

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2005**

	General	2004 School Bonds	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 43,790,508	\$ -	\$ 22,620,506	\$ 66,411,014
Investments	40,702,061	-	1,038,557	41,740,618
Taxes receivable, net	5,655,864	-	683,913	6,339,777
Sales tax receivable	12,082,485	-	2,463,415	14,545,900
Due from other governments	7,092,413	-	1,079,231	8,171,644
Patient receivables	1,972,839	-	-	1,972,839
Other receivables, net	209,143	-	23,110	232,253
Due from other funds	1,461,606	-	-	1,461,606
Due from component units	194,028	-	-	194,028
Inventories	265,955	-	-	265,955
Restricted assets:				
Cash and cash equivalents	862,441	720,139	6,875,769	8,458,349
Investments	-	2,162,476	2,184,725	4,347,201
Accounts receivable	-	-	473	473
Total assets	\$ 114,289,343	\$ 2,882,615	\$ 36,969,699	\$ 154,141,657
Liabilities and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ 5,842,020	\$ 784,302	\$ 1,358,672	\$ 7,984,994
Due to other governments	4,199,391	-	51,351	4,250,742
Accrued payroll	5,220,115	-	155,262	5,375,377
Other payables	60,243	-	27,853	88,096
Due to other funds	220,350	-	498,107	718,457
Deferred revenue	8,148,379	-	686,653	8,835,032
Total liabilities	23,690,498	784,302	2,777,898	27,252,698
Fund balances:				
Reserved:				
Reserved for inventories	265,955	-	-	265,955
Reserved for register of deeds	137,081	-	-	137,081
Reserved for encumbrances	3,962,466	-	427,951	4,390,417
Reserved by State statute	22,374,474	-	3,561,323	25,935,797
Reserved for inmates	-	-	310,054	310,054
Reserved for cemetery	-	-	36,913	36,913
Unreserved:				
Designated for subsequent year's expenditures	17,502,451	-	-	17,502,451
Designated for other purposes	-	-	200,000	200,000
Designated for technology	2,861,997	-	-	2,861,997
Designated for renovations and maintenance	3,984,050	-	-	3,984,050
Designated for health department renovations	2,500,000	-	-	2,500,000
Designated for school buses	453,000	-	-	453,000
Undesignated	36,557,371	2,098,313	-	38,655,684
Unreserved, reported in nonmajor:				
Designated for subsequent year's expenditures				
Special revenue	-	-	4,190,146	4,190,146
Undesignated				
Special revenue	-	-	17,047,045	17,047,045
Capital projects	-	-	8,418,369	8,418,369
Total fund balances	90,598,845	2,098,313	34,191,801	126,888,959
Total liabilities and fund balances	\$ 114,289,343	\$ 2,882,615	\$ 36,969,699	\$ 154,141,657

COUNTY OF CUMBERLAND, NORTH CAROLINA

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets

June 30, 2005

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

Ending fund balance - governmental funds \$ 126,888,959

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (see note 4). 127,856,227

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

Deferred Revenue	\$ 6,842,079	
Accrued Tax Penalties	950,059	
Bond issue cost	255,573	
Prepaid Pension benefit	<u>10,600</u>	
		8,058,311

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. 3,657,161

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	\$ (196,102,367)	
Accrued interest payable	<u>(2,047,482)</u>	
		(198,149,849)

