</u>	<u>4,521,809</u>	<u>-</u>	<u>99,317</u>	<u>4,621,126</u>
Revenues over (under) expenditures	<u>(5,025,753)</u>	<u>(4,468,315)</u>	<u>-</u>	<u>(95,175)</u>	<u>(4,563,490)</u>
Other financing sources (uses)					
Transfers in	5,225,753	5,225,751	-	-	5,225,751
Transfers out	(200,000)	(200,000)	-	-	(200,000)
Total other financing sources	<u>5,025,753</u>	<u>5,025,751</u>	<u>-</u>	<u>-</u>	<u>5,025,751</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 557,436</u>	<u>\$ -</u>	<u>(95,175)</u>	<u>\$ 462,261</u>
Fund balance					
Beginning of year - July 1				557,436	
End of year - June 30				<u>\$ 462,261</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 4,182	\$ -	\$ -	\$ 4,182
Total revenues	<u>-</u>	<u>4,182</u>	<u>-</u>	<u>-</u>	<u>4,182</u>
Expenditures					
Capital outlay					
Sheriff training facility	4,840,889	3,833,996	-	540,481	4,374,477
Total expenditures	<u>4,840,889</u>	<u>3,833,996</u>	<u>-</u>	<u>540,481</u>	<u>4,374,477</u>
Revenues over (under) expenditures	<u>(4,840,889)</u>	<u>(3,829,814)</u>	<u>-</u>	<u>(540,481)</u>	<u>(4,370,295)</u>
Other financing sources (uses)					
Transfers in	4,840,889	4,770,889	-	70,000	4,840,889
Total other financing sources	<u>4,840,889</u>	<u>4,770,889</u>	<u>-</u>	<u>70,000</u>	<u>4,840,889</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 941,075</u>	<u>\$ -</u>	<u>(470,481)</u>	<u>\$ 470,594</u>
Fund balance					
Beginning of year - July 1				941,075	
End of year - June 30				<u>\$ 470,594</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental revenue	\$ 570,986	\$ 352,061	\$ -	\$ 90,457	\$ 442,518
Interest earned on investments	-	1,274	-	-	1,274
Total revenues	<u>570,986</u>	<u>353,335</u>	<u>-</u>	<u>90,457</u>	<u>443,792</u>
Expenditures					
Capital outlay					
Averagesboro Battlefield	577,617	356,336	-	86,254	442,590
Total expenditures	<u>577,617</u>	<u>356,336</u>	<u>-</u>	<u>86,254</u>	<u>442,590</u>
Revenues over (under) expenditures	<u>(6,631)</u>	<u>(3,001)</u>	<u>-</u>	<u>4,203</u>	<u>1,202</u>
Other financing sources (uses)					
Transfers in	6,631	6,631	-	-	6,631
Total other financing sources	<u>6,631</u>	<u>6,631</u>	<u>-</u>	<u>-</u>	<u>6,631</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 3,630</u>	<u>\$ -</u>	4,203	<u>\$ 7,833</u>
Fund balance					
Beginning of year - July 1				3,630	
End of year - June 30				<u>\$ 7,833</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, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
School bond project	402,962	-	-	322,370	322,370
Total expenditures	<u>402,962</u>	<u>-</u>	<u>-</u>	<u>322,370</u>	<u>322,370</u>
Revenues over (under) expenditures	<u>(402,962)</u>	<u>-</u>	<u>-</u>	<u>(322,370)</u>	<u>(322,370)</u>
Other financing sources (uses)					
Transfers in	402,962	-	-	402,962	402,962
Total other financing sources	<u>402,962</u>	<u>-</u>	<u>-</u>	<u>402,962</u>	<u>402,962</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	80,592	<u>\$ 80,592</u>
Fund balance					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ 80,592</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, 2008
(With Comparative Totals for June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 1,772	\$ 1,772	\$ 1,601
Burial Fees	4,300	2,400	(1,900)	600
Total revenues	<u>4,300</u>	<u>4,172</u>	<u>(128)</u>	<u>2,201</u>
Expenditures				
Capital outlay				
Maintenance	4,300	1,600	2,700	2,125
Total expenditures	<u>4,300</u>	<u>1,600</u>	<u>2,700</u>	<u>2,125</u>
Revenues over (under) expenditures	<u>-</u>	<u>2,572</u>	<u>2,572</u>	<u>76</u>
Other financing sources (uses)				
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>2,572</u>	<u>\$ 2,572</u>	<u>76</u>
Fund balance				
Beginning of year - July 1		<u>36,553</u>		<u>36,477</u>
End of year - June 30		<u>\$ 39,125</u>		<u>\$ 36,553</u>

ENTERPRISE FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Cumberland County Solid Waste Fund
Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Operating revenues				
Charges for services	\$ 2,551,293	\$ 3,564,745	\$ 1,013,452	\$ 3,799,874
Other operating revenue	257,604	477,902	220,298	502,511
Total operating revenues	<u>2,808,897</u>	<u>4,042,647</u>	<u>1,233,750</u>	<u>4,302,385</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	952,840	1,985,090	1,032,250	1,891,209
Gain (loss) on disposal of capital assets	-	-	-	7,524
Miscellaneous	41,300	28,779	(12,521)	6,344
Taxes	4,476,156	4,767,760	291,604	4,666,439
Total Nonoperating revenues and other financing sources	<u>5,470,296</u>	<u>6,781,629</u>	<u>1,311,333</u>	<u>6,571,516</u>
Appropriated fund balance	3,346,589	-	(3,346,589)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 11,625,782</u>	<u>\$ 10,824,276</u>	<u>\$ (801,506)</u>	<u>\$ 10,873,901</u>
Operating expenditures				
Salaries and employee benefits	\$ 2,406,512	\$ 2,572,839	\$ (166,327)	\$ 2,012,101
Medical supplies and related expenses	1,292	860	432	215
Other supplies	2,408,975	1,748,716	658,259	1,556,482
Repairs and maintenance	1,430,400	1,415,991	14,409	1,140,787
Utilities	193,005	67,073	125,932	67,121
Administrative costs	3,476,168	665,556	2,810,612	1,171,245
Landfill closure and postclosure care costs	1,575,137	1,575,137	-	319,559
Total operating expenditures	<u>11,489,489</u>	<u>8,046,172</u>	<u>3,443,317</u>	<u>6,267,510</u>
Other expenditures and financing uses				
Capital outlay	136,293	2,149,098	(2,012,805)	1,081,379
Total other expenditures and financing uses	<u>136,293</u>	<u>2,149,098</u>	<u>(2,012,805)</u>	<u>1,081,379</u>
Total expenditures and other financing uses	<u>\$ 11,625,782</u>	<u>\$ 10,195,270</u>	<u>\$ 1,430,512</u>	<u>\$ 7,348,889</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 10,824,276		
Total expenditures and other financing uses		<u>10,195,270</u>		
		629,006		
Capital outlay		2,149,098		
Depreciation		<u>(724,659)</u>		
Change in Fund Net Assets		<u>\$ 2,053,445</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, 2008
(With Comparative Totals for June 30, 2007)

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Operating revenues				
Charges for services	\$ 2,546,485	\$ 2,682,260	\$ 135,775	\$ 2,155,096
Total operating revenues	<u>2,546,485</u>	<u>2,682,260</u>	<u>135,775</u>	<u>2,155,096</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	21,000	60,041	39,041	61,572
Motel occupancy tax	804,879	1,013,099	208,220	873,968
Gain (loss) on disposal of capital assets	-	-	-	14,183
Transfers in	7,368,256	7,441,718	73,462	7,427,860
Total Nonoperating revenues and other financing sources	<u>8,194,135</u>	<u>8,514,858</u>	<u>320,723</u>	<u>8,377,583</u>
Appropriated fund balance	494,911	-	(494,911)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 11,235,531</u>	<u>\$ 11,197,118</u>	<u>\$ (38,413)</u>	<u>\$ 10,532,679</u>
Operating expenditures				
Salaries and employee benefits	\$ 2,243,793	\$ 2,442,498	\$ (198,705)	\$ 1,924,643
Other supplies	218,877	233,689	(14,812)	264,137
Repairs and maintenance	355,585	274,745	80,840	440,378
Utilities	855,000	687,334	167,666	670,129
Administrative costs	2,118,067	1,981,198	136,869	1,694,148
Total operating expenditures	<u>5,791,322</u>	<u>5,619,464</u>	<u>171,858</u>	<u>4,993,435</u>
Nonoperating expenditures				
Interest expense	2,159,175	2,645,229	(486,054)	2,770,214
Total nonoperating expenditures	<u>2,159,175</u>	<u>2,645,229</u>	<u>(486,054)</u>	<u>2,770,214</u>
Other expenditures and financing uses				
Principal payments	2,880,000	-	2,880,000	-
Capital outlay	349,841	249,021	100,820	699,982
Transfers out	55,193	55,193	-	55,193
Total other expenditures and financing uses	<u>3,285,034</u>	<u>304,214</u>	<u>2,980,820</u>	<u>755,175</u>
Total expenditures and other financing uses	<u>\$ 11,235,531</u>	<u>\$ 8,568,907</u>	<u>\$ 2,666,624</u>	<u>\$ 8,518,824</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 11,197,118		
Total expenditures and other financing uses		<u>8,568,907</u>		
		2,628,211		
Capital outlay		249,021		
Depreciation		<u>(2,105,113)</u>		
Change in Fund Net assets		<u>\$ 772,119</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Solid Waste Cell Construction Fund

From Inception and for Year Ended June 30, 2008

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

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Kelly Hills Water and Sewer District Fund
Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 1,400	\$ 1,538	\$ 138	\$ 92,831
Other operating revenue	-	-	-	1,054
Total operating revenues	<u>1,400</u>	<u>1,538</u>	<u>138</u>	<u>93,885</u>
Nonoperating revenues and other financing sources				
Capital contributions	-	-	-	2,910
Total Nonoperating revenues and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,910</u>
Appropriated fund balance	24,000	-	(24,000)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 25,400</u>	<u>\$ 1,538</u>	<u>\$ (23,862)</u>	<u>\$ 96,795</u>
Operating expenditures				
Administrative costs	\$ 25,400	\$ 602	\$ 24,798	\$ -
Total operating expenditures	<u>25,400</u>	<u>602</u>	<u>24,798</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 25,400</u>	<u>\$ 602</u>	<u>\$ 24,798</u>	<u>\$ -</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 1,538		
Total expenditures and other financing uses		<u>602</u>		
		936		
Depreciation		<u>(67,027)</u>		
Change in Fund Net assets		<u>\$ (66,091)</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, 2008
(With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 398,000	\$ 230,032	\$ (167,968)	\$ 201,595
Total operating revenues	398,000	230,032	(167,968)	201,595
Nonoperating revenues and other financing sources				
Proceeds from bond anticipation note	1,250,000	-	(1,250,000)	-
Interest earned on investments	131,156	-	(131,156)	602
Miscellaneous	825,000	-	(825,000)	-
Transfers in	143,329	-	(143,329)	19,492
Capital contributions	7,432,147	-	(7,432,147)	254,122
Total Nonoperating revenues and other financing sources	9,781,632	-	(9,781,632)	274,216
Total revenues, other financing sources and fund balance appropriations	\$ 10,179,632	\$ 230,032	\$ (9,949,600)	\$ 475,811
Operating expenditures				
Other supplies	\$ 6,700	\$ 6,700	\$ -	\$ -
Repairs and maintenance	504,153	174,092	330,061	177,977
Total operating expenditures	510,853	180,792	330,061	177,977
Proprietary nonoperating expense	14,000	-	14,000	-
Total nonoperating expenditures	14,000	-	14,000	-
Other expenditures and financing uses				
Capital outlay	9,654,779	-	9,654,779	182,550
Transfers out	-	-	-	-
Total other expenditures and financing uses	9,654,779	-	9,654,779	182,550
Total expenditures and other financing uses	\$ 10,179,632	\$ 180,792	\$ 9,998,840	\$ 360,527
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 230,032		
Total expenditures and other financing uses		180,792		
		49,240		
Depreciation		(238,494)		
Change in Fund Net assets		\$ (189,254)		

INTERNAL SERVICE FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total
Assets						
Current assets						
Sales tax receivable	\$ -	\$ -	\$ 102	\$ -	\$ 25	\$ 127
Due from other governments	3,220	-	-	-	-	3,220
Other receivables, net	13,245	-	30,025	-	-	43,270
Total current assets	16,465	-	30,127	-	25	46,617
Restricted assets						
Capital assets, net of accumulated depreciation	-	-	-	4,930	-	4,930
Cash and cash equivalents	3,680,998	146,350	2,505,920	477,840	287,052	7,098,160
Investments	2,495,499	-	5,588	-	-	2,501,087
Total noncurrent assets	6,176,497	146,350	2,511,508	482,770	287,052	9,604,177
Total assets	6,192,962	146,350	2,541,635	482,770	287,077	9,650,794
Liabilities and net assets						
Current liabilities						
Accounts and vouchers payable	37,272	-	-	-	102	37,374
Accrued payroll	-	-	7,060	-	-	7,060
Incurred but not reported	1,202,000	-	222,876	2,408	-	1,427,284
Total current liabilities	1,239,272	-	229,936	2,408	102	1,471,718
Noncurrent liabilities						
Other postemployment benefits liability	-	-	28,299	-	-	28,299
Total noncurrent liabilities	-	-	28,299	-	-	28,299
Total liabilities	1,239,272	-	258,235	2,408	102	1,500,017
Net assets						
Invested in capital assets, net of related debt	-	-	-	4,930	-	4,930
Restricted net assets - claims	6,176,497	146,350	2,511,508	477,840	287,052	9,599,247
Unrestricted	(1,222,807)	-	(228,108)	(2,408)	(77)	(1,453,400)
Total net assets	\$ 4,953,690	\$ 146,350	\$ 2,283,400	\$ 480,362	\$ 286,975	\$ 8,150,777

