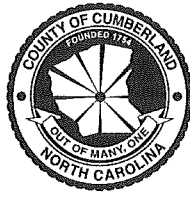


MARSHALL FAIRCLOTH
Chairman

JIMMY KEEFE
Vice Chairman

JEANNETTE M. COUNCIL
KENNETH S. EDGE
CHARLES E. EVANS
BILLY R. KING
EDWARD G. MELVIN



CANDICE WHITE
Clerk to the Board

KELLIE BEAM
Deputy Clerk

CUMBERLAND
★ COUNTY ★
NORTH CAROLINA

BOARD OF COMMISSIONERS

MEMORANDUM

TO: Finance Committee Members (Commissioners Edge, Council and Melvin)

FROM: Candice H. White, Clerk to the Board *cu*

DATE: April 30, 2012

SUBJECT: Finance Committee Meeting – Thursday, May 3, 2012

There will be a regular meeting of the Finance Committee on Thursday, May 3, 2012 at 9:30 AM in Room 564 of the Cumberland County Courthouse.

AGENDA

1. Approval of Minutes – April 5, 2012 Meeting
2. Update on Parks and Recreation Bond Issue
3. Update on the Day Reporting Center FY2013 Funding
4. Update on the Classification and Pay Study
5. Discussion of the County's Other Post-Employment (OPEB) Obligations as Disclosed in the June 30, 2011, Comprehensive Annual Financial Report (CAFR)
6. Review of Monthly Financial Report
7. Other Matters of Business

cc: Board of Commissioners
Administration
Howard Abner, Assistant Finance Director
Tammy Gillis, Senior Internal Auditor
Legal
County Department Head(s)
Sunshine List

DRAFT

CUMBERLAND COUNTY FINANCE COMMITTEE
 NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
 APRIL 5, 2012 - 9:30AM
 MINUTES

MEMBERS PRESENT: Commissioner Kenneth Edge, Chairman
 Commissioner Jeannette Council
 Commissioner Ed Melvin

OTHER COMMISSIONERS

PRESENT: Commissioner Jimmy Keefe
 Commissioner Charles Evans
 Commissioner Marshall Faircloth (arrived 9:45 a.m.)

OTHERS:

James Martin, County Manager
 Amy Cannon, Deputy County Manager
 James Lawson, Assistant County Manager
 Rick Moorefield, County Attorney
 Phyllis Jones, Assistant County Attorney
 Howard Abner, Assistant Finance Director
 Sally Shutt, Communication and Strategic Initiatives Manager
 Karen Long, Crown Coliseum General Manager
 Chris Ragland, Crown Coliseum AGM/Director of Operations
 Lisa Foster, Crown Coliseum Director of Finance
 Ryan C. Aul and Wayne Beard, Sr., Civic Center Commissioner
 Members
 Rita Perry, Crown Coliseum Administrative Support
 Candice H. White, Clerk to the Board
 Press

Commissioner Edge called the meeting to order at 9:30 a.m.

1. APPROVAL OF MINUTES – MARCH 1, 2012 REGULAR MEETING

MOTION: Commissioner Melvin moved to approve the minutes.
 SECOND: Commissioner Council
 VOTE: UNANIMOUS (3-0)

2. PRESENTATION OF CROWN CENTER BUSINESS PLAN AND BI-ANNUAL REPORT

James Martin, County Manager, called on Karen Long, Crown Coliseum General Manager, who introduced members of her staff and the Civic Center Commission. Ms. Long provided the following overview of the Crown Coliseum's Business Plan Bi-Annual Report. The full report is included herein as Attachment A.

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Chronological Summary

- November 2010: The County Finance Committee requested that the Crown Center develop a business plan.
- April 6, 2011: The Business Plan was presented to and approved by the Civic Center Commission. The Commission instructed the General Manager to develop a strategic plan.
- June 28, 2011: The Crown Strategic Plan was presented to and approved by the Civic Center Commission.
- September 1, 2011: Crown Business and Strategic Plans were presented to the County Finance Committee. The Finance Committee requested bi-annual reports outlining marketing and promotion strategies and financial goals.
- February 9 and March 9, 2012: Executive Committee meetings were held to discuss the Business Plan.
- March 27, 2012: Presentation made to Civic Center Commission.
- April 2, 2012: Executive Committee approved the business plan and bi-annual report.
- April 5, 2012: The first bi-annual presentation was made to the County Finance Committee.

Business Plan Updates and Additions

Ms. Long briefly reviewed updates and additions to the business plan and referenced page numbers of the report on which the information could be found.

Administrative:

Pages 2 & 7: Change of the indoor football information to Cape Fear Heroes (Arena Indoor Football).

Page 4: Update of Civic Center Commission board members

Page 5: Update of Crown Center organizational chart

Financial Graphs:

Pages 24- 33 and Page 35 – 37 (Fiscal year data updates)

Addition:

Pages 28: Debt Services Requirement FY2012-2025 Graph

Finance Objectives

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- Manage the resources of the Crown Center in a fiscally responsible manner
- Ensure efficient and effective staffing for events
- Increase the number of visitors/patrons to the Crown Center
- Ensure equitable contracts with promoters
- Ensure risk assessment is measurable for programming in relation to sponsored events

Ms. Long reported the Executive Committee at their February and March 9, 2012 meetings directed her to use drop counts or attendance numbers and event contributions and budget contributions as a means to most accurately represent performance indicators for the business plan report.

Ms. Long stated in accordance with the direction of the Executive Committee, the Crown Coliseum will use a 1.5% increase or drop count or attendance numbers as a performance measurement tool. Ms. Long explained if the performance management tool was based on the FY2010-2011 drop count, the goal would be an increase of just over 8,500 attendees.

Performance Indicators

Drop Count (Attendance)

FISCAL YEAR	DROP COUNT
2010-2011	567,937
2009-2010	533,092
2008-2009	577,733

Goal: 1.5% increase for FY2011-2012

Ms. Long stated in also accordance with the direction of the Executive Committee, the Crown Coliseum will use a 1% increase for event contributions as a performance measurement tool. Ms. Long further explained if the performance measurement tool was based on the FY2010-2011 event contributions, the goal would be an increase of just over \$14,000.