Net assets of governmental activities \$ 68,310,809

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2005**

	General	2004 School Bonds	Other Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 129,495,613	\$ -	\$ 9,801,096	\$ 139,296,709
Other taxes	46,356,515	-	14,902,249	61,258,764
Unrestricted intergovernmental revenue	4,461,495	-	130,846	4,592,341
Restricted intergovernmental revenue	55,744,269	-	13,184,475	68,928,744
Licenses and permits	5,231,307	-	-	5,231,307
Sales and services	20,709,799	-	229,084	20,938,883
Interest earned on investments	2,263,021	165,362	566,453	2,994,836
Miscellaneous	5,667,514	-	1,134,240	6,801,754
Total revenues	269,929,533	165,362	39,948,443	310,043,338
Expenditures				
Current:				
General government	19,983,976	-	464,412	20,448,388
Public safety	30,825,929	-	7,559,329	38,385,258
Economic and physical development	3,781,450	-	7,661,537	11,442,987
Human services	103,665,767	-	1,449,530	105,115,297
Cultural and recreational	7,650,218	-	5,746,493	13,396,711
Education	69,530,185	5,371,323	8,862,332	83,763,840
Capital outlay	1,703,405	-	2,533,057	4,236,462
Debt service:				
Principal payments	11,950,187	-	150,000	12,100,187
Interest and fees	9,417,933	-	59,222	9,477,155
Other issue costs	-	268,699	-	268,699
Total expenditures	258,509,050	5,640,022	34,485,912	298,634,984
Excess (deficiency) of revenues over (under) expenditures	11,420,483	(5,474,660)	5,462,531	11,408,354
Other financing sources (uses)				
Debt issuance	4,787,080	5,075,000	-	9,862,080
Refunding debt issuance	-	35,505,000	-	35,505,000
Premium on refunding bonds	-	2,713,376	-	2,713,376
Payment to refund bond escrow agent	-	(37,659,214)	-	(37,659,214)
Transfers in	5,336,145	2,194,400	2,827,470	10,358,015
Transfers out	(12,260,091)	(255,589)	(11,919,780)	(24,435,460)
Total other financing sources (uses)	(2,136,866)	7,572,973	(9,092,310)	(3,656,203)
Net change in fund balances	9,283,617	2,098,313	(3,629,779)	7,752,151
Fund balance - beginning	81,315,228	-	37,821,580	119,136,808
Fund balance - ending	\$ 90,598,845	\$ 2,098,313	\$ 34,191,801	\$ 126,888,959

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, 2005

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

Net change in fund balances - total governmental funds	\$	7,752,151
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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	\$	8,113,160	
Depreciation		<u>(5,600,789)</u>	2,512,371

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) to increase net assets.		(1,190,697)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Accrued tax penalties	\$	(878,168)	
Pension costs		10,600	
Deferred revenues		<u>(2,882,194)</u>	(3,749,762)

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-

Principal payments	\$	12,100,186	
Accrued interest payable		555,194	
Accrued vacation payable		(58,134)	
Miscellaneous		617,060	
Net bond proceeds		<u>(10,421,242)</u>	2,793,064

The net revenue of certain activities of the internal service fund is reported with governmental activities.		<u>(1,366,239)</u>
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Change in net assets of governmental activities	\$	<u>6,750,888</u>
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COUNTY OF CUMBERLAND, NORTH CAROLINA

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual
Year Ended June 30, 2005**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 124,675,577	\$ 124,675,577	\$ 129,495,613	\$ 4,820,036
Other taxes	36,839,444	39,914,402	46,356,515	6,442,113
Unrestricted intergovernmental revenue	6,116,286	4,119,019	4,461,495	342,476
Restricted intergovernmental revenue	55,279,855	61,345,443	55,744,269	(5,601,174)
Licenses and permits	3,359,282	3,654,962	5,231,307	1,576,345
Sales and services	18,020,751	20,548,168	20,709,799	161,631
Interest earned on investments	672,042	672,042	2,263,021	1,590,979
Miscellaneous	4,863,625	5,004,861	5,667,514	662,653
Total revenues	249,826,862	259,934,474	269,929,533	9,995,059
Expenditures:				
Current:				
General government	17,990,759	23,351,688	19,983,976	3,367,712
Public safety	30,972,582	32,213,350	30,825,929	1,387,421
Economic and physical development	3,934,880	4,023,019	3,781,450	241,569
Human services	109,059,381	115,706,273	103,665,767	12,040,506
Cultural and recreational	7,760,075	8,024,682	7,650,218	374,464
Education	68,516,736	69,840,674	69,530,185	310,489
Capital outlay	-	2,992,355	1,703,405	1,288,950
Debt service:				
Principal payments	11,532,580	11,916,220	11,950,187	(33,967)
Interest and fees	9,415,798	9,463,020	9,417,933	45,087
Total expenditures	259,182,791	277,531,281	258,509,050	19,022,231
Revenues over (under) expenditures	(9,355,929)	(17,596,807)	11,420,483	(29,017,290)
Other financing sources (uses):				
Debt issuance	-	4,537,080	4,787,080	(250,000)
Transfers in	4,305,690	5,366,171	5,336,145	30,026
Transfers out	(6,292,787)	(12,921,546)	(12,260,091)	(661,455)
Appropriated fund balance	11,343,026	20,615,102	-	20,615,102
Total other financing sources (uses)	9,355,929	17,596,807	(2,136,866)	19,733,673
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	9,283,617	\$ (9,283,617)
Fund Balances:				
Beginning of year, July 1			81,315,228	
End of year, June 30			<u>\$ 90,598,845</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Net Assets
Proprietary Funds
June 30, 2005**