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2008

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total
Operating revenues						
Contributions	\$ 13,054,562	\$ 350,296	\$ 1,860,850	\$ -	\$ 472,800	\$ 15,738,508
Total operating revenues	<u>13,054,562</u>	<u>350,296</u>	<u>1,860,850</u>	<u>-</u>	<u>472,800</u>	<u>15,738,508</u>
Operating expenses						
Salaries and employee benefits	13,433,344	324,808	1,309,802	-	-	15,067,954
Administrative costs	49,699	14,220	8,806	221,959	299,364	594,048
Depreciation	-	-	-	957	-	957
Total operating expenses	<u>13,483,043</u>	<u>339,028</u>	<u>1,318,608</u>	<u>222,916</u>	<u>299,364</u>	<u>15,662,959</u>
Operating income (loss)	<u>(428,481)</u>	<u>11,268</u>	<u>542,242</u>	<u>(222,916)</u>	<u>173,436</u>	<u>75,549</u>
Nonoperating revenue (expense)						
Interest earned on investments	138,460	-	81,081	18,391	-	237,932
Total nonoperating revenue (expense)	<u>138,460</u>	<u>-</u>	<u>81,081</u>	<u>18,391</u>	<u>-</u>	<u>237,932</u>
Income (loss) before transfers	<u>(290,021)</u>	<u>11,268</u>	<u>623,323</u>	<u>(204,525)</u>	<u>173,436</u>	<u>313,481</u>
Transfers in	837,831	-	-	218,905	-	1,056,736
Change in net assets	<u>547,810</u>	<u>11,268</u>	<u>623,323</u>	<u>14,380</u>	<u>173,436</u>	<u>1,370,217</u>
Total net assets - beginning	<u>4,405,880</u>	<u>135,082</u>	<u>1,660,077</u>	<u>465,982</u>	<u>113,539</u>	<u>6,780,560</u>
Total net assets - ending	<u>\$ 4,953,690</u>	<u>\$ 146,350</u>	<u>\$ 2,283,400</u>	<u>\$ 480,362</u>	<u>\$ 286,975</u>	<u>\$ 8,150,777</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2008**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total Internal Service Funds
Operating activities						
Contributions	\$ 13,054,562	\$ 350,296	\$ 1,857,022	\$ -	\$ 472,800	\$ 15,734,680
Cash paid for goods and services	-	-	-	(240,912)	(304,257)	(545,169)
Cash received for goods and services	(49,765)	(14,220)	19,493	-	-	(44,492)
Cash paid for claims	(13,842,428)	(340,771)	(1,211,035)	-	-	(15,394,234)
Net cash provided by (used in) operating activities	(837,631)	(4,695)	665,480	(240,912)	168,543	(249,215)
Noncapital financing activities						
Transfers in	837,831	-	-	218,905	-	1,056,736
Net cash provided (used) by noncapital financing activities	837,831	-	-	218,905	-	1,056,736
Acquisition and construction of capital assets	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-	-	-
Investing activities						
Proceeds from sale of investments	(1,483,466)	-	482,939	-	-	(1,000,527)
Investment earnings	138,460	-	81,081	18,391	-	237,932
Net cash provided (used) in investing activities	(1,345,006)	-	564,020	18,391	-	(762,595)
Net increase (decrease) in cash and cash equivalents/investments	(1,344,806)	(4,695)	1,229,500	(3,616)	168,543	44,926
Cash and cash equivalents/investments						
Beginning of year	5,025,804	151,045	1,276,420	481,456	118,509	7,053,234
End of year	\$ 3,680,998	\$ 146,350	\$ 2,505,920	\$ 477,840	\$ 287,052	\$ 7,098,160
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (428,481)	\$ 11,268	\$ 542,242	\$ (222,916)	\$ 173,436	\$ 75,549
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	-	957	-	957
Change in assets and liabilities						
(Increase) decrease in other receivables	3,154	-	(3,828)	468	(25)	(231)
(Increase) decrease in inventories	(3,220)	-	-	-	-	(3,220)
Increase (decrease) in accounts payable	(406,171)	(15,963)	125,265	(19,421)	(4,868)	(321,158)
Increase (decrease) in contract retainage	(2,913)	-	1,801	-	-	(1,112)
Total adjustments	(409,150)	(15,963)	123,238	(17,996)	(4,893)	(324,764)
Net cash provided by (used in) operating activities	\$ (837,631)	\$ (4,695)	\$ 665,480	\$ (240,912)	\$ 168,543	\$ (249,215)

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 13,065,769	\$ 13,054,562	\$ (11,207)	\$ 12,811,105
Non-operating revenues				
Interest earned on investments	130,000	138,460	8,460	164,202
Other financing sources				
Transfers in	837,831	837,831	-	
Appropriated fund balance	600,000	-	(600,000)	-
Total revenues and other financing sources	<u>\$ 14,633,600</u>	<u>\$ 14,030,853</u>	<u>\$ (602,747)</u>	<u>\$ 12,975,307</u>
Operating expenditures				
Administrative costs	\$ 30,000	\$ 49,699	\$ (19,699)	\$ 28,528
Salaries and employee benefits	14,603,600	13,433,344	1,170,256	13,319,982
Total expenditures and other financing uses	<u>\$ 14,633,600</u>	<u>\$ 13,483,043</u>	<u>\$ 1,150,557</u>	<u>\$ 13,348,510</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 14,030,853		
Total expenditures		13,483,043		
Subtotal		<u>547,810</u>		
Net transfers		<u>(837,831)</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ (290,021)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 450,000	\$ 350,296	\$ (99,704)	\$ 311,893
Non-operating revenues				
Interest earned on investments	-	-	-	2
Appropriated fund balance	15,000	-	(15,000)	-
Total revenues	<u>\$ 465,000</u>	<u>\$ 350,296</u>	<u>\$ (114,704)</u>	<u>\$ 311,895</u>
Operating expenditures				
Administrative costs	\$ 16,500	\$ 14,220	\$ 2,280	\$ -
Salaries and employee benefits	448,500	324,808	123,692	317,540
Total expenditures	<u>\$ 465,000</u>	<u>\$ 339,028</u>	<u>\$ 125,972</u>	<u>\$ 317,540</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 350,296		
Total expenditures		339,028		
Subtotal		<u>11,268</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 11,268</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 1,779,755	\$ 1,860,850	\$ 81,095	\$ 1,773,322
Non-operating revenues				
Interest earned on investments	49,225	81,081	31,856	63,872
Total revenues	<u>\$ 1,828,980</u>	<u>\$ 1,941,931</u>	<u>\$ 112,951</u>	<u>\$ 1,837,194</u>
Operating expenditures				
Administrative costs	\$ 10,085	\$ 8,806	\$ 1,279	\$ 6,553
Salaries and employee benefits	1,818,895	1,309,802	509,093	1,000,410
Total expenditures	<u>1,828,980</u>	<u>1,318,608</u>	<u>510,372</u>	<u>1,006,963</u>
Other financing uses				
Total expenditures and other financing uses	<u>\$ 1,828,980</u>	<u>\$ 1,318,608</u>	<u>\$ 510,372</u>	<u>\$ 1,006,963</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 1,941,931		
Total expenditures		<u>1,318,608</u>		
Subtotal		<u>623,323</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 623,323</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	10,000	18,391	8,391	23,248
Other financing sources				
Transfers in	218,905	218,905	-	218,904
Appropriated fund balance	15,000	-	(15,000)	-
Total revenues and other financing sources	<u>\$ 243,905</u>	<u>\$ 237,296</u>	<u>\$ (6,609)</u>	<u>\$ 242,152</u>
Operating expenditures				
Administrative costs	<u>\$ 243,905</u>	<u>\$ 221,959</u>	<u>\$ 21,946</u>	<u>\$ 210,137</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 237,296		
Total expenditures		<u>221,959</u>		
Subtotal		15,337		
Depreciation		(957)		
Net transfers		<u>(218,905)</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ (204,525)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2008
 (With Comparative Totals for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 462,600	\$ 472,800	\$ 10,200	\$ 462,600
Non-operating revenues				
Interest earned on investments	-	-	-	-
Other financing sources				
Transfers in	-	-	-	-
Appropriated fund balance	-	-	-	-
Total revenues and other financing sources	<u>\$ 462,600</u>	<u>\$ 472,800</u>	<u>\$ 10,200</u>	<u>\$ 462,600</u>
Operating expenditures				
Administrative costs	<u>\$ 462,600</u>	<u>\$ 299,364</u>	<u>\$ 163,236</u>	<u>\$ 349,061</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 472,800		
Total expenditures		<u>299,364</u>		
Subtotal		<u>173,436</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 173,436</u>		

AGENCY FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Vehicle Interest Fund	Totals
Assets							
Taxes receivable	\$ 4,604,388	\$ -	\$ -	\$ -	\$ 59,505	\$ -	\$ 4,663,893
Restricted cash and cash equivalents	125,727	275,669	27,759	144,480	60,643	20,568	654,846
Total assets	<u>\$ 4,730,115</u>	<u>\$ 275,669</u>	<u>\$ 27,759</u>	<u>\$ 144,480</u>	<u>\$ 120,148</u>	<u>\$ 20,568</u>	<u>\$ 5,318,739</u>
Liabilities							
Accounts and vouchers payable	\$ 4,729,705	\$ 275,669	\$ 27,759	\$ 144,480	\$ 120,148	\$ -	\$ 5,297,761
Due to other governments	410	-	-	-	-	20,568	20,978
Total liabilities	<u>\$ 4,730,115</u>	<u>\$ 275,669</u>	<u>\$ 27,759</u>	<u>\$ 144,480</u>	<u>\$ 120,148</u>	<u>\$ 20,568</u>	<u>\$ 5,318,739</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2008

	July 1, 2007	Additions	Deductions	June 30, 2008
City Tax Fund				
Assets				
Taxes receivable	\$ 5,034,092	\$ 66,934,967	\$ 67,364,671	\$ 4,604,388
Restricted cash and cash equivalents	105,647	66,533,282	66,513,202	125,727
Total assets	\$ 5,139,739	\$ 133,468,249	\$ 133,877,873	\$ 4,730,115
Liabilities				
Accounts and vouchers payable	\$ 5,139,545	\$ 133,467,838	\$ 133,877,678	\$ 4,729,705
Due to other governments	194	411	195	410
Total liabilities	\$ 5,139,739	\$ 133,468,249	\$ 133,877,873	\$ 4,730,115
Payee Account Fund				
Assets				
Restricted cash and cash equivalents	\$ 287,669	\$ 957,542	\$ 969,542	\$ 275,669
Total assets	\$ 287,669	\$ 957,542	\$ 969,542	\$ 275,669
Liabilities				
Accounts and vouchers payable	\$ 287,669	\$ 957,542	\$ 969,542	\$ 275,669
Total liabilities	\$ 287,669	\$ 957,542	\$ 969,542	\$ 275,669
Inmate Payee Fund				
Assets				
Restricted cash and cash equivalents	\$ 21,998	\$ 726,258	\$ 720,497	\$ 27,759
Total assets	\$ 21,998	\$ 726,258	\$ 720,497	\$ 27,759
Liabilities				
Accounts and vouchers payable	\$ 21,998	\$ 726,258	\$ 720,497	\$ 27,759
Total liabilities	\$ 21,998	\$ 726,258	\$ 720,497	\$ 27,759
Intergovernmental Custodial Fund				
Assets				
Restricted cash and cash equivalents	\$ 135,218	\$ 1,344,586	\$ 1,335,324	\$ 144,480
Total assets	\$ 135,218	\$ 1,344,586	\$ 1,335,324	\$ 144,480
Liabilities				
Accounts and vouchers payable	\$ 135,218	\$ 1,344,586	\$ 1,335,324	\$ 144,480
Total liabilities	\$ 135,218	\$ 1,344,586	\$ 1,335,324	\$ 144,480
Stormwater Utility Fund				
Assets				
Taxes receivable	\$ 69,891	\$ 2,293,177	\$ 2,303,563	\$ 59,505
Restricted cash and cash equivalents	61,070	2,283,858	2,284,285	60,643
Total assets	\$ 130,961	\$ 4,577,035	\$ 4,587,848	\$ 120,148
Liabilities				
Accounts and vouchers payable	\$ 130,961	\$ 4,577,035	\$ 4,587,848	\$ 120,148
Total liabilities	\$ 130,961	\$ 4,577,035	\$ 4,587,848	\$ 120,148
Vehicle Interest Fund				
Assets				
Restricted cash and cash equivalents	\$ 21,437	\$ 269,281	\$ 270,150	\$ 20,568
Total assets	\$ 21,437	\$ 269,281	\$ 270,150	\$ 20,568
Liabilities				
Due to other governments	\$ 21,437	\$ 269,281	\$ 270,150	\$ 20,568
Total liabilities	\$ 21,437	\$ 269,281	\$ 270,150	\$ 20,568
TOTAL - ALL AGENCY FUNDS				
Assets				
Taxes receivable	\$ 5,103,983	\$ 69,228,144	\$ 69,668,234	\$ 4,663,893
Restricted cash and cash equivalents	633,039	72,114,807	72,093,000	654,846
Total assets	\$ 5,737,022	\$ 141,342,951	\$ 141,761,234	\$ 5,318,739
Liabilities				
Accounts and vouchers payable	\$ 5,715,391	\$ 141,073,259	\$ 141,490,889	\$ 5,297,761
Due to other governments	21,631	269,692	270,345	20,978
Total liabilities	\$ 5,737,022	\$ 141,342,951	\$ 141,761,234	\$ 5,318,739

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Fiduciary Assets and Liabilities
Agency Fund - City Tax Fund
June 30, 2008

	Fayetteville Tax Fund	Downtown Revitalization Tax Fund	Falcon Tax Fund	Godwin Tax Fund	Hope Mills Tax Fund	Linden Tax Fund	Spring Lake Tax Fund	Stedman Tax Fund	Wade Tax Fund	Eastover Tax Fund	Totals
Assets											
Taxes receivable	\$ 4,093,099	\$ 1,467	\$ 1,379	\$ 1,330	\$ 233,080	\$ 1,412	\$ 246,030	\$ 11,584	\$ 5,357	\$ 9,650	\$ 4,604,388
Restricted cash and cash equivalents	\$ 97,211	\$ 42	\$ 300	\$ 173	\$ 10,615	\$ 549	\$ 5,567	\$ 2,624	\$ 966	\$ 7,680	\$ 125,727
Total assets	\$ 4,190,310	\$ 1,509	\$ 1,679	\$ 1,503	\$ 243,695	\$ 1,961	\$ 251,597	\$ 14,208	\$ 6,323	\$ 17,330	\$ 4,730,115
Liabilities											
Accounts and vouchers payable	\$ 4,190,310	\$ 1,509	\$ 1,674	\$ 1,500	\$ 243,548	\$ 1,953	\$ 251,518	\$ 14,169	\$ 6,309	\$ 17,215	\$ 4,729,705
Due to other governments			\$ 5	\$ 3	\$ 147	\$ 8	\$ 79	\$ 39	\$ 14	\$ 115	\$ 410
Total liabilities	\$ 4,190,310	\$ 1,509	\$ 1,679	\$ 1,503	\$ 243,695	\$ 1,961	\$ 251,597	\$ 14,208	\$ 6,323	\$ 17,330	\$ 4,730,115

**DISCRETELY PRESENTED COMPONENT UNIT
EASTOVER SANITARY DISTRICT**

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Discretely Presented Component Unit
Eastover Sanitary District
Statement of Net Assets
June 30, 2008**

Assets	
Current assets	
Cash and cash equivalents	\$ 224,112
Sales tax receivable	3,086
Due from other governments	72,397
Total current assets	<u>299,595</u>
Noncurrent assets	
Restricted:	
Accounts receivable	916,976
Capital assets, net of accumulated depreciation	9,787,962
Total noncurrent assets	<u>10,704,938</u>
Total assets	<u>11,004,533</u>
Liabilities and net assets	
Current liabilities	
Accounts and vouchers payable	414,072
Accrued interest payable	13,904
Current portion of long-term debt and accrued vacation	50,500
Due to primary government	578,188
Total current liabilities	<u>1,056,664</u>
Noncurrent liabilities	
Long-term debt	3,923,000
Total noncurrent liabilities	<u>3,923,000</u>
Total liabilities	<u>4,979,664</u>
Net assets	
Invested in capital assets, net of related debt	5,864,962
Restricted net assets - debt service	916,976
Unrestricted	(757,069)
Total net assets	<u>\$ 6,024,869</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Eastover Sanitary District
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended June 30, 2008