Event Contributions

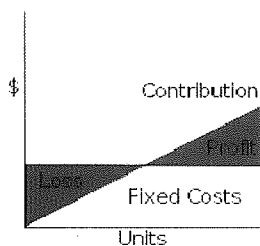
FISCAL YEAR	EVENT CONTRIBUTIONS
2010-2011	\$1,406,851
2009-2010	\$1,436,393
2008-2009	\$1,129,775

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Goal: 1% increase for FY2011-2012

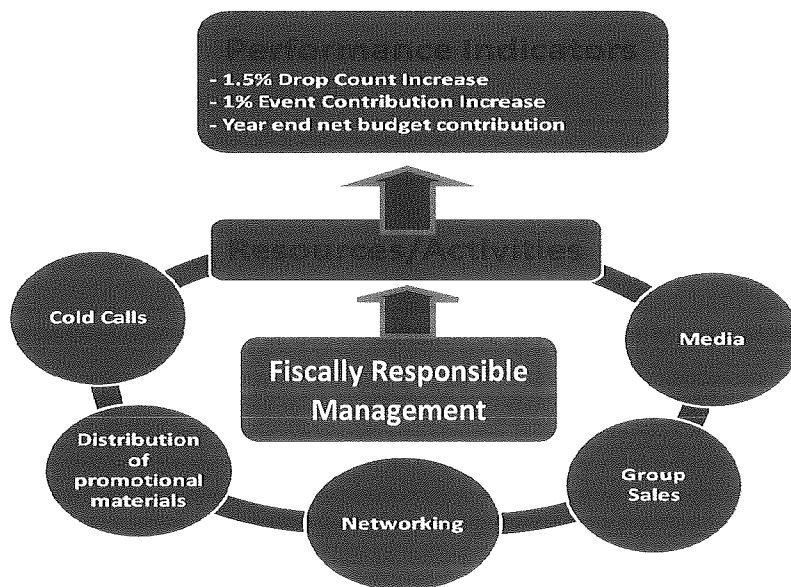
Ms. Long stated that third performance measurement or indicator will be to strive for a year-end net contribution of 8% to the budget; this will include both combined event and non-event revenue. Ms. Long explained net contributions to budget consist of revenues less expenses of the general operations of the Crown Coliseum; this excludes capital, major maintenance and repairs greater than \$30,000, encumbered items and associated revenue assigned for those expenses. Mr. Long also explained major maintenance and repairs and encumbered items were not itemized on previous financial reports so there is a lack of historical data for net contributions to the budget.

Year-End Net Contributions to Budget



Goal: 8%

Ms. Long explained ways in which the goals as designated by the performance indicators will be achieved and also provided cost savings estimates.



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Fiscally Responsible Management

- Monitor overtime and adjust schedules when necessary to reduce overtime, contracted services, and on-call employees
- Regularly scheduled equipment evaluation performed by staff and outside contractors
- Yearly software updates to ensure proper control of equipment and increase energy efficiency
- Equipment upgrades to ensure complex is working as efficiently and effectively as possible
- Coliseum and Expo florescent lighting retrofitting
- Arena lighting updating
- In-house maintenance and repairs (i.e., carpentry, painting, electrical lighting upgrades and repairs, welding and landscaping)
- Event and Operating policy and procedure updates

(Internal Controls)

- Purchasing Policy
- Cash Receipts Policy
- Petty Cash Policy
- Sponsored Events
- Comply with All Cumberland County Policies

Marketing and Sales

Cold Calls:

- Website inquiries
- Promoters
- Suite Lease
- Signage

Distribution of Promotional Materials:

- Cumberland County municipalities
- Various county departments
- Surrounding counties
- Colleges

Networking/Industry Related:

- IAVM – International Association of Venue Managers, Inc.
- RCMA – Religious Conference Management Association
- Venue Coalition
- TEAMS – Travel, Events, and Management in Sports
- IEBA – International Entertainment Buyers Association

Networking/Local and Regional:

- FACVB – Fayetteville Area Convention and Visitors Bureau
- NC Sports Association
- AENC - Association Executives of North Carolina

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- MWR – Morale, Welfare and Recreation
- NCDDBA – North Carolina Defense Business Association
- FAHA - Fayetteville Area Hospitality Association

Group Sales:

Present

- Cape Fear Valley Hospital

Potential

- Cumberland County employees
- City of Fayetteville employees
- PWC
- Goodyear
- Local and area colleges
- Current suite holders and businesses that have signage

Media:

- Crown Center website
- Facebook
- Twitter
- E-mail blasts
- Ticketmaster
- Digital marquees
- Digital billboards
- Radio
- Network and cable television

MOTION: Commissioner Council moved to reduce the Crown Coliseum's number of annual reports to one report.

SECOND: Commissioner Melvin

VOTE: UNANIMOUS (3-0)

Questions followed. Lisa Foster, Crown Coliseum Director of Finance, explained food and beverage tax projections and transfers, fund balance expensed for operating expenses, and capital projects under the plan. Consensus of the Finance Committee was for the Crown Coliseum to provide its annual report in October.

3. DISCUSSION OF FINANCIAL IMPACT OF MENTAL HEALTH DIVESTITURE

Mr. Martin called on Amy Cannon, Deputy County Manager, who referenced Mental Health Director Hank Debnam's presentation at the Board's February 17, 2012 planning retreat regarding changes for the Mental Health Authority related to continued mental health reform and divestiture of services. Ms. Cannon stated the Mental Health Authority will no longer provide direct services to clients but will move to a capitated funding model which will establish a Managed Care Organization (MCO). Ms. Cannon stated Wake and Durham counties merged into one unit and Cumberland County is combining with Durham and Johnson counties with

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Durham being the new MCO for the four-county region. Ms. Cannon stated each county will have designated MCO funded staff and there will be forty-six and one-half positions at the local level paid for by the MCO.

Ms. Cannon stated during discussion at the February 17, 2012 planning retreat, Mr. Debnam mentioned the movement of some clinical services to other county departments in an effort to preserve employee positions within the county infrastructure. Ms. Cannon stated one of the concerns is that Mr. Debnam is proposing to retain about twenty-two of the former Local Management Entity (LME) positions that would be county-funded. Ms. Cannon stated there will be no LME funding to offset the salary costs of the positions and these positions will not be revenue generating. Ms Cannon stated these positions will cost the county \$1 million annually.

Ms. Cannon stated additionally, the guardianship function for Mental Health clients can no longer be serviced by the Mental Health Authority and this function and three Mental Health employees will be transferred to the Department of Social Services to maintain this service. Ms. Cannon stated this appears to be a good fit although there may be some financial impact to Social Services revenues for a certain time period since the positions will not be allowed to draw down Block Grant monies.