	Enterprise Funds					Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund	Total	
Assets						
Current assets						
Cash and cash equivalents	\$ 17,581,032	\$ 2,900,443	\$ -	\$ -	\$ 20,481,475	\$ -
Investments	10,884,959	-	-	-	10,884,959	-
Taxes receivable	245,353	-	-	-	245,353	-
Sales tax receivable	46,017	18,152	21,308	124,768	210,245	207
Due from other governments	102,487	-	310,222	473,761	886,470	391,763
Other receivables	338,805	308,630	-	-	647,435	25,021
Due from other funds	220,350	-	-	-	220,350	-
Total current assets	29,419,003	3,227,225	331,530	598,529	33,576,287	416,991
Noncurrent assets						
Restricted:						
Cash and cash equivalents	662,074	770,138	-	-	1,432,212	5,008,899
Accounts receivable	-	866	-	-	866	-
Capital assets, net of accumulated depreciation	10,616,200	56,211,714	2,066,296	8,796,904	77,691,114	-
Total noncurrent assets	11,278,274	56,982,718	2,066,296	8,796,904	79,124,192	5,008,899
Total assets	40,697,277	60,209,943	2,397,826	9,395,433	112,700,479	5,425,890
Liabilities and net assets						
Current liabilities						
Accounts and vouchers payable	129,486	116,051	232,620	614,034	1,092,191	33,405
Due to other governments	-	46,249	-	-	46,249	-
Accrued payroll	90,749	78,088	-	-	168,837	17,521
Accrued interest payable	-	1,608,858	-	-	1,608,858	-
Other payables	4,990	-	-	-	4,990	-
Incurred but not reported	-	-	-	-	-	1,717,803
Current portion of long-term debt	88,905	2,443,840	-	-	2,532,745	-
Bond anticipation notes payable	-	-	-	1,250,000	1,250,000	-
Due to other funds	223,508	2,000	147,680	551,812	925,000	-
Total current liabilities	537,638	4,295,086	380,300	2,415,846	7,628,870	1,768,729
Noncurrent liabilities						
Post closing liability	5,712,593	-	-	-	5,712,593	-
Long-term debt	-	44,683,461	-	-	44,683,461	-
Accrued vacation	4,891	3,938	-	-	8,829	-
Total noncurrent liabilities	5,717,484	44,687,399	-	-	50,404,883	-
Total liabilities	6,255,122	48,982,485	380,300	2,415,846	58,033,753	1,768,729
Net assets						
Invested in capital assets, net of related debt	10,616,200	9,163,982	2,066,296	7,546,904	29,393,382	-
Restricted net assets	662,074	770,275	-	-	1,432,349	-
Unrestricted	23,163,881	1,293,201	(48,770)	(567,317)	23,840,995	3,657,161
Total net assets	\$ 34,442,155	\$ 11,227,458	\$ 2,017,526	\$ 6,979,587	\$ 54,666,726	\$ 3,657,161