Operating revenues	
Charges for services	\$ 286,325
Other operating revenue	14,914
Total operating revenues	<u>301,239</u>
Operating expenses	
Salaries and employee benefits	3,418
Utilities	1,024
Depreciation	167,314
Miscellaneous	95,551
Total operating expenses	<u>267,307</u>
Operating income (loss)	<u>33,932</u>
Nonoperating revenue (expense)	
Interest earned on investments	12,704
Miscellaneous	400
Interest expense	(168,822)
Total nonoperating revenue (expense)	<u>(155,718)</u>
Income (loss) before contributions	(121,786)
Capital contributions	3,493,995
Change in net assets	<u>3,372,209</u>
Total net assets - beginning	<u>2,652,660</u>
Total net assets - ending	<u>\$ 6,024,869</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Discretely Presented Component Unit
Eastover Sanitary District
Statement of Cash Flows
Year Ended June 30, 2008**

Operating activities	
Cash received from customers	\$ (620,186)
Other operating revenue	14,914
Cash paid to employees	(3,418)
Cash paid for goods and services	882,390
Net cash provided by (used in) operating activities	<u>273,700</u>
Capital and related financing activities	
Acquisition and construction of capital assets	(3,848,709)
Proceeds from issuance of long-term debt	250,000
Principal paid on long-term debt	(48,000)
Interest paid on bonds	(169,001)
Capital contributions	3,493,995
Other miscellaneous transactions	400
Net cash provided (used) by capital and related financing activities	<u>(321,315)</u>
Investing activities	
Investment earnings	12,704
Net cash provided (used) in investing activities	<u>12,704</u>
Net increase in cash and cash equivalents	<u>(34,911)</u>
Cash and cash equivalents	
Beginning of year	<u>259,023</u>
End of year	<u>\$ 224,112</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 33,932
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	167,314
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(907,173)
(Increase) decrease in inventories	(7,437)
Increase (decrease) in accounts payable and accrued liabilities	408,876
Increase (decrease) in due to primary government	578,188
Total adjustments	<u>239,768</u>
Net cash provided by (used in) operating activities	<u>\$ 273,700</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Eastover Sanitary District
Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	2008		Variance Positive (Negative)	2007
	Budget	Actual		
Operating revenues				
Charges for services	\$ 445,444	\$ 286,325	\$ (159,119)	\$ 412,894
Other operating revenue	-	14,914	14,914	6,007
Total operating revenues	<u>445,444</u>	<u>301,239</u>	<u>(144,205)</u>	<u>418,901</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	-	12,704	12,704	17,165
Miscellaneous	-	400	400	106
Transfers in	250,000	-	(250,000)	-
Capital contributions	4,556,862	3,493,995	(1,062,867)	10,465
Total Nonoperating revenues and other financing sources	<u>4,806,862</u>	<u>3,507,099</u>	<u>(1,299,763)</u>	<u>27,736</u>
Appropriated fund balance	45,819	-	(45,819)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 5,298,125</u>	<u>\$ 3,808,338</u>	<u>\$ (1,489,787)</u>	<u>\$ 446,637</u>
Operating expenditures				
Salaries and employee benefits	\$ 7,226	\$ 3,418	\$ 3,808	\$ 3,552
Utilities	1,800	1,024	776	-
Miscellaneous	129,939	95,551	34,388	54,740
Total operating expenditures	<u>138,965</u>	<u>99,993</u>	<u>38,972</u>	<u>58,292</u>
Nonoperating expenditures				
Debt Service	217,001	168,822	48,179	170,888
Total nonoperating expenditures	<u>217,001</u>	<u>168,822</u>	<u>48,179</u>	<u>170,888</u>
Other expenditures and financing uses				
Capital outlay	4,942,159	3,848,709	1,093,450	120,504
Total other expenditures and financing uses	<u>4,942,159</u>	<u>3,848,709</u>	<u>1,093,450</u>	<u>120,504</u>
Total expenditures and other financing uses	<u>\$ 5,298,125</u>	<u>\$ 4,117,524</u>	<u>\$ 1,180,601</u>	<u>\$ 349,684</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 3,808,338		
Total expenditures and other financing uses		<u>4,117,524</u>		
		(309,186)		
Capital outlay		3,848,709		
Depreciation		(167,314)		
Capital contributions		<u>(3,493,995)</u>		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets		<u>\$ (121,786)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental revenue	\$ 663,053	\$ 663,054	\$ 663,054	\$ -	\$ -
Interest earned on investments	47,183	53,408	53,408	-	-
Miscellaneous	100,959	101,538	101,538	-	-
Total revenues	<u>811,195</u>	<u>818,000</u>	<u>818,000</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
Water and sewer	6,699,398	6,469,195	6,469,195	-	-
Total expenditures	<u>6,699,398</u>	<u>6,469,195</u>	<u>6,469,195</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(5,888,203)</u>	<u>(5,651,195)</u>	<u>(5,651,195)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Proceeds of refunding bonds	3,908,803	-	-	-	-
Capital contributions (USDA)	1,926,000	1,926,000	1,926,000	-	-
Transfers in	127,248	127,248	127,248	-	-
Payment of primary government	(218,111)	(218,110)	(218,110)	-	-
Appropriated fund balance	144,263	-	-	-	-
Total other financing sources	<u>5,888,203</u>	<u>1,835,138</u>	<u>1,835,138</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (3,816,057)</u>	<u>\$ (3,816,057)</u>	<u>-</u>	<u>\$ -</u>
Fund balance					
Beginning of year - July 1				<u>(3,816,057)</u>	
End of year - June 30				<u>\$ (3,816,057)</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental revenue	\$ 650,000	\$ -	\$ -	\$ 650,000	\$ 650,000
Sales and services	34,500	7,159	-	9,731	16,890
Miscellaneous	-	6,022	-	14,914	20,936
Total revenues	<u>684,500</u>	<u>13,181</u>	<u>-</u>	<u>674,645</u>	<u>687,826</u>
Expenditures					
Capital outlay					
Water and sewer	4,791,512	108,609	-	3,728,820	3,837,429
Total expenditures	<u>4,791,512</u>	<u>108,609</u>	<u>-</u>	<u>3,728,820</u>	<u>3,837,429</u>
Revenues over (under) expenditures	<u>(4,107,012)</u>	<u>(95,428)</u>	<u>-</u>	<u>(3,054,175)</u>	<u>(3,149,603)</u>
Other financing sources (uses)					
Capital contributions (USDA)	3,906,862	135,855	-	2,843,995	2,979,850
Transfers in	250,000	-	-	-	-
Payment to administrative fund	(49,850)	-	-	(49,850)	(49,850)
Total other financing sources	<u>4,107,012</u>	<u>135,855</u>	<u>-</u>	<u>2,794,145</u>	<u>2,930,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 40,427</u>	<u>\$ -</u>	<u>(260,030)</u>	<u>\$ (219,603)</u>
Fund balance					
Beginning of year - July 1				40,427	
End of year - June 30				<u>\$ (219,603)</u>	

**DISCRETELY PRESENTED COMPONENT UNIT
TOURISM DEVELOPMENT AUTHORITY**

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Discretely Presented Component Unit
Tourism Development Authority
Statement of Net Assets
June 30, 2008**

Assets	
Current assets	
Cash and cash equivalents	\$ 988,294
Total current assets	<u>988,294</u>
Total assets	<u>988,294</u>
Liabilities and net assets	
Current liabilities	
Accounts and vouchers payable	<u>171,915</u>
Total current liabilities	<u>171,915</u>
Noncurrent liabilities	
Total liabilities	<u>171,915</u>
Net assets	
Unrestricted	816,379
Total net assets	<u>\$ 816,379</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Discretely Presented Component Unit
Tourism Development Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended June 30, 2008**

Operating revenues	
Charges for services	\$ 4,177,728
Total operating revenues	<u>4,177,728</u>
Operating expenses	
Cultural and recreational	3,700,000
Total operating expenses	<u>3,700,000</u>
Operating income (loss)	<u>477,728</u>
Income (loss) before transfers and contributions	<u>477,728</u>
Change in net assets	477,728
Total net assets - beginning	<u>338,651</u>
Total net assets - ending	<u>\$ 816,379</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit

Tourism Development Authority

Statement of Cash Flows

Year Ended June 30, 2008

Operating activities	
Cash received from operations	\$ 4,177,728
Cash paid for goods and services	<u>(3,945,302)</u>
Net cash provided by (used in) operating activities	<u>232,426</u>
Net increase in cash and cash equivalents	<u>3,976,421</u>
Cash and cash equivalents	
Beginning of year	<u>755,868</u>
End of year	<u><u>\$ 4,732,289</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 477,728
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	<u>(245,302)</u>
Total adjustments	<u>(245,302)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 232,426</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 Tourism Development Authority
 Year Ended June 30, 2008
 (With Comparative Totals for June 30, 2007)**

	2008			2007
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 3,700,000	\$ 4,177,728	\$ 477,728	\$ 3,603,993
Total operating revenues	<u>3,700,000</u>	<u>4,177,728</u>	<u>477,728</u>	<u>3,603,993</u>
Nonoperating revenues and other financing sources				
Miscellaneous	-	-	-	10,250
Total Nonoperating revenues and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,250</u>
Appropriated fund balance	-	-	-	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 3,700,000</u>	<u>\$ 4,177,728</u>	<u>\$ 477,728</u>	<u>\$ 3,614,243</u>
Operating expenditures				
Cultural and recreational	\$ 3,700,000	\$ 3,700,000	\$ -	\$ 3,912,709
Total operating expenditures	<u>3,700,000</u>	<u>3,700,000</u>	<u>-</u>	<u>3,912,709</u>
Nonoperating expenditures				
Total nonoperating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures and financing uses				
Total other expenditures and financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 3,700,000</u>	<u>\$ 3,700,000</u>	<u>\$ -</u>	<u>\$ 3,912,709</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 4,177,728		
Total expenditures and other financing uses		<u>3,700,000</u>		
		<u>477,728</u>		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets		<u>\$ 477,728</u>		

OTHER SUPPLEMENTAL FINANCIAL DATA

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Current Tax Levy
Year Ended June 30, 2008

	County-wide			Total Levy		
	Total Property Valuation	Rate	Amount of Levy		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy						
County wide	\$ 16,496,431,485	0.00880	\$ 145,168,597			
Late listing penalties		0.10000	<u>133,684</u>	\$ 145,302,281	\$ 126,471,367	\$ 18,830,914
Discoveries						
County wide	115,958,788	0.00880	1,020,437			
Late listing penalties		0.10000	<u>194,672</u>	1,215,109	1,159,490	55,619
Abatements						
County wide	(230,905,406)	0.00880	(2,031,968)			
Late listing penalties		0.10000	<u>(50,026)</u>	(2,081,994)	(317,953)	(1,764,040)
Adjusted tax levy				144,435,397	127,312,904	17,122,493
Uncollected taxes at June 30, 2008				<u>(4,262,991)</u>	<u>(1,104,815)</u>	<u>(3,158,176)</u>
Current year's taxes collected				<u>\$ 140,172,406</u>	<u>\$ 126,208,089</u>	<u>\$ 13,964,317</u>
Percent of current year's taxes collected				<u>97.05%</u>	<u>99.13%</u>	<u>81.56%</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

June 30, 2008

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2007</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2008</u>
2007-2008	\$ -	\$ 144,435,397	\$ 140,172,406	\$ 4,262,991
Prior years	11,700,633	-	4,464,584	7,236,049
	<u>\$ 11,700,633</u>	<u>\$ 144,435,397</u>	<u>\$ 144,636,990</u>	11,499,040
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,711,855)</u>
				<u>\$ 3,787,185</u>

RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES

Collections and credits per above	\$ 144,636,990
Interest	989,690
Processing fees	236,803
Other	445,333
Releases from prior years	<u>(404,767)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 145,904,049</u>

STATISTICAL SECTION
(Unaudited)

The schedules in this section provide additional information concerning the County's financial performance and position over time. The schedules are organized in the following categories:

- **Financial Trends (Schedules 1 – 5):** These schedules contain trend information to help the user understand changes in the County's financial position and performance over time.
- **Revenue Capacity (Schedules 6 – 9):** These schedules contain information to help the user assess the County's most significant local revenue source, the ad valorem property tax.
- **Debt Capacity (Schedules 10 – 12):** These schedules contain information to help the user assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.
- **Demographic and Economic Information (Schedules 13 – 14):** These schedules provide demographic and economic indicators to help the user understand the environment within which the County's financial activities occur.
- **Operating Information (Schedules 15 – 17):** These schedules contain service and infrastructure data to help the user understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental Activities							
Invested in capital assets, net of related debt	\$ 35,805,126	\$ 33,445,127	\$ 30,253,418	\$ 13,374,791	\$ 22,117,158	\$ 31,490,183	\$ 46,663,703
Restricted	700,730	10,650,586	26,985,138	35,261,376	45,222,958	45,620,960	59,131,948
Unrestricted	5,287,236	12,017,934	4,321,365	19,674,642	23,995,634	31,023,558	5,969,240
Total governmental activities net assets	\$ 41,793,092	\$ 56,113,647	\$ 61,559,921	\$ 68,310,809	\$ 91,335,750	\$ 108,134,701	\$ 111,764,891
Business-type activities							
Invested in capital assets, net of related debt	\$ 20,537,487	\$ 21,071,073	\$ 20,708,795	\$ 29,393,382	\$ 31,693,900	\$ 33,021,723	\$ 34,904,003
Restricted		1,073,253	1,489,089	1,432,349	1,625,492	2,038,462	5,328,277
Unrestricted	14,603,390	16,352,815	19,301,119	23,840,995	28,226,868	31,209,571	28,607,695
Total business-type activities net assets	\$ 35,140,877	\$ 38,497,141	\$ 41,499,003	\$ 54,666,726	\$ 61,546,260	\$ 66,269,756	\$ 68,839,975
Primary Government							
Invested in capital assets, net of related debt	\$ 56,342,613	\$ 54,516,200	\$ 50,962,213	\$ 42,768,173	\$ 53,811,058	\$ 64,511,906	\$ 81,567,706
Restricted	700,730	11,723,839	28,474,227	36,693,725	46,848,450	47,659,422	64,460,225
Unrestricted	19,890,626	28,370,749	23,622,484	43,515,637	52,222,502	62,233,129	34,576,935
Total primary government net assets	\$ 76,933,969	\$ 94,610,788	\$ 103,058,924	\$ 122,977,535	\$ 152,882,010	\$ 174,404,457	\$ 180,604,866

Note: The County of Cumberland implemented GASB Statement 34 in Fiscal Year 2002. In the future, up to nine (9) prior years will be presented with the current year to illustrate the County's financial performance over time.