Ms. Cannon stated also of significance is the transfer of the psychiatric clinical services from the Mental Health Authority to the Public Health Department. Ms. Cannon stated there are about twenty-six positions that are proposed to be transferred to and managed by the Public Health Department and located in the Bradford Avenue facility. Ms. Cannon stated the makeup of the unit will be one medical director, six psychiatrists and support positions for the unit. Ms. Cannon stated a considerable amount of supplemental money will be needed to support the unit's \$3 million budget and the unit's revenue potential is less than one-third the budget. Ms. Cannon stated this unit has not been self sustaining in Mental Health and when this unit is moved to the Public Health, it will be a standalone unit and if the unit does not bring in revenues to fully cover its expenditures, the unit will require county funding.

Ms. Cannon stated as budgets are being submitted, there are probably more questions than answers and staff are evaluating these issues. Ms. Cannon stated a meeting with staff from the Mental Health Authority has been scheduled to work through some of the issues. Ms. Cannon stated the conclusion is there will be new fiscal challenges to the general fund, especially in combination with funding for the Detention Center and its staffing. Ms. Cannon stated she felt it would be appropriate to bring this matter to the attention of the Board since the budget process will begin next month. Ms. Cannon concluded her discussion by stating at some point, staff may request a special meeting with the Board to discuss service levels, productivity and the financial implications.

Commissioner Council stated the Cumberland County community has needs for mental health services but is underserved by psychiatrists and she did not understand why the unit could not be revenue producing. Commissioner Council stated she felt psychiatric services should have extended hours and weekend hours and should be provided in collaboration with the Public Health Department, the school system and the Cape Fear Valley Hospital System. Commissioner Council stated there are also problems at the Detention Center that require extensive mental health services. Commissioner Council stated it is incumbent on the County

DRAFT

Commissioners to see that the taxpayers' dollars are being used in a more fruitful manner and it did not make sense to her that the county should carry the psychiatric clinical services unit at an annual cost of \$4 million.

Mr. Martin stated he recently met with Mr. Debnam and they discussed the transfer of the unit and the need for the unit to be sustainable in terms of generating revenue to cover its expenses. Mr. Martin stated during their discussion, Mr. Debnam indicated he has had ongoing concerns about the productivity level of this unit. Mr. Martin stated this unit must make major gains in productivity to generate the revenue necessary for it to be sustainable. Discussion followed.

Commissioner Faircloth asked what the county was required to do by the state. Commissioner Edge asked what would be accomplished by combining the four counties into an MCO. Ms. Cannon stated the MCO will perform the billing and draw down of state funding and will theoretically reduce administrative staff outside of those functions. Rick Moorefield, County Attorney, stated the state has forced all counties to go to the Piedmont Behavioral Health model that was created to administer managed care operations with funds provided only through Medicaid.

Commissioner Edge requested clarification regarding eliminated positions. Ms. Cannon stated at this point there are forty-three positions in the requested budget that will be eliminated December 31, 2012. Ms. Cannon stated at present there are eighty-seven positions and the Mental Health Authority's goal is to retain about twenty-two of those positions which would be county-funded plus forty-six new positions created and funded by the MCO. Ms. Cannon stated theoretically some of the individuals in the eliminated positions may be able to move to MCO positions.

Additional questions and discussion followed. Commissioner Council asked about Mental Health's fund balance. Ms. Cannon advised several years ago the Local Government Commission (LGC) told the county's finance office that the Mental Health fund does not meet the definition to be a special revenue fund and moving the Mental Health fund into the general fund makes it just like any other county department whose fund balance is combined with the county's fund balance.

Commissioner Edge asked if the county could legally say it would not fund psychiatric clinical services. Mr. Moorefield responded in the affirmative. Mr. Martin stated he is not sure whether Mental Health staff has looked at the possibility of privatizing these services but he had mentioned this option to Mr. Debnam. Commissioner Faircloth suggested that Mr. Martin suggest to Mr. Debnam that the board is not receptive to taking on psychiatric clinical services and that he may need another plan. Commissioner Faircloth stated he did not see the county taking on psychiatric clinical services unless it halts the jail expansion.

Mr. Moorefield advised Mental Health is requesting that the county work out the transfer of these programs through a Memorandum of Understanding between Mental Health and the Health Department. Mr. Moorefield stated if this is accomplished, then it will be a commitment from the county to provide the additional funding indefinitely and it will also be an acknowledgement that there is not a private market to provide the services.

4. REVIEW OF MONTHLY FINANCIAL REPORT

DRAFT

For expenditures and obligations Howard Abner, Assistant Finance Director, reported for eight months the county's year-to-date obligations were 64.90% of budget which is 1.25% greater than this time last year. Mr. Abner further reported the total spending rate is 64.47% and is in line with last year's 64.31%. Mr. Abner advised one of the two biggest areas for expenditures is for personnel and typically the under spending for personnel can approach \$4 million; some of that under spending is offset by the hiring of temporary personnel which brings the figure closer to \$3 million. Mr. Abner advised the other big spending area is basic operating for departments that house people which approaches 99% to 99.5%. Mr. Abner stated the trend for departments to spend a higher and higher percentage of their budget continues.

For revenue, Mr. Abner reported ad valorem taxes were on track to collect about 101.2% of budget which equates to \$1.6 million, and motor vehicle tax collections were doing well. Mr. Abner reported monthly collections of \$1 million were a good sign and the county now has four consecutive \$1 million months. Mr. Abner also reported February's sales tax distributions of \$3 million were for sales in November and collections for these November sales were up .8% from November 2010. Mr. Abner stated overall year-end estimates were projected at just .98% increase over the budget. Mr. Abner reported Register of Deeds fees were showing a slight overall increase over last year and the hope was this is part of a positive trend. Mr. Abner further reported sales and services were doing quite well with both the total collection and percent of budget collected being well above last year. Mr. Abner concluded his report by stating that these categories were at 77.66% of budget which was 1.4% above last year.

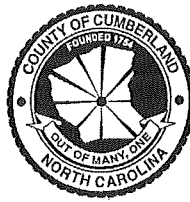
5. OTHER MATTERS OF BUSINESS

There were no other matters of business.

There being no further business, the meeting adjourned at 10:43 a.m.

JAMES E. MARTIN
County Manager

AMY H. CANNON
Deputy County Manager



ITEM NO. 7.
JAMES E. LAWSON
Assistant County Manager


OFFICE OF THE COUNTY MANAGER

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MEMORANDUM

APRIL 28, 2012

TO: FINANCE COMMITTEE

FROM: AMY H. CANNON, DEPUTY COUNTY MANAGER 

SUBJECT: UPDATE ON THE PARKS AND RECREATION BOND ISSUE

BACKGROUND

At the March 1, 2012 committee meetings, City staff gave a presentation on the Parks and Recreation Bond Issue. This proposal includes projects totaling \$65.7 million. Of that total, \$8.5M is city projects, \$5.9M are county projects and \$51.1M is allocated for joint projects. Under this proposal, the Board of Commissioners would call for a referendum in February 2013 giving residents the opportunity to vote on the bond projects. If approved the Board of Commissioners would then create a countywide Parks and Recreation capital tax district, which would include an assessment of 2.25 cents per \$100 property valuation. The operational costs are to be covered by fee generation and by reductions in the current budget.