COUNTY OF CUMBERLAND, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2005

	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	\$ 3,322,283	\$ 2,002,713	\$ -	\$ 10,224	\$ 5,335,220	\$ -
Contributions	161	-	-	-	161	10,227,656
Other operating revenue	430,367	-	-	-	430,367	-
Total operating revenues	3,752,811	2,002,713	-	10,224	5,765,748	10,227,656
Operating expenses						
Salaries and employee benefits	1,666,458	1,632,909	-	-	3,299,367	15,230,815
Other supplies	1,141,693	412,654	-	-	1,554,347	-
Repairs and maintenance	470,792	1,828,371	-	-	2,299,163	-
Utilities	54,470	734,908	-	-	789,378	-
Administrative costs	395,989	1,690,560	-	-	2,086,549	571,959
Depreciation	667,774	1,941,189	-	-	2,608,963	-
Landfill closure and postclosure care costs	732,330	-	-	-	732,330	-
Total operating expenses	5,129,506	8,240,591	-	-	13,370,097	15,802,774
Operating income (loss)	(1,376,695)	(6,237,878)	-	10,224	(7,604,349)	(5,575,118)
Nonoperating revenue (expense)						
Interest earned on investments	551,903	14,944	-	5	566,852	54,022
Motel occupancy tax	-	802,114	-	-	802,114	-
Gain (loss) on disposal of capital assets	5,750	-	-	-	5,750	-
Miscellaneous	10,398	-	-	825,000	835,398	-
Taxes	4,519,194	-	-	-	4,519,194	-
Interest expense	-	(2,908,127)	-	-	(2,908,127)	-
Tax distribution fee	-	(24,063)	-	-	(24,063)	-
Total nonoperating revenue (expense)	5,087,245	(2,115,132)	-	825,005	3,797,118	54,022
Income (loss) before transfers and contributions	3,710,550	(8,353,010)	-	835,229	(3,807,231)	(5,521,096)
Transfers in	-	9,994,907	-	185,137	10,180,044	4,154,857
Transfers out	(257,456)	-	-	-	(257,456)	-
Capital contributions	-	-	1,782,725	5,269,641	7,052,366	-
Change in net assets	3,453,094	1,641,897	1,782,725	6,290,007	13,167,723	(1,366,239)
Total net assets - beginning	30,989,061	9,585,561	234,801	689,580	41,499,003	5,023,400
Total net assets - ending	\$ 34,442,155	\$ 11,227,458	\$ 2,017,526	\$ 6,979,587	\$ 54,866,726	\$ 3,657,161