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities							
General Government	\$ 14,511,956	\$ 17,978,478	\$ 17,855,161	\$ 20,761,217	\$ 20,483,697	\$ 19,112,649	\$ 23,237,459
Public Safety	34,549,771	35,710,422	38,908,990	41,207,126	42,301,225	44,747,490	51,555,695
Economic & physical development	9,121,126	8,903,243	10,852,650	12,357,831	13,586,698	15,170,460	13,898,530
Human Services	95,809,025	97,860,270	99,736,931	107,506,798	111,115,841	108,265,701	118,152,732
Cultural & Recreational	10,490,154	9,670,353	10,426,819	13,865,651	12,007,763	13,342,022	14,240,374
Education	92,706,505	81,385,988	78,521,977	83,763,840	80,402,772	88,478,548	96,807,818
Interest on long-term debt	10,334,809	10,411,524	9,933,650	9,190,661	8,755,303	8,464,650	8,179,997
Total governmental activities expenses	\$ 267,523,346	\$ 261,920,278	\$ 266,236,178	\$ 288,653,124	\$ 288,653,299	\$ 297,581,520	\$ 326,052,605
Business type activities							
Crown Center	\$ 8,671,608	\$ 8,922,890	\$ 9,346,520	\$ 11,172,781	\$ 9,550,376	\$ 9,816,360	\$ 10,374,820
Solid Waste	5,044,548	4,495,079	4,389,462	5,123,756	5,720,234	6,924,954	8,777,111
Arena Ventures		166,670					
NORCROSS Water and Sewer District					206,966	437,476	475,019
Kelly Hills Water and Sewer District							602
Total business-type activities	\$ 13,716,156	\$ 13,584,639	\$ 13,735,982	\$ 16,296,537	\$ 15,477,576	\$ 17,178,790	\$ 19,627,552
Total primary government expenses	\$ 281,239,502	\$ 275,504,917	\$ 279,972,160	\$ 304,949,661	\$ 304,130,875	\$ 314,760,310	\$ 345,680,157
Program Revenues							
Governmental Activities							
Charges for services							
General Government	\$ 2,618,449	\$ 3,684,933	\$ 3,856,357	\$ 3,839,955	\$ 3,082,335	\$ 3,344,191	\$ 3,053,211
Public Safety	2,624,124	2,047,995	2,135,055	2,420,801	2,633,124	2,500,210	2,735,035
Economic & physical development	325,529	958,151	933,363	1,205,185	923,979	1,000,137	918,059
Human Services	15,550,592	16,011,106	17,149,531	18,407,219	16,755,278	10,170,040	10,563,755
Cultural & Recreational	616,202	609,054	597,101	316,072	323,425	314,225	262,982
Operating grants and contributions							
General Government	791,001	1,218,686	577,627	534,074	1,248,637	672,243	722,308
Public Safety	748,080	496,287	893,109	1,711,447	1,148,872	938,285	1,258,882
Economic & physical development	6,400,074	5,437,693	7,070,855	8,573,974	8,651,204	8,903,443	6,479,821
Human Services	50,143,089	50,307,721	50,144,930	53,756,844	56,882,715	55,618,886	56,407,822
Cultural & Recreational	834,503	964,885	802,585	1,117,610	964,879	980,287	1,038,876
Capital grants and contributions							
General Government	2,000,000	171,976	2,000,000	2,400,000	3,141,493	6,898,894	11,123,266
Public Safety	386,534	811,942	1,209,212	543,995	739,188	606,687	1,545,270
Economic & physical development	1,354,400	260,569	327,215	266,840	267,545	598,137	973,716
Human Services					311,957	386,076	630,824
Cultural & Recreational	4,500	2,131					
Education	13,783,008	485,385	1,466,722				
Total governmental activities program revenues	\$ 98,180,085	\$ 83,468,514	\$ 89,163,662	\$ 95,094,016	\$ 97,074,641	\$ 92,931,741	\$ 99,713,827

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Business-type activities:							
Charges for services							
Crown Center	\$ 1,699,357	\$ 2,160,252	\$ 2,079,161	\$ 2,002,713	\$ 2,305,165	\$ 2,155,096	\$ 2,682,260
Solid Waste	2,539,516	2,513,065	2,444,999	3,752,650	3,597,816	4,268,885	4,042,647
Arena Ventures		100,002					
NORCRESS Water and Sewer District			14,208	10,224	77,730	327,926	231,570
Kelly Hills Water and Sewer District		39,200			238	1,054	
Operating grants and contributions							
Solid Waste	67,001				21,180		
Capital grants and contributions							
NORCRESS Water and Sewer District		150,480	263,472	5,269,641	1,272,212	254,122	
Kelly Hills Water and Sewer District		372,700	84,321	1,782,725	465,882	2,910	
Total business-type activities program revenues	\$ 4,305,874	\$ 5,335,699	\$ 4,886,161	\$ 12,817,953	\$ 7,740,223	\$ 7,009,993	\$ 6,956,477
Total primary government program revenues	\$ 102,485,959	\$ 88,804,213	\$ 94,049,823	\$ 107,911,969	\$ 104,814,864	\$ 99,941,734	\$ 106,670,304
Net (expense)/revenue							
Governmental activities	\$ (169,343,261)	\$ (178,451,764)	\$ (177,072,516)	\$ (193,559,108)	\$ (191,578,658)	\$ (204,649,779)	\$ (226,338,776)
Business-type activities	(9,410,282)	(8,248,940)	(8,849,821)	(3,478,584)	(7,737,353)	(10,168,797)	(12,671,075)
Total primary government net expense	\$ (178,753,543)	\$ (186,700,704)	\$ (185,922,337)	\$ (197,037,692)	\$ (199,316,011)	\$ (214,818,576)	\$ (239,009,851)
General Revenues and Other Changes in Net Assets							
Governmental activities							
Ad valorem taxes	\$ 127,204,019	\$ 128,145,164	\$ 135,015,932	\$ 138,418,541	\$ 143,158,737	\$ 146,997,789	\$ 153,067,580
Other taxes	42,896,340	46,697,032	41,353,221	58,376,570	63,143,666	60,450,548	63,209,326
Unrestricted grants and contributions	3,046,773	1,265,058	4,739,443	4,592,341	5,109,038	8,236,597	8,498,758
Investment earnings	3,057,855	1,649,334	1,267,506	3,048,858	5,667,104	7,779,579	5,932,341
Miscellaneous	5,774,764	7,872,953	6,082,715	5,796,274	5,813,227	5,376,376	6,647,488
Transfers	(7,628,289)	(6,119,464)	(6,343,569)	(9,922,588)	(7,863,279)	(7,392,159)	(7,386,525)
Total governmental activities	\$ 174,351,462	\$ 179,510,077	\$ 182,115,248	\$ 200,309,996	\$ 215,028,493	\$ 221,448,730	\$ 229,968,968
Business-type activities:							
Other taxes	\$ 4,978,178	\$ 5,142,538	\$ 5,239,545	\$ 5,321,308	\$ 5,342,933	\$ 5,540,407	\$ 5,780,859
Investment earnings	553,833	326,113	285,346	566,852	1,239,835	1,953,383	2,045,131
Miscellaneous	90,113	17,089	(16,777)	835,559	170,844	6,344	28,779
Transfers	7,628,289	6,119,464	6,343,569	9,922,588	7,863,279	7,392,159	7,386,525
Total business-type activities	\$ 13,250,413	\$ 11,605,204	\$ 11,851,683	\$ 16,646,307	\$ 14,616,891	\$ 14,892,293	\$ 15,241,294
Total primary government	\$ 187,601,875	\$ 191,115,281	\$ 193,966,931	\$ 216,956,303	\$ 229,645,384	\$ 236,341,023	\$ 245,210,262
Change in Net Assets							
Governmental activities	\$ 5,008,201	\$ 1,058,313	\$ 5,042,732	\$ 6,750,888	\$ 23,449,835	\$ 16,798,951	\$ 3,630,190
Business-type activities	3,840,131	3,356,264	3,001,862	13,167,723	6,879,538	4,723,496	2,570,219
Total primary government	\$ 8,848,332	\$ 4,414,577	\$ 8,044,594	\$ 19,918,611	\$ 30,329,373	\$ 21,522,447	\$ 6,200,409

Note: The County implemented GASB Statement 34 in Fiscal Year 2002. In the future, up to nine (9) prior years will be presented with the current year to illustrate the County's financial performance over time.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved for:										
Inventories	\$ -	\$ -	\$ 76,630	\$ 184,238	\$ 202,808	\$ 204,886	\$ 285,955	\$ 246,003	\$ 250,613	\$ 230,328
Register of Deeds			460,148	130,055	111,146	140,680	137,081	233,127	254,065	463,139
Mental health programs			3,790,742	3,458,701	1,770,338	4,435,664	3,962,466	10,170,114	6,620,116	7,087,448
Encumbrances	5,023,077	4,919,318	3,790,742	3,458,701	1,770,338	4,435,664	3,962,466	10,170,114	6,620,116	7,087,448
State statute	7,820,182	7,790,876	8,903,560	9,387,422	8,740,114	19,947,496	22,374,474	21,868,108	23,704,328	23,207,371
Unreserved	22,846,877	23,892,466	8,362,179	8,761,401	11,337,226	11,380,770	17,502,451	15,407,911	14,711,456	15,778,274
Designated for subsequent year's expenditures								150,000	150,000	175,000
Designated for revaluation								1,161,950	655,072	1,000,000
Designated for tax office software									1,500,000	
Designated for potential Medicaid increase									73,004	
Designated for backup E911 system										3,258,222
Designated for renovations and maintenance						3,904,050	3,984,050	752,234	454,516	
Designated for health department renovations							2,500,000	3,166,150	1,606,150	
Designated for Courthouse/plaza renovations								2,704,163	2,622,136	262,783
Designated for Hope VI Project								3,065,833	3,120,000	3,375,000
Designated for other purposes			1,449,658	1,898,633	2,979,503	2,018,754		1,227,898	1,351,235	876,004
Designated for current year's expenditures	2,744,071									
Designated for technology							2,861,997			
Designated for school buses							453,000			
Undesignated	18,671,738	19,246,256	23,634,427	25,795,383	31,465,137	36,360,701	36,557,371	38,481,266	41,039,193	42,003,181
Total General Fund	\$ 57,105,945	\$ 55,848,916	\$ 46,677,354	\$ 50,074,424	\$ 56,666,502	\$ 81,315,228	\$ 90,598,845	\$ 98,634,757	\$ 98,111,884	\$ 97,716,760
All other governmental funds										
Reserved for:										
Encumbrances	\$ 3,776,353	\$ 3,548,356	\$ 1,884,414	\$ 1,032,705	\$ 1,602,208	\$ 1,957,387	\$ 427,951	\$ 3,152,903	\$ 559,695	\$ 319,819
State statute	8,255,535	5,757,659	3,027,233	906,813	1,545,192	3,617,379	3,561,323	6,066,361	3,090,266	5,982,621
Inmates				207,604	180,831	284,724	310,054	231,064	180,841	54,648
Cemetery				34,535	34,082	34,251	36,913	36,477	36,553	39,125
Unreserved reported in other major										
Designated for subsequent year's expenditures										
Special Revenue									2,800,000	3,021,881
Capital Projects										
Undesignated										
Special Revenue										
Capital Projects										
Unreserved, reported in nonmajor:										
Designated for subsequent year's expenditures										
Special Revenue	3,321,052	1,861,312	2,801,865	3,083,036	3,941,127	3,968,066	4,190,146	4,538,462	9,501,512	12,610,892
Capital Projects	300,359	109,217	322,512	990,552	5,370,926					39,775,254
Designated for other purposes										
Special Revenue										
Undesignated										
Special Revenue	12,953,694	12,153,903	16,101,941	16,990,955	16,126,852	16,908,782	17,047,045	16,728,673	17,289,218	17,234,733
Capital Projects	36,483,070	72,252,259	30,878,557	18,727,817	8,420,384	10,657,459	8,418,369	6,964,593	2,608,563	987,936
Total all other governmental funds	\$ 65,092,053	\$ 95,682,706	\$ 55,016,522	\$ 41,973,217	\$ 37,221,502	\$ 37,418,038	\$ 36,290,114	\$ 37,738,533	\$ 36,436,973	\$ 80,026,909
Total all governmental funds	\$ 122,198,008	\$ 151,531,622	\$ 101,693,856	\$ 92,047,641	\$ 93,888,004	\$ 118,733,266	\$ 126,888,959	\$ 136,373,290	\$ 134,548,857	\$ 177,743,669

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Ad valorem taxes	\$105,396,023	\$110,633,523	\$120,090,162	\$124,363,995	\$126,501,055	\$135,256,367	\$139,296,709	\$144,301,591	\$147,462,917	\$153,840,044
Other taxes	42,727,017	44,041,811	44,480,156	42,896,340	44,187,050	54,188,271	61,288,764	66,196,673	60,403,171	63,333,195
Unrestricted Intergovernmental	4,220,223	4,162,351	4,076,568	3,046,773	1,265,058	4,857,430	4,592,341	5,272,501	8,322,319	8,720,504
Restricted Intergovernmental	89,783,663	76,092,018	68,360,688	76,445,189	60,157,275	64,547,056	68,928,744	73,145,402	75,409,616	81,482,041
Licenses and permits	2,641,073	2,397,716	2,560,655	2,847,757	4,062,976	4,432,579	5,231,307	3,616,805	3,707,358	2,841,307
Sales and services	16,776,353	15,344,765	15,418,729	18,885,329	19,248,263	20,066,040	20,938,883	20,175,715	13,803,729	14,924,481
Investment earnings	8,384,623	12,730,972	10,757,185	3,417,339	1,568,762	1,225,854	2,994,836	5,528,756	7,528,255	5,694,409
Other general revenues	5,761,570	6,375,175	6,938,772	5,748,604	7,585,811	6,221,854	6,801,754	5,898,692	6,038,736	6,640,826
Total revenues	\$275,690,545	\$271,778,331	\$272,682,915	\$277,651,426	\$264,576,250	\$290,795,451	\$310,043,338	\$324,136,135	\$322,676,101	\$337,476,807
Expenditures										
General government	\$ 15,469,569	\$ 17,531,741	\$ 16,715,906	\$ 14,434,601	\$ 16,190,889	\$ 15,865,618	\$ 20,448,388	\$ 19,573,002	\$ 18,574,204	\$ 20,760,735
Public safety	32,231,820	34,722,359	35,347,039	33,042,128	34,149,908	36,729,376	38,385,258	40,308,572	42,626,745	44,953,991
Economic and physical development	12,194,523	10,836,007	9,299,668	9,092,224	9,330,336	10,387,592	11,442,987	13,190,720	14,783,011	12,750,827
Human services	84,325,747	93,199,215	96,391,139	94,276,944	97,264,634	97,944,667	105,115,297	110,306,464	106,811,398	109,860,802
Cultural and recreational	10,256,806	11,065,295	10,894,944	9,653,361	9,166,754	10,602,235	13,396,711	14,343,093	12,491,367	12,233,311
Education	56,763,115	64,840,316	70,145,351	82,555,828	80,398,479	78,169,718	83,763,840	80,402,772	88,478,548	103,367,194
Capital outlay	81,712,347	63,758,095	53,043,613	16,248,607	4,673,700	488,141	4,236,462	8,576,837	10,517,733	6,499,102
Debt Service										
Principal	9,200,202	11,986,539	13,205,035	11,873,262	10,958,755	11,758,005	12,100,187	13,888,769	13,585,630	14,100,329
Interest and fees	7,661,546	9,303,024	11,055,103	10,490,911	10,274,436	10,093,789	9,477,155	8,961,568	8,572,961	7,984,798
Debt issuance cost							268,699			
Total expenditures	\$309,815,675	\$317,242,591	\$316,097,798	\$281,667,866	\$272,407,891	\$272,039,141	\$298,634,984	\$309,551,797	\$316,441,597	\$332,511,089
Revenues over (under) expenditures	\$(34,125,130)	\$(45,464,260)	\$(43,414,883)	\$(4,016,440)	\$(7,831,641)	\$ 18,756,310	\$ 11,408,354	\$ 14,584,338	\$ 6,234,504	\$ 4,965,718
Other financing sources (uses)										
Debt issuance		\$ 81,612,300		\$ 238,125	\$ 15,818,195		\$ 9,862,080	\$ 4,300,000		\$ 46,500,000
Refunding debt issuance			50,780,000				35,505,000			
Premium on refunding bonds			122,536				2,713,376			
Payment to refund bond escrow agent			(49,980,680)				(37,659,214)			
Lease purchase proceeds	2,734,487									
Sale of capital assets	568,140	97,689	41,882	65,728				55,177	189,243	172,355
Transfers in	8,437,167	11,239,682	6,369,356	6,995,004	19,114,050	7,995,786	10,358,015	12,025,388	8,714,304	8,220,078
Transfers out	(13,386,640)	(17,678,532)	(13,776,418)	(13,828,913)	(25,547,383)	(16,307,387)	(24,435,460)	(21,480,572)	(16,325,367)	(16,663,339)
Payment from component unit				(73,847)	287,142					
Total other financing sources (uses)	\$(1,646,846)	\$75,271,139	\$(6,443,324)	\$(6,603,903)	\$ 9,672,004	\$(8,311,601)	\$(3,656,203)	\$(5,100,007)	\$(7,421,820)	\$ 36,229,094
Net change in fund balances	\$(35,771,976)	\$ 29,806,879	\$(49,858,207)	\$(10,620,343)	\$ 1,840,363	\$ 10,444,709	\$ 7,752,151	\$ 9,484,331	\$(1,187,316)	\$ 43,194,812
Debt service as a percentage of noncapital expenditures	7.39%	8.40%	9.22%	8.43%	7.93%	8.05%	7.42%	7.59%	7.24%	6.77%