In Fiscal Year 2008, the Board adopted a financial policy document that addresses debt repayment, debt structure and other criteria as a part of our pursuing a bond rating upgrade. One of the driving factors to our success in receiving an upgrade was our conservative debt profile complying with our financial policies and rating agency criteria. More specifically, ratings agencies look for debt repayment with level principal payments and structures that ensure that 50% or more of the principal is repaid in the first 10 years.

Since that committee meeting, management has worked with our financial advisor in addressing questions related to the financial structure of the proposal in comparison to our policy document and ratings agency criteria. Listed below are a few issues that need consideration:

- The proposed debt repayment structure is aggressive since the payment of principal is significantly delayed to the middle/end of the 17 year amortization period.
- In this scenario, the 50% criterion mentioned above, is not met until year 12 of the 17 year amortization period.
- This repayment schedule takes away the county's flexibility in the future and would require that the amortization of future bond issues be increased to maintain the 50% criteria.
- This financing structure will negatively impact our debt ratios and ratings criteria.

- The county's debt capacity for this issue must be considered in conjunction with other capital projects since this issuance may limit our future flexibility.
- It appears that the county assumes all responsibility and risk for the debt.
- Detailed information on the operational plan and underlying estimates and assumptions for the revenues and expenditures must be reviewed in detail since ratings agencies will evaluate the operational plan and the associated risks.

In order to advance this proposed referendum, the issues above need to be addressed to protect the county's financial position and bond rating. A draft interlocal agreement has been developed to provide direction on the capital plan, debt issuance and repayment, and the operational responsibilities. This document was provided to county staff on April 19th and has not yet been reviewed by our county legal staff. This document is also a factor in the consideration to move forward since the county's operational responsibility with this bond issue extends to joint facilities, shared based upon proportionate assessed valuation.

RECOMMENDATION

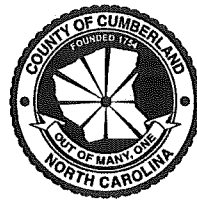
This item is presented as an update on the proposed bond issue and the county considerations in moving forward with a referendum in February 2013.

Celebrating Our Past...Embracing Our Future

JAMES E. LAWSON
Assistant County Manager

JAMES E. MARTIN
County Manager

AMY CANNON
Deputy County Manager



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MEMORANDUM

TO: FINANCE COMMITTEE
FROM: JAMES LAWSON, ASSISTANT COUNTY MANAGER
DATE: APRIL 30, 2012
SUBJECT: DAY REPORTING CENTER FY2013 FUNDING

BACKGROUND

On June 23, 2011, House Bill 642, the "Justice Reinvestment Act of 2011" was signed into law. This law brought about many changes to the criminal justice system, including the Criminal Justice Partnership Program (CJPP). Specifically, effective July 1, 2011, general statutes concerning the CJPP were abolished and the Treatment for Effective Community Supervision (TECS) Program was created in place of the CJPP. The Act also directed the department to enter into contractual agreements through a competitive bid process to provide substance abuse treatment, cognitive behavioral intervention (CBI) programming and other evidence-based programs as part of the TECS program. For the current fiscal year, programs already providing services under the CJPP were allowed to continue providing services through June 30, 2012.

Currently, the Cumberland County Day Reporting Center (DRC) is funded through the CJPP funding that will now be awarded under the bid process to provide services under the TECS program. Based on the criteria for funding consideration under the new program, the DRC does not meet the program eligibility requirements. In order to receive consideration for TECS funding, agencies must provide approximately 90% CBI services and 10% substance abuse services; and within that model, a limit of 15% of total costs can be allocated towards administrative-related expenditures.

Our DRC is mainly administrative in nature and provides case management services to refer offenders to receive CBI, substance abuse and educational services. Since the DRC is not a direct provider of the requisite services, it does not qualify as TECS program.

Consequently, effective July 1, 2012, the Day Reporting Center will no longer be funded and will therefore cease to exist as a County department.

It is my understanding that there are several local agencies bidding for TECS funding who are capable of providing the services required under the new program.

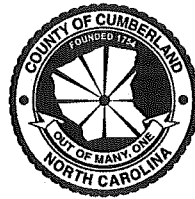
RECOMMENDATION

No action required, for informational purposes.

cc: County Management Team

Celebrating Our Past... Embracing Our Future

JAMES E. LAWSON
Assistant County Manager



JAMES E. MARTIN
County Manager

AMY CANNON
Deputy County Manager

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MEMORANDUM

TO: FINANCE COMMITTEE
FROM: JAMES LAWSON, ASSISTANT COUNTY MANAGER *JL*
DATE: APRIL 30, 2012
SUBJECT: UPDATE ON THE CLASSIFICATION AND PAY STUDY

BACKGROUND

As you recall, during the 2011 Commissioner’s Planning Retreat, the Board of Commissioners updated the County’s goals and objectives through the development of a Strategic Plan. As part of the Plan, the Board developed a mission statement, vision and core values. In addition, five (5) goals were established, with each having its own set of objectives.

Goal 5 was established to “employ motivated, professional and well-trained personnel who offer excellent customer service with PRIDE (Professionalism, Respect, Integrity with accountability, Diversity and Excellent customer service). Objective 5 of that goal established that the County would “explore competitive pay based on labor market analysis and update classification system”.

In working towards the accomplishment of that objective, County Human Resources has worked for months in conjunction with a study team to conduct a classification and compensation plan study. The study included a review of organizational charts, job descriptions, internal and external market pay analysis, pay policies and practices, and interviews with County Management, department heads and supervisors.

The study included all departments with the exception of our Health and Human Service agencies (Public Health, Mental Health and Social Services). Since these departments are subject to the State Personnel Act (SPA), there are additional considerations that will require a focus separate from our general local departments, as well as involvement of the Office of State Personnel, the authority for approving classification changes for these agencies. It is our intent to conduct a study of these departments in a second phase to this study.

We plan to provide the Board of Commissioner’s a report and recommendation of Phase 1 of the study at the next Board Planning Session on May 11, 2012. We will be presenting options for implementing the study recommendations, including an across-the-board increase for all County employees, including those assigned to our SPA agencies.