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2005

	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	\$ 3,375,644	\$ 1,840,617	\$ -	\$ 10,224	\$ 5,226,485	\$ -
Other operating revenue	241,238	-	-	-	241,238	-
Cash received from contributions	-	-	-	-	-	10,227,817
Cash paid to employees	(1,623,360)	(1,626,425)	-	-	(3,249,785)	-
Cash paid for goods and services	(1,810,888)	(4,875,936)	48,770	352,089	(6,285,965)	(901,481)
Cash paid for claims	-	-	-	-	-	(14,966,430)
Net cash provided by (used in) operating activities	182,634	(4,661,744)	48,770	362,313	(4,068,027)	(5,640,294)
Noncapital financing activities						
Transfers in	-	9,994,907	-	185,137	10,180,044	4,154,857
Transfers out	(257,456)	-	-	-	(257,456)	-
Net cash provided (used) by noncapital financing activities	(257,456)	9,994,907	-	185,137	9,922,588	4,154,857
Capital and related financing activities						
Acquisition and construction of capital assets	(581,466)	(127,826)	(48,770)	(2,839,710)	(3,597,772)	-
Proceeds from issuance of debt	-	-	-	1,250,000	1,250,000	-
Principal paid on long-term debt	-	(1,872,431)	-	-	(1,872,431)	-
Interest paid on bonds	-	(2,758,752)	-	-	(2,758,752)	-
Motel occupancy tax	4,519,194	802,114	-	-	5,321,308	-
Tax distribution fee	-	(24,063)	-	-	(24,063)	-
Other miscellaneous transactions	28,720	-	-	825,000	853,720	-
Net cash provided (used) by capital and related financing activities	3,966,448	(3,980,958)	(48,770)	(764,710)	(827,990)	-
Investing activities						
Proceeds from sale of investments	3,180,482	-	-	-	3,180,482	-
Investment earnings	551,903	14,944	-	5	566,852	54,022
Net cash provided (used) in investing activities	3,732,385	14,944	-	5	3,747,334	54,022
Net increase in cash and cash equivalents	7,624,011	1,367,149	-	(217,255)	8,773,905	(1,431,415)
Cash and cash equivalents						
Beginning of year	10,619,095	2,303,432	-	217,255	13,139,782	6,440,314
End of year	\$ 18,243,106	\$ 3,670,581	\$ -	\$ -	\$ 21,913,687	\$ 5,008,899
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (1,376,695)	\$ (6,237,878)	\$ -	\$ 10,224	\$ (7,604,349)	\$ (5,575,118)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	667,774	1,941,189	-	-	2,608,963	-
Landfill closure and post closure care costs	732,330	-	-	-	732,330	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	53,361	(727)	-	-	52,634	-
(Increase) decrease in other receivables	(189,290)	(281,062)	(21,308)	(124,767)	(616,427)	2,761
(Increase) decrease in inventories	1,202	-	-	(452,361)	(451,159)	(391,763)
(Increase) decrease in internal balances	262,357	-	(162,542)	-	99,815	-
Increase (decrease) in accounts payable and accrued liabilities	(11,503)	(89,750)	-	-	(101,253)	317,543
Increase (decrease) in due to other funds	-	-	-	551,812	551,812	-
Increase (decrease) in compensated absences payable	3,352	6,484	-	-	9,836	-
Increase (decrease) in deferred revenue	-	-	232,620	377,405	610,025	-
Increase (decrease) in contract retainage	39,746	-	-	-	39,746	6,283
Total adjustments	1,559,329	1,576,134	48,770	352,089	3,536,322	(65,176)
Net cash provided by (used in) operating activities	\$ 182,634	\$ (4,661,744)	\$ 48,770	\$ 362,313	\$ (4,068,027)	\$ (5,640,294)
Noncash investing, capital, and financing activities:						
Capital contributions	\$ -	\$ -	\$ 1,782,725	\$ 5,269,641	\$ 7,052,366	\$ -
Cash and cash equivalents:						
Unrestricted	\$ 17,581,032	\$ 2,900,443	\$ -	\$ -	\$ 20,481,475	\$ -
Restricted	662,074	770,138	-	-	1,432,212	5,008,899
Total	\$ 18,243,106	\$ 3,670,581	\$ -	\$ -	\$ 21,913,687	\$ 5,008,899

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005**

	<u>Pension Trust Fund</u>	
	<u>Special Separation Allowance Fund</u>	<u>Agency Funds</u>
Assets		
Taxes receivable	\$ -	\$ 4,672,249
Restricted cash and cash equivalents	<u>965,732</u>	<u>676,402</u>
Total assets	<u>965,732</u>	<u>\$ 5,348,651</u>
Liabilities		
Accounts and vouchers payable	-	\$ 5,310,152
Due to other funds	-	<u>38,499</u>
Total liabilities	<u>-</u>	<u>\$ 5,348,651</u>
Net assets		
Reserved for employees pension benefits	<u>\$ 965,732</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2005

	Pension Trust Fund
	Special Separation Allowance Fund
Additions	
Employee contributions	\$ 220,000
Interest earned on investments	18,885
Total additions	<u>238,885</u>
Deductions	
Benefits	117,449
Total deductions	<u>117,449</u>
Change in net assets	121,436
Total net assets - beginning	<u>844,296</u>
Total net assets - ending	<u>\$ 965,732</u>