County of Cumberland, North Carolina
Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

Sources of Governmental Funds Tax Revenues

Fiscal Year	Ad Valorem Tax	Sales Tax	Video Sales Tax ¹	Beer and Wine Tax ²	Other Tax ³	Room Occupancy Tourism Tax ⁴	Real Estate Transfer Tax	Dog and Cat Registration Tax	Prepared Food and Beverage Tax	Total Tax
1999	\$ 105,395,538	\$ 36,177,934		\$ 639,938	\$ 2,144,568	\$ 611,971	\$ 636,742	\$ 155,620	\$ 2,972,075	\$ 148,734,386
2000	110,633,525	37,475,155		629,898	2,115,858	641,019	573,025	153,494	3,094,256	155,316,230
2001	120,090,159	37,831,655		623,332	2,113,397	618,062	585,671	149,207	3,178,154	165,189,637
2002	124,363,964	36,844,336			2,001,983	774,919	661,865	189,881	3,198,637	168,035,585
2003	126,501,048	39,241,600		657,645	2,431	1,173,035	734,497	172,981	3,380,003	171,863,240
2004	135,256,382	48,414,740		658,219	2,557	1,538,270	1,069,746	441,763	3,601,634	190,983,311
2005	139,296,712	53,103,181		686,819	3,026	2,092,077	1,131,223	405,668	3,836,771	200,555,477
2006	144,301,591	55,674,521		695,840	2,443	3,259,120	1,477,071	381,637	4,110,467	209,902,690
2007	147,462,917	53,343,686	126,540	489,287			1,515,827	367,630	4,560,201	207,866,088
2008	153,840,044	55,804,658	710,663	507,004			1,184,893	348,201	4,777,776	217,173,239

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

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

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

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

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

Fiscal Year Ended June 30	Personal Property			Less: Tax Exempt Property ³	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ⁴	Assessed Value as a Percentage of Actual Value ⁵
	Real Property	Public Service ¹	Motor Vehicle					
1999	\$ 10,049,812	\$ 300,831	\$ -	\$ 989,475	\$ 11,686,013	0.840	\$ 11,933,026	97.93%
2000	10,520,476	316,779	2,324,845	1,079,812	12,232,728	0.840	12,633,200	96.83%
2001	10,737,544	328,454	2,475,285	1,164,207	12,515,930	0.900	13,061,918	95.82%
2002	11,052,096	342,024	890,618	1,234,469	12,744,760	0.925	13,746,910	92.71%
2003	11,138,599	319,378	1,743,025	1,452,708	12,813,032	0.925	13,626,536	94.03%
2004	12,860,438	326,351	1,774,855	1,830,639	14,173,380	0.880	14,173,380	100.00%
2005	13,156,842	336,616	1,075,944	1,847,915	14,488,618	0.880	14,734,687	98.33%
2006	13,497,036	366,205	2,017,935	1,780,516	15,187,241	0.880	16,425,742	92.46%
2007	14,054,554	368,900	1,115,176	1,813,350	15,707,814	0.880	17,521,265	89.65%
2008	14,654,940	340,324	1,144,309	1,852,697	16,381,485	0.880	19,048,238	86.00%

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

² Other includes motor vehicles for FYE 1999 - 2001

³ Exempt properties are not reported in the year-to-year levy. The information presented for FYE 1999 - 2001 was compiled from current system information due to scrolls not being available.

⁴ 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.

⁵ 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.

⁶ Denotes the year in which a revaluation was effective on the January 1st preceding the beginning of the fiscal year.

Source: Cumberland County Tax Department

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. Assessed valuations are established by the Board of Commissioners at 100% of market value as of the year of the revaluation. The last revaluation was effective January 1, 2003 and is reflected beginning in Fiscal Year 2004.

County of Cumberland, North Carolina
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	County of Cumberland Direct Rates					Overlapping Rates Levied by Municipalities									
	County Direct Rate	County Recreation Rate	Fire Protection Districts (1)	Special Fire District (2)	City of Fayetteville (3)	Fayetteville Revitalization District	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	
1999	\$ 0.840	\$ 0.050	\$ 0.100	\$ 0.005	\$ 0.510	\$ 0.100	\$ 0.380	\$ 0.550	NA	\$ 0.150	\$ 0.170	\$ 0.150	\$ 0.370	\$ 0.210	
2000	0.840	0.050	0.100	0.005	0.510	0.100	0.380	0.550	NA	0.150	0.170	0.150	0.370	0.210	
2001	0.900	0.050	0.100	0.005	0.530	0.100	0.410	0.550	NA	0.150	0.170	0.150	0.370	0.235	
2002	0.925	0.050	0.100	0.005	0.530	0.100	0.410	0.660	NA	0.150	0.170	0.150	0.370	0.235	
2003	0.925	0.050	0.100	0.005	0.530	0.100	0.410	0.660	NA	0.150	0.170	0.150	0.370	0.235	
2004	0.880	0.050	0.100	0.005	0.530	0.100	0.410	0.660	NA	0.150	0.170	0.150	0.370	0.235	
2005	0.880	0.050	0.100	0.005	0.530	0.100	0.410	0.660	NA	0.150	0.170	0.150	0.370	0.235	
2006	0.880	0.050	0.100	0.005	0.530	0.100	0.410	0.660	NA	0.150	0.170	0.150	0.370	0.235	
2007	0.880	0.050	0.100	0.005	0.530	0.100	0.460	0.660	NA	0.150	0.170	0.150	0.370	0.235	
2008	0.880	0.050	0.100	0.005	0.530	0.100	0.460	0.660	0.205	0.150	0.190	0.150	0.370	0.235	

- (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 2008			Fiscal Year 1999		
	2007 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	1998 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 181,253	1	1.11%	\$ 123,319	1	1.06%
Walmart	128,917	2	0.79%	68,149	5	0.58%
Carolina Telephone	101,583	3	0.62%	113,062	2	0.97%
Cross Creek Mall, LLC	86,054	4	0.53%			
Progress Energy	59,286	5	0.36%	61,719	7	0.53%
Purolator Products NA, Inc.	51,903	6	0.32%			
Piedmont Natural Gas Co., Inc.	51,172	7	0.31%			
Centurion Aviation Services	50,103	8	0.31%			
DAK Americas	45,763	9	0.28%			
South River EMC	31,531	10	0.19%			
Black & Decker				67,545	6	0.58%
Cumberland Associates				74,333	3	0.64%
E.I. Dupont De Nemours				73,441	4	0.63%
Fiber Industries				40,750	9	0.35%
Monsanto				58,376	8	0.50%
NC Natural Gas				37,679	10	0.32%
	<u>\$ 787,565</u>		<u>4.82%</u>	<u>\$ 718,373</u>		<u>6.16%</u>

Source: Cumberland County Tax Department

County of Cumberland, North Carolina
Property Tax Levies and Collections - General Fund
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Total Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Net Levy
1999	98,459,530	94,720,009	96.20%	3,204,180	97,924,189	99.46%
2000	102,930,868	99,452,736	96.62%	3,820,093	103,272,829	100.33%
2001	113,019,985	108,502,502	96.00%	2,324,904	110,827,406	98.06%
2002	118,105,428	112,530,100	95.28%	3,808,148	116,338,248	98.50%
2003	118,669,185	112,620,429	94.90%	4,513,742	117,134,171	98.71%
2004 ¹	124,909,702	119,126,328	95.37%	5,448,456	124,574,784	99.73%
2005	127,699,476	122,645,671	96.04%	5,552,494	128,198,165	100.39%
2006	133,891,832	129,101,364	96.42%	5,425,056	134,526,420	100.47%
2007	138,486,845	133,857,005	96.66%	4,575,672	138,432,677	99.96%
2008	144,435,397	140,172,406	97.05%	4,464,584	144,636,990	100.14%

FY 2008 Reconciliation of Collections and Credits with Revenues

Collections and credits per above	\$ 144,636,990
Interest	989,690
Processing fees	236,803
Other	445,333
Releases from prior years	<u>(404,767)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 145,904,049</u>

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

Source: Cumberland County Tax Department

County of Cumberland, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	Certificates of Participation	Capital Leases	Installment Purchase	General Obligation Bonds	Certificates of Participation	Capital Leases	Installment Purchase			
1999	106,120,000	36,570,000	6,108,675	4,960,006		59,753,784		1,395,513	\$ 214,907,978	3.15%	715
2000	130,055,000	84,980,000	2,175,982	6,829,410		58,948,781		997,785	283,986,958	3.92%	938
2001	122,915,000	83,120,000	1,362,753	4,847,602		57,938,781		586,150	270,770,286	3.62%	895
2002	115,775,000	80,785,000	533,786	3,516,433		56,658,781		240,000	257,509,000	3.22%	842
2003	123,510,000	77,955,000	182,226	3,810,237		55,083,781		87,305	260,628,549	3.07%	844
2004	115,895,000	74,570,000		3,234,457		53,183,781			246,883,238	2.70%	795
2005	114,140,000	70,635,000	4,537,080	2,999,271	1,250,000	51,058,781			244,620,132	NA	802
2006	106,165,000	66,475,000	4,562,232	5,631,302	1,250,000	48,693,781			232,777,315	NA	761
2007	98,230,000	62,250,000	4,241,761	4,526,143	1,250,000	46,078,781			216,576,685	NA	703
2008	90,235,000	57,950,000	3,908,523	49,554,052	1,236,000	43,198,781			246,082,356	NA	785

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

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

NA: Information not available

County of Cumberland, North Carolina
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Total General Obligation Bonds</u>	<u>Percentage of Personal Income (1)</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Per Capita (1)</u>
1999	106,120,000	1.56%	0.89%	353
2000	130,055,000	1.80%	1.03%	429
2001	122,915,000	1.64%	0.94%	406
2002	115,775,000	1.45%	0.84%	378
2003	123,510,000	1.45%	0.91%	400
2004	115,895,000	1.27%	0.82%	373
2005	115,390,000	NA	0.78%	378
2006	107,415,000	NA	0.65%	351
2007	99,480,000	NA	0.57%	323
2008	91,471,000	NA	0.48%	292

Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 13 for personal income and population data.

(2) See Schedule 6 for property value data.

NA: Information not available

Cumberland County, North Carolina
Computation of Legal Debt Margin
Last Ten Fiscal Years
(Dollars in Thousands)
Unaudited

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 1,014,039	\$ 1,065,003	\$ 1,094,411	\$ 1,118,338	\$ 1,141,259	\$ 1,280,322	\$ 1,306,923	\$ 1,357,421	\$ 1,401,693	\$ 1,458,735
Total net debt applicable to limit	106,120	130,055	122,915	115,775	123,510	115,895	114,140	106,165	98,230	90,235
Legal debt margin	\$ 907,919	\$ 934,948	\$ 971,496	\$ 1,002,563	\$ 1,017,749	\$ 1,164,427	\$ 1,192,783	\$ 1,251,256	\$ 1,303,463	\$ 1,368,500
Total net debt applicable to the limit as a percentage of debt limit	10.47%	12.21%	11.23%	10.35%	10.82%	9.05%	8.73%	7.82%	7.01%	6.19%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Property Value	\$ 16,381,485
Plus : Exempt Property	1,852,697
Total Assessed Value	18,234,182
Debt Limit (8% of total assessed value)	1,458,735
Debt applicable to limit:	
Total Bonded debt	91,471
Authorized and unissued debt	14,101
	105,572
Less: Statutory deductions	
Authorized and unissued debt	14,101
Revenue bonds	1,236
	15,337
Total amount of debt applicable to debt limit	90,235
Legal debt margin	\$ 1,368,500

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

Fiscal Year Ended June 30	Population ¹	Personal Income	Per Capita Income ²	Median Age ¹	School Enrollment ³	Unemployment Rate ⁴
1999	300,603	6,818,277,246	22,682	29.4	51,315	3.8%
2000	302,887	7,239,302,187	23,901	29.6	51,349	4.5%
2001	302,618	7,477,388,162	24,709	30.0	51,243	6.1%
2002	305,968	7,997,391,584	26,138	30.2	51,725	7.0%
2003	308,735	8,493,608,585	27,511	30.4	52,223	6.5%
2004	310,549	9,137,904,325	29,425	30.6	53,092	5.6%
2005	305,173	NA	NA	30.8	53,399	5.7%
2006	305,829	NA	NA	N/A	53,403	5.8%
2007	308,255	NA	NA	N/A	53,912	5.3%
2008	313,616	NA	NA	N/A	52,912	7.2%

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 2008			Fiscal Year 1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Fort Bragg/Pope AFB Civilians	10,818	1	8.32%	7,420	1	5.72%
Cumberland County Schools	6,700	2	5.16%	5,610	2	4.33%
Cape Fear Valley Health System	5,000	3	3.85%	3,600	3	2.78%
Wal-Mart	3,448	4	2.65%			
Goodyear Tire and Rubber Company	2,650	5	2.04%	3,200	4	2.47%
Cumberland County Government	2,492	6	1.92%	2,300	5	1.77%
City of Fayetteville	1,996	7	1.54%	1,880	6	1.45%
State of North Carolina	1,530	8	1.18%			
U.S. Postal Service	1,312	9	1.01%	1,430	9	
Methodist University	1,300	10	1.00%			
Black & Decker Manufacturing Company				1,800	7	1.39%
Purolator, Inc.				1,500	8	1.16%
Fayetteville Technical Community College				1,232	10	0.95%
	<u>37,246</u>		<u>28.66%</u>	<u>29,972</u>		<u>22.01%</u>
Total Employment	<u>129,964</u>			<u>129,690</u>		