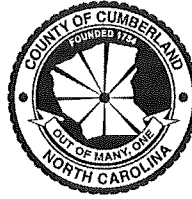
RECOMMENDATION

No action required, for informational purposes.

cc: County Management Team

Celebrating Our Past... Embracing Our Future

JAMES E. MARTIN
County Manager



JAMES E. LAWSON
Assistant County Manager

AMY H. CANNON
Deputy County Manager


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MEMORANDUM

APRIL 28, 2012

TO: FINANCE COMMITTEE

FROM: AMY H. CANNON, DEPUTY COUNTY MANAGER 

SUBJECT: DISCUSSION OF THE COUNTY'S OTHER POST-EMPLOYMENT (OPEB) OBLIGATIONS AS DISCLOSED IN THE JUNE 30, 2011, COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

BACKGROUND

After the presentation of the June 30, 2011 audit, Chairman Faircloth thought that it may be useful to have a discussion at a finance committee meeting on Other Post-Employment Obligations or OPEB. New guidance on post-employment benefits was established by the Governmental Accounting Standards Board (GASB) in 2004 through Statement No. 45. The main thrust of GASB Statement Number 45 is to require for the first time that public sector employers recognize the cost of other post-employment benefits over the active service life of their employees, rather than on a pay-as-you-go basis. OPEB includes benefits other than pensions for retired employees, such as; health benefits, disability, dental, life insurance, etc. Health insurance for retirees is the only post-employment obligation that we have to record in our financial statements.

The new standard requires an actuarial valuation which projects the future benefit costs. Additionally, these costs must be recognized in the financial statements under the accrual basis of accounting. Cumberland County, along with other local governments, previously funded and expensed premiums paid to provide health benefit coverage for retired employees under the cash basis of accounting. Funding and expensing premiums under this method is called pay-as-you-go funding. The pay-as-you-go funding results in the annual premium expense for benefit coverage being expensed and reported as it is paid each year during a former employee's *retirement term*. The new standard requires accrual accounting to expense in current dollars an actuarial estimate of future benefit cost over the employee's *entire working career or employment term*. Additionally, an entity must recognize an unfunded liability that has accumulated *if the expense is not funded when the benefit is actually earned*.

The rationale for GASB Statement 45 is to provide more complete, reliable and decision-useful financial reporting regarding the costs and financial obligations that governments incur when they provide post-employment benefits as part of the compensation for services rendered by employees. This recognizes that the OPEB is *earned in the present, but payment of the obligation or benefit is deferred to the future after the employee has retired*. GASB view is that the obligations should be reported on the accrual basis so that the financial statements will accurately recognize the true cost of the benefit

obligations as they are earned.

There are several key requirements under GASB 45 which must be disclosed or reported in the financial statements. The first is the Annual Required Contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded liabilities over a period of not to exceed thirty years. The County's ARC for the 2011 Fiscal Year was \$18M. The County only funded \$3.5M of the ARC (retiree health insurance expenditures). The remaining \$14.5M of unfunded liability is added to prior years unfunded ARC liabilities for a total net OPEB obligation of \$53.6M. This amount would represent a one-time payment to fully fund the County's OPEB obligation to date. The final component reported in the notes to the financial statements is the Unfunded Actuarial Accrued Liability (UAAL). The UAAL estimates the net amount of the unfunded liability for benefits earned by current retired and active employees and former employees eligible to retire in the future. As of June 30, 2011, the County's UAAL is \$197.8M. This is the total estimated cost over the next 30 years.

The intent of this new statement is to highlight the long-term liability created from the extension of health insurance extended to employees upon retirement. Previously, retiree health insurance was offered to any full time employee with 10 consecutive years of service. In anticipation of the changes required by this statement, the County changed the vesting period for eligibility from the 10 years to 25 years for employees hired after July 1, 2008. County Finance will continue to monitor the accrued liability for OPEB and make recommendations as necessary.

RECOMMENDATION

This report is provided as information only.