Sources:

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

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	249	247	252	206	224	234	236	234	239	242
Public Safety										
Sheriff	401	400	405	402	364	367	369	379	381	381
Detention Facility	93	92	92	129	173	182	181	187	187	188
Other	49	53	59	50	51	26	34	35	66	57
Human Services										
Public Health	318	302	303	262	212	224	226	233	240	233
Mental Health	422	403	435	426	448	455	469	407	373	215
Social Services	615	661	651	620	606	609	602	608	616	635
Other	28	27	28	25	21	22	22	23	22	7
Cultural & Recreation										
Library	199	190	178	148	145	154	162	169	176	176
Other	39	42	48	49	50	50				
Economic and Physical Development	106	108	116	101	97	104	110	108	108	116
Crown Center	32	32	32	32	36	40	41	39	41	41
Solid Waste	69	69	68	72	55	54	52	64	64	60
Total	2,620	2,626	2,667	2,522	2,482	2,521	2,504	2,486	2,513	2,351

Source: County Budget System (BRASS)

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Number of persons voting in elections	53,809	55,017	22,619	58,723	18,963	97,792	32,258	47,466	35,785	NA
Number of registered voters	148,012	155,844	* 77,112	156,807	159,479	179,370	171,030	176,853	139,350	NA
Number of birth certificates processed	7,643	7,404	7,390	7,206	7,202	7,535	8,051	7,943	8,242	8,046
Number of death certificates processed	2,465	2,468	2,399	2,441	2,428	2,506	2,355	2,533	2,511	2,790
Number of land record instruments	67,879	54,229	53,254	58,208	64,737	70,475	61,356	63,852	61,396	49,243
Number of marriage licenses issued	3,539	3,794	3,524	3,866	3,677	3,667	4,044	3,828	3,898	4,003
Number of pieces of mail handled	861,527	831,051	668,322	681,169	659,014	712,856	737,929	793,048	639,434	725,028
* List Maintenance every 4 years (non-voters removed)										
Public Safety										
Number of fire calls answered	10,913	9,650	10,495	13,516	9,432	9,515	9,904	7,562	9,459	11,056
Number fire permits issued	455	432	500	550	708	452	820	266	232	274
Number of emergency calls dispatched	52,524	56,713	56,568	60,046	60,761	60,832	58,446	NA	57,320	60,116
Number of sheriff calls answered	66,346	72,187	91,326	91,840	87,623	87,454	94,698	144,381	137,576	144,689
Number of civil court papers handled	NA	38,097	41,729	39,665	40,281	40,132	40,542	38,237	40,767	57,872
Average daily inmate population	368	373	371	392	485	464	504	518	532	536
Number of inmates admitted	10,868	9,927	9,135	9,762	9,986	9,202	9,983	10,640	9,833	11,257
Number of animals impounded (dogs and cats)	11,598	11,753	12,561	11,516	12,357	11,779	10,907	11,953	17,895	18,590
Number of animal investigations	12,918	13,016	13,897	13,862	14,895	15,018	14,482	15,767	16,014	14,240
Human Services										
Number of health dept. clinical services	38,561	22,598	29,203	25,707	27,550	30,523	32,143	31,010	29,399	31,282
Number of health dept. lab tests processed	74,902	65,285	41,808	38,955	38,081	40,181	43,057	39,165	28,286	59,007
Number of health dept. prescriptions filled	NA	NA	NA	NA	6,761	17,995	29,302	38,119	35,252	18,596
Amount of health care provided with no compensation	NA	NA	NA	NA	NA	NA	\$1,361,831	\$1,568,571	\$1,616,979	\$1,788,131
Number of WIC Clients	NA	NA	44,628	45,420	42,552	40,212	38,496	36,456	142,916	150,370
Number of food stamp ave monthly households	NA	NA	9,368	10,179	11,713	13,016	13,928	15,623	16,167	18,972
Average active Medicaid family & children's cases	9,486	11,943	14,971	14,668	15,656	15,620	17,802	19,402	21,705	24,565
Average active Medicaid adult cases	3,476	3,481	3,746	3,983	4,089	4,448	4,654	4,941	5,205	5,445
Average TANF active cases	3,856	3,278	2,683	2,530	2,435	2,448	2,301	2,140	2,967	1,647
Number of protective services referrals	3,805	3,858	3,983	4,373	4,736	4,864	4,957	4,853	4,977	5,735
Number of veterans claims processed*	NA	NA	NA	NA	1,214	2,364	2,845	2,692	5,233	2,377
Number of veterans served in office	NA	NA	NA	NA	6,966	9,209	9,618	8,384	7,568	7,379
*all claims processed not just claims generating dollars										

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Human Services (continued)										
Number of veterans served by telephone	NA	NA	NA	NA	10,529	19,429	16,496	16,198	16,848	18,070
Number of mental health days of service (24 hrs)	63,239	75,461	67,470	69,121	67,758	66,784	70,219	81,879	48,481	45,092
Number of mental health outpatients served	6,760	5,052	6,871	7,253	7,239	7,361	8,055	8,607	6,337	6,410
Number of mental health inpatients served**	532	465	648	936	750	500	417	429	NA	NA
Number of workforce development applicants	6,511	6,576	1,039	988	971	1,803	2,061	993	683	1,331
**clients no longer contracted with hospital										
Economic and Physical Development										
Number of inspections performed	37,738	30,453	28,080	31,211	37,659	NA	54,606	70,487	27,891	20,164
Number of building permits issued	1,217	1,241	1,412	1,574	1,407	2,024	2,169	NA	1,760	1,273
Culture and Recreation										
Number of library books	507,695	514,295	503,831	503,799	509,173	512,031	513,922	595,462	592,536	558,713
Number of materials circulated	2,249,213	2,184,923	2,117,520	1,986,546	1,884,249	1,325,999	1,365,396	1,446,477	1,994,109*	2,047,346*
Number of public visits	1,525,773	1,491,763	1,327,742	1,254,195	1,221,211	1,246,265	1,278,154	1,284,143	1,444,916	1,255,529
* includes books and audio visual materials										
Business Activities										
Number of civic center event days	636	647	792	378	335	335	326	328	309	348
Number in attendance	604,204	600,227	617,802	487,813	506,003	549,456	513,658	545,409	521,088	554,792
Number of solid waste tonnages processed	257,937	273,883	252,265	230,731	205,062	209,810	265,464	282,679	305,915	261,389

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fire										
Number of volunteer stations	22	21	21	21	21	21	21	19	20	20
Sheriff										
Number of stations	4	3	4	5	5	5	6	6	4	6
Number of patrol vehicles	NA	NA	NA	NA	325	325	325	325	326	323
Detention facility beds	365	365	365	568	568	568	568	568	568	568
Culture and Recreation										
Number of libraries	9	8	8	8	8	8	8	8	8	8
Library collections	507,695	514,295	503,831	503,799	509,173	512,031	513,922	595,462	592,536	605,911
Number of parks	2	2	2	2	2	3	3	3	3	3
Park acreage	130	162	162	174	174	189	189	189	185	185
Number of ball fields	14	14	14	14	33	103	107	67	64	63
Number of tennis courts	8	10	10	10	10	41	40	40	28	28
Facilities and services not included in primary government										
Education:										
Number of schools	73	73	76	79	79	80	80	80	87	87
Number of students	50,317	51,349	50,979	51,725	52,223	53,089	53,326	52,565	53,912	52,912
Colleges & universities	2	2	2	2	2	2	2	2	2	2
Community colleges	1	1	1	1	1	1	1	1	1	1
Hospitals:										
Number of county hospitals	1	1	1	1	1	1	1	1	2	2
Number of patient beds	800	933	933	909	909	426	447	447	546	546

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

NA: Information not available.

**OMB CIRCULAR A-133 AND
STATE SINGLE AUDIT IMPLEMENTATION ACT
COMPLIANCE SECTION**

- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act
- Independent Auditors' Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act
- Schedule of Findings and Questioned Costs
- Schedule of Corrective Action Plan
- Schedule of Prior Year Audit Findings
- Schedule of Expenditures of Federal and State Awards



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

Board of County Commissioners
County of Cumberland, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the Eastover Sanitary District (the "District"), the Cumberland County Tourism Development Authority (the "Authority"), the Fayetteville Area Convention and Visitors Bureau (the "Bureau"), each major fund and the aggregate remaining fund information of the County of Cumberland, North Carolina (the "County") as of and for the year ended June 30, 2008, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 15, 2008. We did not audit the financial statements of the Cumberland County ABC Board (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Board and the Bureau were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

CHERRY, BEKAERT & HOLLAND L.L.P.

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

Fayetteville, North Carolina
November 15, 2008



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners
County of Cumberland, North Carolina

Compliance

We have audited the compliance of the County of Cumberland, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

CHERRY, BEKAERT & HOLLAND L.L.P.

Cherry Bekaert + Holland LLP

Fayetteville, North Carolina
November 15, 2008



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Board of County Commissioners
County of Cumberland, North Carolina

Compliance

We have audited the compliance of the County of Cumberland, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. The County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Cumberland County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

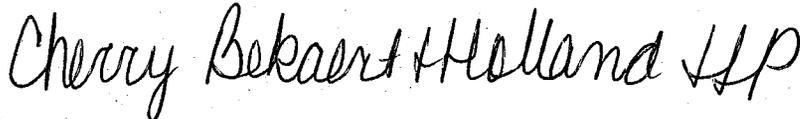
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

CHERRY, BEKAERT & HOLLAND L.L.P.

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

Fayetteville, North Carolina
November 15, 2008

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2008

SECTION I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards Yes No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	<i>Food Stamp Cluster</i>
10.551	Food Stamp Program - Non Cash
10.551	Food Stamp Incentive Retention
10.561	State Administrative Matching Grants for the Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, & Children
14.218	Community Development Block Grats/Entitlement Grants

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2008

Identification of major federal programs (continued):

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	<i>WorkForce Investment Act Cluster</i>
17.260	National Emergency Grant
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
93.568	Low-Income Home Energy Assistance Block Grant
93.778	Medical Assistance – Title XIX

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: **Unqualified**

Any audit findings disclosed that are
required to be reported in accordance
with the State Single Audit
Implementation Act Yes X No

Identification of major State programs:

- Program Name
- State/County Special Assistance for Adults – Direct Benefit Payments
- State Foster Care Benefits Program
- Smart Start Administration
- Clean Water Management Trust Fund
- State Aid to Public Libraries

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2008

Identification of major State programs (continued):

Program Name

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

Section II. Financial Statement Findings

None

Section III. Federal Award Findings and Questioned Costs

None

Section IV. State Award Findings and Questioned Costs

None

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Corrective Action Plan

Year Ended June 30, 2008

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Prior Year Audit Findings

Year Ended June 30, 2008

Finding 07-01

Status: Completed

Finding 07-02

Status: Completed

Finding 07-03

Status: Completed

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u> 1(a)	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Consumer Service</u>					
Passed-through N.C. Dept. of Agriculture:					
Food Distribution	10.550		\$ 1,961	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>Food Stamp Cluster:</u>					
Food Stamp Program - Noncash	10.551		47,421,847	-	-
Food Stamp Incentive Retention	10.551		82,432	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		2,028,495	-	2,028,495
Total Food Stamp Cluster			49,532,774	-	2,028,495
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		1,669,292	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		9,025,468	-	-
AGRI-SFP Food Program Meal	10.559		3,264	-	-
Total U.S. Dept. of Agriculture			60,232,759	-	2,028,495
<u>U.S. Department of Housing and Urban Development</u>					
<u>Community Planning and Development</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Department of Administration:					
Emergency Shelter Grants Program	14.231		6,903	-	-
Direct Program:					
Community Development Block Grants/Entitlement Grants	14.218		1,606,307	-	-
Supportive Housing Program	14.235		77,403	-	-
HOME Investment Partnerships Program	14.239		428,394	-	-
Total U.S. Dept. of Housing and Urban Development			2,119,007	-	-
<u>U.S. Dept. of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Passed-through the N.C. Dept. of Crime Control and Public Safety:					
Direct Program:					
Edward Byrne Memorial Justice Assistance Grant	16.738		158,210	-	-
Gang Resistance Education and Training	16.737		106,423	-	-
Bullet Proof Vest Partnership Program	16.607		3,755	-	-
<u>Office of Community Oriented Policing Services</u>					
Direct Program:					
Public Safety Partnerships and Community Policing Grants	16.710		197,446	-	-
Total U.S. Dept. of Justice			465,834	-	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. Dept. of Labor</u>					
<u>Employment and Training Administration</u>					
Passed-through Senior Service America, Inc.:					
Senior Community Service Employment Program	17.235		\$ 565,750	\$ -	\$ -
<u>WorkForce Investment Act Cluster</u>					
Direct Program:					
National Emergency Grant	17.260		37,238	-	-
Passed-through the N.C. Department of Commerce:					
Division of Employment and Training:					
WIA Adult Program	17.258		1,012,398	-	-
WIA Youth Activities	17.259		484,705	-	-
WIA Dislocated Workers	17.260		917,463	-	-
			<hr/>	<hr/>	<hr/>
Total U.S. Dept. of Labor			3,017,554	-	-
<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		330,519	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants	20.505		53,328	6,666	6,666
			<hr/>	<hr/>	<hr/>
Total U.S. Dept. of Transportation			383,847	6,666	6,666
Office of Library Services					
Passed-through N.C. Dept. of Cultural Resources:					
State Library Program	45.310		34,609	-	-
<u>Federal Emergency Management Agency</u>					
Passed-through N.C. Dept. of Crime Control and Public Safety:					
Division of Emergency Management:					
Emergency Management Performance Grants	83.552		71,668	-	1,144,136
<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		6,518,325	-	7,653,297
WorkFirst/TANF - Direct					
Benefit Payments	93.558		4,748,343	(2,221)	(363)
N.C. Child Support Enforcement Section	93.563		26,002	-	13,395
Low-Income Home Energy Assistance Block Grant:					
Administration					
Crisis Intervention Program	93.568		63,467	-	4,103
Crisis Intervention Program	93.568		633,905	-	-
Energy Assistance Payments-Direct Benefit Payments	93.568		575,580	-	-
Permanency Planning - Families for Kids	93.645		89,988	23,305	51,432
SSBG - Other Services and Training	93.667		1,386,312	136,061	2,354,519
LINKS (formerly Independent Living Grant)	93.674		104,740	26,543	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

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
Foster Care and Adoption Cluster:					
Title IV-E Foster Care	93.658		\$ 1,905,062	\$ 1,007,887	\$ 751,336
Title IV-E Foster Care HIV	93.658		7,711	4,328	-
Adoption Assistance - Direct Benefit Payments	93.659		1,083,754	304,150	304,150
Total Foster Care and Adoption Cluster			2,996,527	1,316,365	1,055,486
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		82,262	88,095	60,795
Division of Child Development:					
Subsidized Child Care (Note 4)					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care and Development Fund-Administration	93.596		572,621	-	520,612
Division of Child Development:					
Child Care Development Fund - Discretionary	93.575		6,547,827	-	-
Child Care Development Fund - Mandatory	93.596		1,704,577	-	-
Child Care Development Fund - Match	93.596		912,618	508,663	-
Total Child Care Development Fund Cluster			9,737,643	508,663	520,612
Social Services Block Grant					
TANF	93.667		59,749	-	-
TANF - MOE	93.558		2,771,856	-	-
Smart Start			-	5,044,556	-
State Appropriations			-	252,218	-
Total Subsidized Child Care Cluster			12,569,248	6,501,103	520,612
Substance Abuse and Mental Health Administration					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
Homelessness (PATH)	93.150		134,000	-	-
MAJORS Substance Abuse/Juvenile Justice Initiative	93.959		153,986	48,405	-
Substance Abuse Training	93.959		-	-	-
Perinatal and Maternal Substance Abuse Initiative	93.959		127,182	-	-
Treatment Alternatives to Street Crime	93.959		836,484	1,278,256	-
Mental Health Cluster:					
Block Grants for Community Mental Health Services	93.958		210,400	-	-
Social Services Block Grant	93.667		-	243,850	-
State Appropriations - Child			-	1,328,928	-
- Adults			-	-	-
- Other			-	1,030	-
Total Mental Health Cluster			210,400	1,573,808	-
Developmental Disabilities Waiting List Cluster:					
SSBG-Developmental Disabilities Waiting List Funds	93.667		-	9,733	-
State Appropriations			-	-	-
Total Developmental Disabilities Waiting List Cluster			-	9,733	-
Developmental Disability Services - Adult					
Developmental Disability Services - Adult	93.667		149,968	-	-
Developmental Disability Services - Child	93.667		20,795	-	-
Substance Abuse Cluster:					
Block Grant for Prevention and Treatment of Substance Abuse	93.959		235,589	-	-
State Appropriations - Child			-	44,205	-
- Adults			-	1,052,240	-
Total Substance Abuse Cluster			235,589	1,096,445	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

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>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		\$ 191,372,185	\$ 98,233,824	\$ 13,157,621
Division of Social Services:					
Medical Assistance Program Administration	93.778		2,991,694	419,494	2,715,773
Health Choice	93.767		154,607	10,787	40,909
<u>Centers for Disease Control</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116	4552	33,712	-	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5452, 5465	41,506	-	-
Statewide Health Promotion Program	93.991	5503	29,831	-	-
Family Planning Services	93.217		240,195	-	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		617,099	-	-
<u>Health Resources and Services Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Immunization Grants	93.268	5715	146,804	-	-
Maternal and Child Health Services Block Grant	93.994		851,320	-	-
Temporary Assistance for Needy Families	93.558		43,421	-	-
Total U.S. Dept. of Health and Human Services			228,185,478	110,760,004	27,627,579
<u>Department of Homeland Security</u>					
Passed-through the N.C. Dept. of Crime Control & Public Safety:					
Division of Emergency Management:					
State Domestic Preparedness Equipment Support Program-Pt.2	97.004		6,900	-	-
Homeland Security Grants	97.053		9,963	-	-
Total U.S. Department of Homeland Security			16,863	-	-
Human Services:					
Division of Medical Assistance:					
Medicaid At-Risk	93.778		425,505	-	-
Total Federal awards			294,953,124	110,766,670	30,806,876

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
State Awards:					
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
State/County Special Assistance for Adults - Direct Benefit					
Payments			\$ -	\$ 2,135,507	\$ 2,143,655
State Foster Care Benefits Program			-	483,873	483,870
Adoption Subsidy - Direct Benefit			-	980,117	259,152
Energy Assistance - CP&L Energy Program			-	13,912	-
State Aid Payments			-	208,957	-
Temporary Assistance for Needy Families Incentives			-	6,702	-
Special Links			-	2,921	-
AFDC Incentives			-	1,200	-
Adult Protective Services			-	47,452	351,665
Smart Start Administration			-	317,064	192,616
Family Violence Prevention Grant			-	25,269	-
Division of Child Development:					
Smart Start Read to Me			-	264,250	-
Smart Start Motherread			-	64,633	-
Smart Start - Mental Health			-	233,441	-
Division of Public Health:					
General		4110	-	184,204	-
Public Health Nurse Training			-	2,800	-
Epilepsy		5555	-	517	-
TB Medical Services		4554	-	4,969	-
Communicable Disease		4510	-	25,762	-
Risk Reduction/Health Promotion		5503	-	4,014	-
Immunization-State			-	-	-
Tuberculosis		4551	-	82,608	-
Breast and Cervical Cancer Control			-	11,759	-
AIDS-State		4536	-	25,000	-
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
General Program Services			-	613,389	-
Systems Management Transition			-	5,120,264	-
LME Processed Medicaid Claims			-	13,928	-
Developmental Disability Services - Child			-	198,721	-
Developmental Disability Services - Adult			-	1,032,888	-
Mental Retardation / Mental Illness			-	540,400	-
Comprehensive Treatment			-	-	-
Services Program (At Risk Children)			-	474,998	-
Criminal Justice			-	6,947	-
Crisis Services			-	393,411	-
DD Traumatic Brain Injury			-	15,000	-
Emergency Services			-	5,692	-
Total N. C. Department of Health and Human Services			-	13,542,569	3,430,958
<u>N.C. Dept. of Environment & Natural Resources</u>					
Division of Environmental Health:					
Environmental Health			-	30,356	-
Lead Paint Hazard			-	3,456	-
Air Quality Grant			-	15,748	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Water and Soil Conservation: Agriculture Cost Share Program			\$ -	\$ 24,508	\$ 26,916
Soil and Water District Projects			-	4,000	63,467
Total N.C. Department of Environment & Natural Resources			-	78,068	90,383
<u>N.C. Clean Water Management Trust Fund:</u> Eastover Sanitary District			-	473,447	-
<u>N.C. Department of Veteran's Affairs</u> Veteran's Services Grant			-	2,000	228,462
<u>Office of State Budget and Management</u> Public School Building Capital Fund			-	2,913,531	971,178
<u>Department of Juvenile Justice & Delinquency Prevention</u> Juvenile Crime Prevention Program			-	1,150,153	638,876
<u>N.C. Rural Economic Development Center</u> Unsewered Communities Grant			-	2,370,548	-
<u>N.C. Dept. of Cultural Resources</u> State Aid to Public Libraries			-	419,073	7,903,406
<u>N.C. Dept. of Transportation</u> Rural Operating Assistance Program Cluster: Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	179,999	-
Rural General Program			-	91,649	-
Work First Transitional/Employment Trans. Assistance			-	90,870	-
Total Rural Operating Assistance Program Cluster			-	362,518	-
Human Services Transportation Program			-	52,157	-
Public Access Funds			-	-	-
Total N.C. Department of Transportation			-	414,675	-
<u>N.C. Dept. of Administration</u> Domestic Violence Program			-	61,251	-
<u>N.C. Dept. of Corrections</u> Criminal Justice Partnership Program			-	275,472	-
<u>N.C. Dept. of Justice</u> Administrative Grants			-	47,560	40,000
Total State awards			-	21,748,347	13,303,263
Total Federal and State awards			\$ 294,953,124	\$ 132,515,016	\$ 44,110,139

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

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	\$ 330,519	\$ -
Supportive Housing Program	14.235	77,403	-
Juvenile Crime Prevention Program		-	1,150,153
Public School Building Capital Fund		-	2,913,531

3. General Fund Transfer to Mental Health

The County of Cumberland is the only county in the catchment area for this Mental Health area program. The county budgeted and actually transferred \$4,456,053 from the general fund to the area program.

4. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, Mental Health Services, Developmental Disability Waiting List Services, Substance Abuse Services, and Infants and Toddlers with Disabilities.

5. Emergency/Crisis Services was audited as part of the Mental Health cluster in 2006. General Program Services was audited as part of the Mental Health Crosscutting in 2006.

CONTINUING DISCLOSURE INFORMATION
(Unaudited)

Securities Exchange Commission Rule 15c2-12 requires that the County make continuing disclosures related to certain general and non-general obligation debt. These disclosures are required to be submitted annually to the Nationally Recognized Municipal Securities Information Repositories by the end of the seventh month following the County's fiscal year ended June 30.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2008

AVAILABLE SOURCES OF PAYMENT OF INSTALLMENT DEBT

The County may pay installment payments from any source of funds available to the County in each year and appropriated by the Board of County Commissioners for such purpose.

General Fund Revenues. The County's General Fund revenues (excluding other financing sources) for the fiscal year ended June 30, 2008 were approximately \$290 million. General Fund revenues are derived from various sources, including property taxes (approximately 50.3%), sales taxes, and intergovernmental revenues. The County's property tax rate is \$0.88 per \$100 of assessed value. A rate of \$.01 per \$100 of assessed value presently generates approximately \$1,611,783 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, 2008 is \$90,235,000 which is significantly less than the legal limit of approximately \$1.46 billion. Debt service payments represent 4.09% of total actual expenditures for FY 2008 and 6.52% of total budgeted expenditures for FY 2009. In fiscal year 2008, the County transferred \$683,000 from the General Fund to pay operating expenses of the Crown Center and \$2,664,517 to pay debt service on the Crown Coliseum. For FY2009, the County budgeted transfers from the General Fund of \$683,000 for Crown Center operating and \$2,544,193 for Crown Coliseum debt service.

Prepared Food and Beverage Tax Revenues. The North Carolina General Assembly (the "General Assembly") has authorized the County to levy a prepared food and beverage tax (the "Food and Beverage Tax") of up to 1% of the sale price of prepared food and beverages sold at retail for consumption on or off the premises by any retailer within the County that is subject to sales tax imposed by the State.

The proceeds of the Food and Beverage Tax are collected monthly by the County and allocated to the Cumberland County Civic Center Commission (the "Commission") and maintained in the County's Crown Center Enterprise Fund. The Commission may use the proceeds of the Food and Beverage Tax to pay debt service or to expand the existing arena facilities or to pay other costs of acquiring, constructing, maintaining, operating, marketing and promoting the new coliseum or expanded arena facilities. Set forth below are the historical receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ended June 30, 2008 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2013:

Fiscal Year <u>Ended June 30 (1)</u>	Historical <u>Receipts (2)</u>
2004	\$ 3,564,000
2005	3,797,000
2006	4,064,000
2007	4,516,000
2008	4,732,000
Fiscal Year <u>Ended June 30</u>	Forecasted <u>Receipts (3)</u>
2009	\$ 4,873,000
2010	5,020,000
2011	5,170,121
2012	5,325,000
2013	5,485,000

- (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 \$37,643 to \$45,799 per year.
- (3) Forecasted receipts assume 3% annual growth in tax revenue and 4.0% growth in the cost of collection for FY 2009 and 3% thereafter.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2008

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, 2008 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2013:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Historical</u> <u>Receipts (1)</u>
2004	\$ 759,000
2005	778,000
2006	768,000
2007	848,000
2008	983,000
<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Forecasted</u> <u>Receipts (2)</u>
2009	\$ 1,012,000
2010	1,043,000
2011	1,074,000
2012	1,106,000
2013	1,139,000

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee. FY 2004 – FY 2005 receipts increased significantly due to the large presence of military reservists related to war on terror.
- (2) Forecasted receipts assume 3% annual growth rate less 3% collection fee.

Under the statutory distribution formula, the County will receive an equivalent amount in each fiscal year with such amount to be used for advertising the civic center complex and promoting travel and tourism within the County. The County expects to use the proceeds of the Occupancy Tax allocated to the Commission and the Food and Beverage Tax as sources from which to make its installment payments. These proceeds and transfers of amounts from the General Fund necessary to make such installment payments are deposited into a special fund created by the County. No assurance can be given that the proceeds of the Occupancy Tax and Food and Beverage Tax will be equal to the installment payments in any fiscal year. In addition, the proceeds of the Occupancy Tax and the Food and Beverage Tax have not been pledged directly or indirectly as security for any

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2008

debt obligation and the registered owners of any such debt obligation have no lien on or claim against such 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

Material Events Disclosures

On June 5, 2008 Standard & Poor's Rating Services downgraded the credit ratings on obligations insured by Ambac Assurance Corporation (Ambac) and MBIA Insurance Corporation (MBIA) from AAA to AA. On June 19, 2008 Moody's Investor Services downgraded the credit ratings on obligations insured by Ambac and MBIA from Aaa to A2. Subsequently, Moody's further downgraded the credit ratings on obligations insured by Ambac from Aa3 to Baa1 on November 5, 2008 and on obligation insured by MBIA from A2 to Baa1 on November 7, 2008. On November 19, 2008 Standard & Poor's further downgraded the credit ratings on obligations insured by Ambac from AA to A. In accordance with the provisions of SEC Rule 15c2-12(b)(5)(i)(C), the County disclosed in separate filings with the Nationally Recognized Municipal Securities Repositories (NRMSIRs) that the County has certain debt obligations insured by Ambac and certain other debt obligations insured by MBIA.

Prior Years' Defeasance of General Obligation Debt

In prior years, the County has defeased various general obligation bond issues by creating separate irrevocable trust funds with various escrow agents. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt had been considered defeased and therefore removed from the County's liabilities. As of June 30, 2008, the amount of prior year defeased general obligation debt outstanding and removed from the County's liabilities amounted to \$18,645,000.

Outstanding General Obligation Debt

	Principal Outstanding as of			
	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
General Obligation Bonds				
School	\$ 104,115,000	\$ 97,150,000	\$ 90,185,000	\$ 83,150,000
Community College Facilities	2,875,000	2,480,000	2,125,000	1,780,000
Library Facilities	7,150,000	6,535,000	5,920,000	5,305,000
Total G.O. Debt	\$ 114,140,000	\$ 106,165,000	\$ 98,230,000	\$ 90,235,000

Note: The outstanding general obligation debt shown above does not include obligations that are solely the responsibility of the County's various component units including the Eastover Sanitary District (\$3,723,500) and the North Cumberland Regional Sewer System District (\$1,236,000).

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County has the statutory capacity to incur additional net debt in the amount of \$1,368,500,000 as of June 30, 2008.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2008

General Obligation Debt Ratios

<u>At July 1</u>	<u>Total G.O. Debt</u>	<u>Assessed Valuation</u>	<u>Ratio of G.O. Debt To Assessed Valuation</u>	<u>Population (1)</u>	<u>Total G.O. Debt Per Capita</u>
2004	\$ 115,895,000	\$14,173,380,000	0.82%	310,311	\$ 373.48
2005	114,140,000	14,488,618,000	0.79%	312,626	365.10
2006	106,165,000	15,187,241,000	0.70%	307,745	344.98
2007	98,230,000	15,707,814,000	0.63%	310,637	316.22
2008	90,235,000	16,381,485,000	0.55%	313,616	287.72

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

General Obligation Debt Service Requirements and Maturity Schedule

<u>Cumberland County</u>						
FY	<u>Schools</u>		<u>Libraries</u>		<u>Community College</u>	
	<u>(Including Related 2004 Refunding)</u>		<u>(Including Related 2004 Refunding)</u>		<u>(Including Related 2004 Refunding)</u>	
Ending June 30	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>
2009	6,995,000	10,946,051	610,000	857,050	335,000	414,000
2010	6,955,000	10,584,480	600,000	828,750	330,000	398,950
2011	6,925,000	10,224,981	595,000	799,750	325,000	380,750
2012	6,995,000	9,963,219	595,000	770,000	330,000	369,500
2013	6,820,000	9,450,851	585,000	730,250	460,000	483,000
2014	7,030,000	9,327,850	885,000	1,001,000		
2015	7,015,000	8,969,350	880,000	951,750		
2016	7,335,000	8,944,350	555,000	582,750		
2017	7,810,000	9,058,350				
2018	6,890,000	7,753,600				
2019	6,830,000	7,391,538				
2020	2,500,000	2,756,688				
2021	2,375,000	2,517,687				
2022	500,000	528,437				
2023	175,000	182,437				
Bal @ 6/30/08	<u>\$ 83,150,000</u>	<u>\$ 108,599,869</u>	<u>\$ 5,305,000</u>	<u>\$ 6,521,300</u>	<u>\$ 1,780,000</u>	<u>\$ 2,046,200</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2008

General Obligation Bonds Authorized and Unissued

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u> ⁽¹⁾
School Refunding	February 16, 1998	\$ 6,605,000
School Refunding	October 19, 2005	1,000
	October 19, 2005	<u>7,495,000</u>
		<u>\$ 14,101,000</u>

(1) The County does not intend to issue the balance of the above bonds.