AHC:cas

Celebrating Our Past...Embracing Our Future

GENERAL FUND SUMMARY OF OBLIGATIONS

GENERAL FUND	FY2012												FY2011											
	Actual			Budget			% Obligated			Total			Actual			Budget			% Obligated					
	Jul-Dec	Jan	Feb	Mar	Total	Budget	Obligated	Total	Jan	Feb	Mar	Total	Budget	Obligated	Total	Jan	Feb	Mar	Total	Budget	Obligated	Total		
General Administration	7,601,816	872,761	1,084,630	889,934	10,449,141	15,396,578	67.87%	10,449,141	1,171,873	749,178	1,218,482	10,157,248	14,311,183	70.97%	10,157,248	1,171,873	749,178	1,218,482	10,157,248	14,311,183	70.97%	10,157,248		
Buildings & Grounds	3,775,229	246,699	232,444	382,315	4,636,687	5,963,250	77.75%	4,636,687	367,077	356,352	341,991	4,671,515	6,070,279	76.96%	4,671,515	367,077	356,352	341,991	4,671,515	6,070,279	76.96%	4,671,515		
General Government	13,472,246	0	5,830,960	-	19,303,206	26,058,610	74.08%	19,303,206	5,781,600	237,159	0	17,193,404	25,827,359	66.57%	17,193,404	5,781,600	237,159	0	17,193,404	25,827,359	66.57%	17,193,404		
Debt Service	5,431,734	329,757	500,021	1,218,132	7,479,644	11,324,305	66.05%	7,479,644	68,187	19,384	1,873,143	11,388,100	15,271,114	74.57%	11,388,100	68,187	19,384	1,873,143	11,388,100	15,271,114	74.57%	11,388,100		
Other General Government	18,903,980	329,757	6,330,981	1,218,132	26,782,850	37,382,915	71.64%	26,782,850	5,849,787	256,543	1,873,143	28,581,504	41,098,473	69.54%	28,581,504	5,849,787	256,543	1,873,143	28,581,504	41,098,473	69.54%	28,581,504		
Total General Government	2,584,647	355,965	309,255	343,262	3,593,128	6,474,221	55.50%	3,593,128	516,358	462,394	411,529	3,999,368	6,892,120	58.03%	3,999,368	516,358	462,394	411,529	3,999,368	6,892,120	58.03%	3,999,368		
Emergency & Protective Services	14,030,625	2,097,545	1,953,846	1,834,171	19,916,187	26,986,450	73.80%	19,916,187	2,784,881	1,920,635	1,923,053	19,755,868	26,970,290	73.25%	19,755,868	2,784,881	1,920,635	1,923,053	19,755,868	26,970,290	73.25%	19,755,868		
Law Enforcement	6,161,378	970,278	836,352	751,139	8,719,147	11,921,889	73.14%	8,719,147	1,304,947	803,086	788,886	8,749,740	11,550,821	75.75%	8,749,740	1,304,947	803,086	788,886	8,749,740	11,550,821	75.75%	8,749,740		
Sheriff	20,192,003	3,067,823	2,790,198	2,585,310	28,635,334	38,908,339	73.60%	28,635,334	4,089,828	2,723,721	2,711,939	28,505,608	38,521,111	74.00%	28,505,608	4,089,828	2,723,721	2,711,939	28,505,608	38,521,111	74.00%	28,505,608		
Jail	908,883	158,013	111,226	135,248	1,313,370	1,783,803	73.63%	1,313,370	135,934	84,717	93,867	1,124,835	1,671,618	67.29%	1,124,835	135,934	84,717	93,867	1,124,835	1,671,618	67.29%	1,124,835		
Total Law Enforcement	9,389,611	1,071,020	1,199,872	1,097,603	12,758,106	18,736,705	68.09%	12,758,106	1,617,772	1,077,390	1,178,909	12,576,781	18,388,279	68.40%	12,576,781	1,617,772	1,077,390	1,178,909	12,576,781	18,388,279	68.40%	12,576,781		
Public Safety	18,234,677	2,682,833	2,856,944	2,844,594	26,619,048	37,787,802	70.44%	26,619,048	3,813,937	2,521,524	2,790,777	25,868,482	36,084,605	71.69%	25,868,482	3,813,937	2,521,524	2,790,777	25,868,482	36,084,605	71.69%	25,868,482		
Health	12,230,625	2,232,185	2,292,074	2,170,135	18,925,019	26,565,724	71.24%	18,925,019	2,142,197	2,081,996	2,135,211	18,310,964	27,315,507	67.04%	18,310,964	2,142,197	2,081,996	2,135,211	18,310,964	27,315,507	67.04%	18,310,964		
Social Services	30,465,302	4,915,018	5,149,018	5,014,729	45,544,067	64,353,526	70.77%	45,544,067	5,956,134	4,603,520	4,925,988	44,179,446	63,400,112	69.68%	44,179,446	5,956,134	4,603,520	4,925,988	44,179,446	63,400,112	69.68%	44,179,446		
Total Social Services	2,026,194	263,913	282,640	245,843	2,819,590	3,806,288	74.08%	2,819,590	1,130,180	260,084	263,992	2,677,504	3,734,813	71.69%	2,677,504	1,130,180	260,084	263,992	2,677,504	3,734,813	71.69%	2,677,504		
Human Services	166,543	24,214	25,873	24,684	216,630	327,689	66.11%	216,630	97,986	21,404	23,981	210,335	316,491	66.46%	210,335	97,986	21,404	23,981	210,335	316,491	66.46%	210,335		
Child Support Enforcement	2,192,737	288,127	308,513	246,843	3,036,220	4,133,977	73.45%	3,036,220	1,228,166	281,488	287,973	2,887,839	4,051,304	71.28%	2,887,839	1,228,166	281,488	287,973	2,887,839	4,051,304	71.28%	2,887,839		
Other HS Programs	5,212,034	659,509	677,184	661,956	7,210,683	9,751,519	73.94%	7,210,683	876,825	613,360	793,557	7,185,875	9,589,192	74.94%	7,185,875	876,825	613,360	793,557	7,185,875	9,589,192	74.94%	7,185,875		
Total Human Services	333,473	31,421	12,194	17,009	394,097	600,187	65.66%	394,097	24,353	19,983	25,510	388,192	610,373	63.60%	388,192	24,353	19,983	25,510	388,192	610,373	63.60%	388,192		
Library	5,545,507	690,930	689,378	678,965	7,604,780	10,351,706	73.46%	7,604,780	901,178	633,343	819,067	7,574,067	10,199,565	74.26%	7,574,067	901,178	633,343	819,067	7,574,067	10,199,565	74.26%	7,574,067		
Library Other	345,149	23,912	0	0	369,061	452,267	81.60%	369,061	29,797	800	1,535	381,898	454,707	83.99%	381,898	29,797	800	1,535	381,898	454,707	83.99%	381,898		
Total Library	2,830,482	992,163	513,699	353,440	4,689,784	7,794,385	60.17%	4,689,784	453,620	321,364	2,100,037	5,359,080	7,550,904	70.97%	5,359,080	453,620	321,364	2,100,037	5,359,080	7,550,904	70.97%	5,359,080		
Culture & Recreation	104,735,346	13,012,187	18,719,214	12,945,780	149,412,527	211,731,672	70.57%	149,412,527	22,317,524	11,550,810	15,964,460	149,999,189	212,609,655	70.55%	149,999,189	22,317,524	11,550,810	15,964,460	149,999,189	212,609,655	70.55%	149,999,189		
Economic Development	38,110,338	6,351,723	6,351,723	6,351,723	57,165,507	76,220,676	75.00%	57,165,507	6,351,723	6,351,723	6,351,723	57,165,507	76,220,676	75.00%	57,165,507	6,351,723	6,351,723	6,351,723	57,165,507	76,220,676	75.00%	57,165,507		
County School Current Exp	0	260,719	0	0	260,719	0	0.00%	260,719	0	0	0	0	0	0.00%	0	0	0	0	0	0	0	0		
Goodyear Incentive	0	0	0	0	0	640,850	0.00%	0	0	0	0	0	0	0.00%	0	0	0	0	0	0	0	0		
Sales Tax Equalization	0	0	0	0	0	9,163,305	0.00%	0	736,797	736,797	736,797	0	858,345	0.00%	0	0	0	0	0	0	0	0		
FTCC Current Expense	4,581,648	763,608	763,608	763,608	6,872,472	9,163,305	75.00%	6,872,472	0	0	0	6,631,173	8,841,568	75.00%	6,631,173	0	0	0	6,631,173	8,841,568	75.00%	6,631,173		
FTCC PEG	0	0	0	0	0	4,089,137	0.00%	0	0	0	0	0	40,000	0.00%	0	0	0	0	0	40,000	0.00%	0		
FTCC Capital Outlay	0	0	0	0	0	0	0.00%	0	0	0	0	0	33,343	0.00%	0	0	0	0	0	33,343	0.00%	0		
Total Education	42,691,986	7,376,050	7,115,331	7,115,331	64,298,698	90,113,968	71.35%	64,298,698	7,088,520	7,088,520	7,088,520	63,796,680	85,993,932	74.19%	63,796,680	7,088,520	7,088,520	7,088,520	63,796,680	85,993,932	74.19%	63,796,680		
Total General Fund	147,427,332	20,388,237	25,834,545	20,061,111	213,711,225	301,845,640	70.80%	213,711,225	29,406,044	18,639,330	23,052,980	213,795,869	298,603,587	71.60%	213,795,869	29,406,044	18,639,330	23,052,980	213,795,869	298,603,587	71.60%	213,795,869		