Other Long-Term Commitments

<u>Purpose</u>	<u>Original Amount/Costs</u>	<u>Principal & Interest Repayment/Requirements</u>	<u>FY2009 Principal And Interest Requirements</u>	<u>Balance June 30, 2008</u>
Certificates of Participation – Coliseum 1995 Series A	55,153,781	Partially refunded on July 1, 1998 from proceeds of 1998 COPS Coliseum Refunding leaving a balance of \$7,803,781. Principal payable annually and interest payable semi-annually in arrears through December 1, 2013. Total principal and interest payments range from \$0 to \$1,708,970; payable from Enterprise Fund	0	1,428,781
Certificates of Participation - Coliseum Refunding Series 1998	52,950,000	Principal payable annually and interest payable semi-annually in arrears ending December 1, 2024. Annual principal and interest payments range from \$1,989,898 to \$5,441,425; payable from Enterprise Fund.	5,168,175	41,770,000
Certificates of Participation - DSS Building/Community Corrections Center/ Equipment	37,350,000	Principal payable annually and interest payable semi-annually in arrears ending December 1, 2017. Annual principal and interest payments range from \$682,149 to \$2,956,288; payable from General Fund	2,956,288	23,575,000

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2008

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY2009 Principal and Interest Requirements	Balance June 30, 2008
Certificates of Participation - Detention Center and Mental Health Facility Refunding Series 2000	50,780,000	Principal payable annually and interest payable semi-annually in arrears ending June 1, 2024. Total annual principal and interest payments range from \$2,220,775 to \$4,583,990; payable from the General Fund	4,232,120	34,375,000
Capital Lease – Sun Trust Leasing – Energy Savings Equipment	4,537,080	Semi-annual payments of \$248,661 including interest of 3.945% beginning June 9, 2006 and ending December 9, 2017; payable from the General Fund	497,321	3,908,523
Promissory Note-Section 108 Community Development	1,500,000	Principal payable annually in arrears ending August 1, 2009. Interest payable semi-annually at an average rate of 5.86%. Payable from Special Revenue Fund	166,211	300,000
Promissory Note-Yarborough (Advance Auto Property)	250,000	Nine semi-annual payments of \$28,232 including interest of \$4.5% beginning June 1, 2005 and a final payment of \$27,743 on November 1, 2009; payable from the General Fund	56,464	80,659
Promissory Note-FTCC Local Match on State Bonds	4,300,000	Quarterly payments of \$238,158 including interest of 3.65% beginning August 24, 2006 and ending April 24, 2011; payable from the General Fund.	944,632	2,673,393
Promissory Note-Gray's Creek Middle School	20,000,000	Semi-annual payments of \$500,000 principal plus interest of 4.21% beginning June 14, 2009 and ending December 14, 2028; payable from School Lottery Proceeds.	1,552,500	20,000,000
Promissory Note-Health Department Building	<u>26,500,000</u>	Annual payments of \$1,325,000 principal plus interest at 4.42% beginning June 13, 2009 and ending June 13, 2028; payable from the General Fund.	<u>2,496,300</u>	<u>26,500,000</u>
	<u>\$ 253,320,861</u>		<u>\$ 18,070,011</u>	<u>\$ 154,611,356</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2008

The County's payment obligations under the installment financing arrangements described above at June 30, 2008 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Civic Center Certificates Debt Service (1)</u>	<u>DSS Certificates Debt Service</u>	<u>Jail/ WC Certificates Debt Service</u>	<u>Other Agreements Debt Service</u>	<u>Total Non G.O. Debt</u>
2009	5,168,175	2,956,288	4,232,120	5,713,428	18,070,011
2010	5,307,550	2,951,660	3,806,420	5,873,255	17,938,885
2011	5,441,425	2,956,190	3,697,750	5,589,450	17,684,815
2012	3,546,485	2,954,365	3,596,000	4,544,151	14,641,001
2013	3,544,898	2,955,760	3,489,000	4,443,487	14,433,145
2014	3,546,750	2,956,015	3,377,000	4,342,822	14,222,587
2015	3,542,375	2,951,100	3,265,250	4,242,156	14,000,881
2016	3,540,000	2,955,006	3,153,750	4,141,491	13,790,247
2017	3,542,125	2,952,350	3,037,500	4,040,826	13,572,801
2018	3,548,250	2,953,519	2,923,531	3,691,501	13,116,801
2019	3,543,250		2,809,281	3,342,175	9,694,706
2020	3,546,875		2,694,750	3,241,510	9,483,135
2021	3,543,750		2,574,938	3,140,845	9,259,533
2022	3,548,500		2,453,113	3,040,180	9,041,793
2023	3,545,750		2,336,812	2,939,515	8,822,077
2024	3,545,250		2,220,775	2,838,850	8,604,875
2025	3,546,500			2,738,185	6,284,685
2026				2,637,520	2,637,520
2027				2,536,855	2,536,855
2028				2,436,190	2,436,190
2029				510,525	510,525
	65,547,908	29,542,253	49,667,990	76,024,917	220,783,068
Amortization Refund Gain	(3,186,534)				(3,186,534)
	\$ 62,361,374	\$ 29,542,253	\$ 49,667,990	\$ 76,024,917	\$ 217,596,534

(1) Partially paid from food and beverage and occupancy taxes. (Coliseum Series 1998 Refunding)

The obligations of the County under the installment financing arrangements described above are not secured by a pledge of the taxing power of the County. In the event of a default by the County, the sole recourse of the obligee is to foreclose on, or otherwise realize upon its security interest in, the property acquisition or improvement of which was financed. No deficiency judgment may be rendered against the County.

Prior Years' Defeasance of Other (Non-General Obligation) Debt

In prior years, the County has defeased various certificates of participation issues by creating separate irrevocable trust funds with various escrow agents. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt had been considered defeased and therefore removed from the County's liabilities. As of June 30, 2008, the amount of prior year defeased non-general obligation debt outstanding and removed from the County's liabilities amounted to \$33,570,000.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2008

Debt Outlook

The County had planned to issue Certificates of Participation for construction of a new library and elementary school in October 2008. Due to the recent instability in the financial market, the County has decided to postpone that issuance until the first quarter of 2009. The County will continually evaluate market conditions and decide how best to finance the two projects. In the interim, the Board of Education will use sales tax and lottery proceeds to begin initial site work. Other projects under consideration in future years are two additional libraries, an addition to the Detention Center, public safety communication towers and radios, and a potential \$175 million school G.O. bond issue.

TAX INFORMATION

General Information

	<u>Fiscal Year Ended or Ending June 30,</u>		
	<u>2007</u>	<u>2008</u>	<u>2009</u> ⁽³⁾
		(Amounts in thousands)	
Assessment Ratio ⁽¹⁾	100%	100%	100%
Real Property	\$ 12,246,589	\$ 12,807,264	\$ 12,518,697
Personal Property	1,109,791	1,139,288	1,256,743
Vehicles	1,982,534	2,094,609	2,114,507
Public Service Companies ⁽²⁾	<u>368,900</u>	<u>340,324</u>	<u>313,954</u>
Total Assessed Valuation	\$ 15,707,814	\$ 16,381,485	\$ 16,203,901
Rate per \$100	<u>.880</u>	<u>.880</u>	<u>.860</u>
County-wide Levy	<u>\$ 138,229</u>	<u>\$ 144,157</u>	<u>\$ 139,354</u>

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

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

(3) Estimate as of October 31, 2008 for the fiscal year ending June 30, 2009.

In addition to the County-wide levy, the following table lists the levies by the County on behalf of recreation district(s) and 17 special fire districts for the fiscal years ended or ending June 30.

	<u>2007</u>	<u>2008</u>	<u>2009</u> ⁽¹⁾
County-wide	\$ 138,228,763	\$ 144,157,068	\$ 139,353,549
Recreation District	2,728,539	2,809,756	2,789,956
Special Fire Districts	<u>4,941,737</u>	<u>5,064,628</u>	<u>4,982,160</u>
Total Levy	<u>\$ 145,899,039</u>	<u>\$ 152,031,452</u>	<u>\$ 147,125,665</u>

(1) Estimate as of October 31, 2008 for the fiscal year ending June 30, 2009.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2008

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>
2004	\$5,448,456	\$ 119,126,328	95.37%
2005	5,552,494	122,645,671	96.04
2006	5,425,056	129,101,364	96.42
2007	4,575,672	133,857,005	96.66
2008	4,464,584	140,172,406	97.05

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

Ten Largest Taxpayers for Fiscal Year 2007-08 (Tax Year 2006-07)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2007 Assessed Valuation*</u>	<u>% of Total Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 181,253	1.11%
Walmart	Retail/Distribution	128,917	0.79
Carolina Telephone	Telephone Utility	101,583	0.62
Cross Creek Mall, LLC	Retail Mall	86,054	0.53
Progress Energy	Electric Utility	59,286	0.36
Purolator Products	Auto Filter Manufacturer	51,903	0.32
Piedmont Natural Gas	Gas Utility	51,172	0.31
Centurion Aviation Services	Aviation Maintenance	50,103	0.31
DAK Americas	Textiles	45,763	0.28
South River EMC	Electric Utility	31,531	0.19
TOTAL		<u>\$ 787,565</u>	<u>4.82%</u>

* Amounts expressed in thousands.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Compiled Budget - Annually Budgeted Funds
For the Fiscal Year Ended June 30, 2008
(Unaudited)

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	144,302,944	8,226,052	20,150
Other taxes	44,859,049	13,228,846	5,260,885
Unrestricted intergovernmental	7,484,771	400,000	
Restricted intergovernmental	62,652,828	23,967,605	246,216
Licenses and permits	2,967,975		11,388
Sales and services	15,175,850	386,013	5,097,778
Interest earned on investments	3,151,147	242,000	973,840
Miscellaneous	5,536,532	397,810	41,300
Contribution		340,000	
Total estimated revenues	286,131,096	47,188,326	11,651,557
Appropriations:			
General government	23,182,160	562,061	
Public safety	38,947,744	7,073,938	
Economic and physical development	4,760,237	15,724,923	
Human services	121,121,633	1,880,975	
Cultural and recreation	9,434,799	2,898,316	
Education	80,705,164	28,908,855	
Salaries and employee benefits			4,651,305
Other supplies			1,345,695
Repairs and maintenance			1,825,885
Contracted services			1,804,474
Utilities			838,504
Administrative costs			2,291,114
Landfill closure and postclosure			1,575,137
Other Operating		250,000	76,000
Contingency			
Capital outlay	8,312,369	246,929	3,434,831
Debt service:			
Principal retirement	13,950,333	150,000	2,880,000
Interest and fees	7,940,677	27,039	2,159,175
Total appropriations	308,355,116	57,723,036	22,882,120
Estimated revenues over (under) appropriations	(22,224,020)	(10,534,710)	(11,230,563)
Other financing sources (uses):			
Transfers from other funds:			
General Fund		4,382,468	3,347,517
Special Revenue Funds	3,954,507		4,096,739
Enterprise Funds	55,193		
Transfers to other funds:			
General Fund		(3,954,507)	(55,193)
Capital Projects	(422,962)	(70,000)	
Special Revenue Funds	(4,382,468)		
Enterprise Funds	(3,347,517)	(4,096,739)	
Internal Service Funds	(1,056,736)		
Proceeds of general long term debt			3,841,500
Appropriated fund balances	27,424,003	14,273,488	3,841,500
Total other financing sources	22,224,020	10,534,710	11,230,563
Estimated revenues and other sources over appropriations and other uses	0	0	0

Compiled for Primary Government by staff of the Cumberland County finance department from the FY2008 budget at June 30, 2008.

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

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	144,416,248	8,262,802	25,150
Other taxes	45,985,441	14,297,060	5,358,808
Unrestricted intergovernmental	7,544,969	500,000	
Restricted intergovernmental	59,681,412	14,745,425	343,768
Licenses and permits	2,195,103		14,804
Sales and services	15,636,566	435,273	5,443,481
Interest earned on investments	3,813,234	426,666	1,027,600
Miscellaneous	4,297,259	475,000	5,450
Total estimated revenues	283,570,232	39,142,226	12,219,061
Appropriations:			
General government	21,695,678	577,036	
Public safety	40,492,154	5,992,503	
Economic and physical development	4,673,936	12,554,896	
Human services	117,566,787	1,695,859	
Cultural and recreation	9,608,888	2,900,070	
Education	79,893,692	10,878,012	
Salaries and employee benefits			4,985,124
Other supplies			1,664,456
Repairs and maintenance			1,954,744
Contracted services			1,440,126
Utilities			905,241
Administrative costs			1,558,999
Landfill closure and postclosure			1,054,855
Other Operating			536,620
Contingency			432,572
Capital outlay	448,524	1,038,788	1,895,774
Debt service:			
Principal retirement	15,388,663	150,000	3,160,000
Interest and fees	9,687,593	16,211	2,008,175
Total appropriations	299,455,915	35,803,375	21,596,686
Estimated revenues over (under) appropriations	(15,885,683)	3,338,851	(9,377,625)
Other financing sources (uses):			
Transfers from other funds:			
General Fund		1,847,745	3,227,193
Special Revenue Funds	5,346,059		4,359,429
Enterprise Funds	55,193		
Transfers to other funds:			
General Fund		(5,346,059)	(55,193)
Special Revenue Funds	(1,847,745)		
Enterprise Funds	(3,227,193)	(4,359,429)	
Internal Service Funds	(218,905)		
Proceeds of general long term debt			
Funds to be provided in future years		1,408,036	
Appropriated fund balances	15,778,274	3,110,856	1,846,196
Total other financing sources	15,885,683	(3,338,851)	9,377,625
Estimated revenues and other sources over appropriations and other uses	0	0	0

Compiled for Primary Government by staff of the Cumberland County finance department from the FY2009 adopted budget ordinance at July 1, 2008.

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

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	144,416,248	8,262,802	25,150
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Total other financing sources	15,885,683	(3,338,851)	9,377,625
Estimated revenues and other sources over appropriations and other uses	0	0	0

Compiled for Primary Government by staff of the Cumberland County finance department from the FY2009 adopted budget ordinance at July 1, 2008.