CUMBERLAND COUNTY REVENUE SUMMARY

GENERAL FUND	FY2012												FY2011																																																		
	Actual						Budget						Actual						Budget																																												
	Jul-Dec	Jan	Feb	Mar	Total	% Recognized	Jul-Dec	Jan	Feb	Mar	Total	% Recognized	Jul-Dec	Jan	Feb	Mar	Total	% Recognized																																													
Category 10: Act/Valorem Tax	110,101,948	25,017,924	3,231,243	1,785,838	140,136,963	141,167,972	99.27%	105,707,559	25,595,077	3,288,906	1,992,861	136,584,503	138,178,774	98.85%	5,377,424	1,106,999	1,129,157	98,184	8,611,784	10,982,971	78.41%	5,208,482	1,001,310	990,699	1,043,564	10,798,002	76.35%	3,210,789	414,708	540,239	391,622	4,557,358	5,214,585	87.40%	3,163,873	577,098	513,264	355,350	4,609,585	5,195,249	88.73%	118,690,161	26,539,631	4,900,639	3,175,644	153,306,075	157,365,538	97.42%	114,079,914	27,173,485	4,792,869	3,391,875	149,438,143	154,172,025	96.93%								
Category 20: Other Taxes	8,413,274	2,863,546	3,059,130	3,767,033	18,102,983	34,833,928	51.97%	8,078,326	3,211,010	3,035,198	2,259,057	16,583,591	34,583,296	47.95%	0	0	0	0	285,240	0	0	0.00%	0	0	0	285,240	0.00%	347,292	0	0	150,102	497,394	543,358	91.54%	271,679	0	0	123,986	395,665	626,805	63.12%	553,202	125,676	83,121	116,779	878,778	1,186,742	74.05%	649,272	94,452	76,201	110,455	930,380	1,250,000	74.43%								
Category 30: Unrestricted Intergovernmental	9,313,768	2,989,222	3,142,251	4,033,914	19,479,155	36,849,268	52.86%	8,999,277	3,305,462	3,111,399	2,493,498	17,909,636	36,745,341	48.74%	179,582	217,946	0	0	397,528	708,784	7,048,784	56.09%	177,196	216,703	0	393,899	652,444	291,825	264,771	0	556,596	1,248,516	44,58%	624,259	442,359	0	426,359	1,050,618	44.16%	1,812,887	3,901,887	4,442,290	24,51%	3,901,887	4,442,290	24.51%	3,901,887	4,442,290	24.51%	3,901,887	4,442,290	24.51%											
Category 40: Restricted Intergovernmental	2,063,137	4,365,486	3,370,598	24,662,222	42,539,253	57.98%	16,073,068	3,096,521	3,451,935	4,196,671	26,818,195	42,408,828	63.24%	301,030	142,505	32,886	476,422	751,535	63.39%	354,068	45,679	68,655	75,401	54,380	766,022	70.99%	1,095,320	418,603	276,222	1,790,145	2,984,789	61.00%	944,267	335,741	228,645	225,645	1,734,298	2,687,608	64.29%	620,148	134,411	85,198	257,202	930,235	1,473,195	73.72%	217,127	126,313	133,489	476,929	1,393,787	34.22%	217,127	126,313	133,489	476,929	1,393,787	34.22%					
Category 50: Licenses & Permits	864,749	106,037	147,495	1,118,281	1,510,583	74.03%	851,221	131,756	130,610	150,793	1,264,380	1,487,893	84.98%	369,288	54,580	62,541	486,409	449,000	108.33%	402,918	48,893	41,394	79,993	573,198	462,500	123.93%	1,054	40,449	269	41,772	122,426	38,094	38,094	38,094	40,671	200	78,965	121,556	49.96%	1,235,091	201,066	210,306	1,646,462	2,082,009	79.08%	1,292,233	221,320	172,204	230,786	1,916,543	2,071,949	92.50%											
Category 60: Sales & Service	99,141	16,001	19,013	134,156	92,000	145.82%	54,452	10,155	11,028	10,524	86,159	70,516	122.18%	2,063,265	161,126	466,233	2,690,623	3,740,749	71.93%	1,367,458	174,796	189,868	259,778	1,991,900	2,860,322	69.64%	150,810	29,313	34,779	214,902	270,150	164,100	32,632	252,451	290,330	86.95%	1,387,994	137,747	476,571	841,073	2,255,099	2,423,899	93.04%	865,388	217,199	50,087	1,190,639	1,962,337	1,042,755	1,078,416	96.69%	217,127	126,313	133,489	476,929	1,393,787	34.22%	217,127	126,313	133,489	476,929	1,393,787	34.22%
Category 70: Miscellaneous	80,266	20,203	5,924	18,404	124,797	163,870	76.16%	77,216	29,867	13,589	44,954	165,626	207,474	79.83%	3,248,440	0	0	3,248,440	3,451,897	94.11%	3,141,623	402,918	48,893	79,993	573,198	462,500	123.93%	288,175	74,117	59,730	62,502	484,524	714,995	67.77%	346,719	97,887	83,801	85,566	613,973	696,345	88.17%	210,721	57,394	29,002	348,549	312,424	111.56%	31,615	479,053	776,240	391,096	198,48%											
Subtotal Category 10-70	160,187,623	33,468,605	14,149,891	7,371,365	220,358,253	275,480,473	79.99%	154,356,768	37,470,487	14,083,157	13,175,466	219,085,878	270,503,027	80.99%	3,827,602	145,752	123,048	109,908	4,206,310	4,643,186	90.59%	3,791,896	477,262	129,005	609,573	5,007,736	106.98%	80,266	20,203	5,924	18,404	124,797	163,870	76.16%	77,216	29,867	13,589	44,954	165,626	207,474	79.83%	3,248,440	0	0	3,248,440	3,451,897	94.11%	3,141,623	402,918	48,893	79,993	573,198	462,500	123.93%									
Category 90: Other Financing Sources	52,805	0	(499)	7,127	59,433	0.00%	35,174	0	(11,047)	12,204	36,331	0	0.00%	99,839	0	0	99,839	67,380	0.00%	67,380	6,027	58,740	0	58,740	0	0.00%	4,951,095	21,598	0	2,272,060	7,244,753	9,004,232	80.46%	30,070	3,503,537	8,292	2,315,250	5,857,149	8,171,937	71.67%	0	0	0	0	0	0	0.00%	0	0	0	0	0	0.00%										
Total	165,291,461	33,490,203	14,149,392	9,650,552	227,762,377	301,845,640	79.99%	154,489,392	40,980,051	14,080,402	15,489,931	225,039,776	298,603,587	80.99%	5,103,838	21,598	(499)	2,279,187	7,404,124	26,365,167	90.59%	132,624	3,509,564	(2,755)	2,314,465	5,953,898	106.98%	80,266	20,203	5,924	18,404	124,797	163,870	76.16%	77,216	29,867	13,589	44,954	165,626	207,474	79.83%	3,248,440	0	0	3,248,440	3,451,897	94.11%	3,141,623	402,918	48,893	79,993	573,198	462,500	123.93%									

CROWN CENTER FINANCIAL SUMMARY

	FY2012						FY2011													
	Actual			Total	% Recognized			Actual			Total	% Recognized								
	Jul-Dec	Jan	Feb		Mar	Jul-Dec	Jan	Feb	Mar	Jul-Dec		Jan	Feb	Mar						
Operating Revenues																				
Crown Center Building Rent	159,682	85,825	71,460	112,027	428,993	620,000	69.19%	212,884	50,334	53,602	89,515	406,335	620,000	65.54%						
Crown Center Equipment Rent	95,225	10,179	10,938	26,291	142,633	212,000	67.28%	87,932	11,517	12,990	15,107	127,546	175,000	72.88%						
Crown Center Recovered Expense	154,255	60,767	122,932	85,622	423,626	475,000	89.18%	201,638	33,175	18,090	58,441	311,344	475,000	65.55%						
Crown Center Facility Surcharge	75,241	62,409	38,513	70,789	246,952	330,000	74.83%	128,578	25,541	28,195	39,486	221,800	330,000	67.21%						
Crown Center Miscellaneous	1,796	515	(294)	1,129	3,146	10,000	31.46%	2,403	0	3,718	748	6,869	10,000	68.69%						
Crown Center Ticket Rebates	7,934	7,474	0	23,224	38,632	45,000	85.85%	15,527	0	3,948	10,287	29,762	30,000	99.21%						
Crown Center Box Office Fees	1,887	1,735	2,280	6,374	12,276	10,000	122.76%	2,909	1,105	50	84	4,148	25,000	16.59%						
Crown Center Concessions	101,301	84,988	0	155,607	341,896	525,000	65.12%	159,776	0	111,639	56,330	327,745	500,000	65.55%						
Crown Center Marketing Revenue	76,967	17,125	1,675	5,525	101,292	210,000	48.23%	91,438	0	37,866	52,293	181,597	210,000	86.47%						
Total Operating Revenues	674,289	331,017	247,554	486,588	1,739,447	2,437,000	71.38%	903,085	121,672	270,098	322,291	1,617,146	2,375,000	68.09%						
Operating Expenses																				
Salaries	802,136	134,438	137,247	137,490	1,211,311	1,843,711	65.70%	850,724	178,908	132,677	131,445	1,293,754	1,845,544	70.10%						
Benefits	254,631	55,717	45,209	31,933	387,490	589,584	65.72%	290,109	49,838	34,684	34,896	409,527	523,213	78.27%						
Operating	67,500	658	0	349	68,508	400,000	17.13%	4,307	0	0	0	4,307	300,000	1.44%						
Sponsored Events	395,210	95,616	145,373	103,561	739,760	942,000	78.53%	329,627	109,880	45,098	168,472	653,077	950,000	68.74%						
Contracted Services	199,348	17,306	20,633	11,201	248,487	863,908	28.76%	231,976	26,482	12,165	9,743	280,366	416,651	67.29%						
Maintenance & Repair	325,004	99,529	71,114	66,877	564,524	870,000	64.89%	368,360	113,409	74,016	114,936	670,719	833,612	80.46%						
Utilities	372,060	40,074	47,442	48,912	508,487	728,017	69.85%	426,518	29,974	33,485	71,087	561,064	766,889	73.16%						
Other	4,237	0	0	4,237	4,237	23,237	18.23%	208,258	122,085	10,965	0	341,308	480,215	71.07%						
Capital Outlay																				
Total Operating Expenses	2,420,126	443,338	467,017	402,323	3,732,805	6,260,457	59.63%	2,709,678	630,576	343,088	530,579	4,214,121	6,116,124	68.90%						
Operating Rev over Operating Exp	(1,745,837)	(112,321)	(219,463)	84,265	(1,993,357)	(3,823,457)		(1,806,793)	(508,904)	(72,990)	(208,288)	(2,596,975)	(3,741,124)							
Non-Operating Revenues and Appropriated Fund Balance																				
Interest Earned on Investments	40	4	4	6	54	0	0.00%	1,991	43	(938)	19	1,115	0	0.00%						
Sales Tax Contractors	0	0	0	0	0	0	0.00%	83,613	0	51	0	83,664	0	0.00%						
Transfers In	0	0	0	0	0	0	0.00%	341,500	56,917	56,917	56,917	512,251	683,000	75.00%						
General Fund	1,886,570	314,428	314,428	314,428	2,829,855	3,773,140	75.00%	1,410,227	235,038	235,038	235,038	2,115,341	2,820,454	75.00%						
Prepared Food & Beverage	0	0	0	0	0	135,985	0.00%	2,397,566	88,526	138,023	16,300	2,640,415	3,033,117	87.05%						
Appropriated Fund Balance	0	0	0	0	0	0	0.00%	4,234,898	380,524	429,091	308,274	5,352,786	6,536,571	81.89%						
Total Non-Operating and Fund Bal	1,886,610	314,432	314,432	314,434	2,829,909	3,909,125	72.39%	4,234,898	380,524	429,091	308,274	5,352,786	6,536,571	81.89%						
Nonoperating Expenses																				
Arena/Theater	10,000	0	0	0	10,000	30,475	32.81%	2,397,566	88,526	138,023	16,300	2,640,415	2,740,254	96.36%						
Transfer Out- General Fund	27,597	4,599	4,599	4,599	41,394	55,193	75.00%	18,398	4,599	4,599	41,395	68,992	55,193	125.00%						
Total Nonoperating Expenses	37,597	4,599	4,599	4,599	51,394	85,668	59.99%	2,415,964	93,125	142,622	57,695	2,709,406	2,795,447	96.92%						
Non-Oper Rev over Non-Oper Exp	1,849,013	309,833	309,833	309,835	2,778,514	3,823,457		1,818,934	287,398	286,469	250,579	2,643,380	3,741,124							
Total Revenue over Total Exp	103,176	197,512	90,369	394,100	785,157	0		12,141	(221,506)	213,479	42,291	46,405	0							