

COUNTY OF CUMBERLAND
NORTH CAROLINA

Board of County Commissioners

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Comprehensive Annual
Financial Report

For the Year Ended June 30, 2002

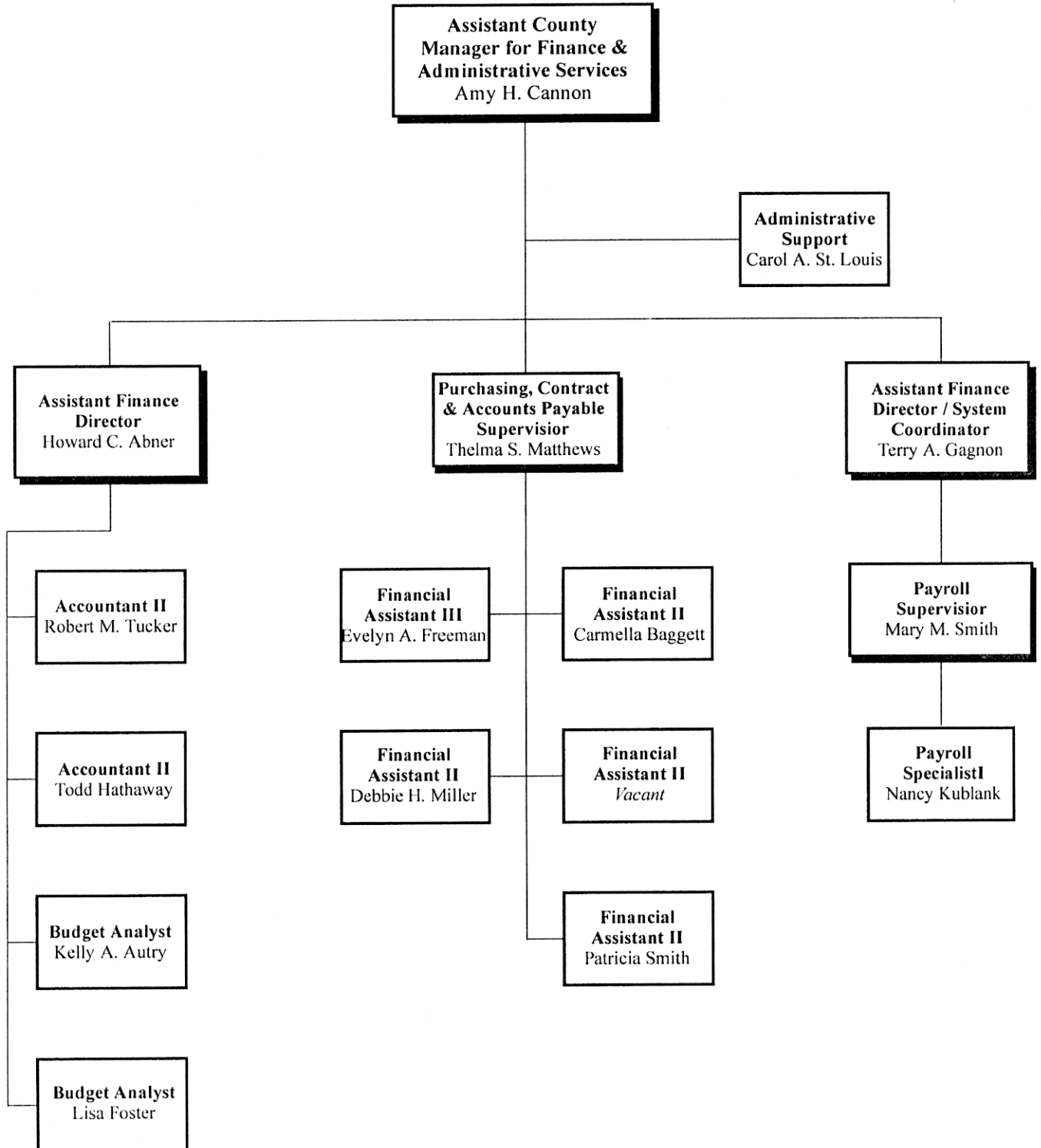
Prepared by:
Cumberland County Finance Department

County Officials

County Manager
County Attorney
Deputy County Manager
Assistant County Manager
Assistant County Manager

James E. Martin
Grainger Barrett
Juanita Pilgrim
Amy H. Cannon, CPA
Cliff Spiller

COMPREHENSIVE ANNUAL FINANCIAL REPORT
COUNTY OF CUMBERLAND, NORTH CAROLINA
 Year Ended June 30, 2002
Prepared by the Finance Department



COUNTY OF CUMBERLAND, NORTH CAROLINA

Comprehensive Annual Financial Report
Year Ended June 30, 2002

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COUNTY of CUMBERLAND

AMY H. CANNON
Assistant County Manager

Finance Department

TERRY A. GAGNON
Assistant Finance Director

HOWARD C. ABNER
Assistant Finance Director

December 16, 2002

The Honorable Talmage S. Baggett, Jr., Chairman
The Honorable Jeannette M. Council, Vice Chairman
The Honorable J. Breeden Blackwell
The Honorable Kenneth S. Edge
The Honorable John T. Henley, Jr.
The Honorable Billy R. King
The Honorable J. Lee Warren, Jr., 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, 2002. 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.

New this year is a section entitled "Management's Discussion and Analysis" (MD&A). Accounting principles generally accepted in the United States of America (GAAP) now requires 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 provisions 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 Hospital System, Inc., the Cumberland County Alcohol Beverage Control Board, and the Eastover Sanitary District are reported as discretely presented component units.

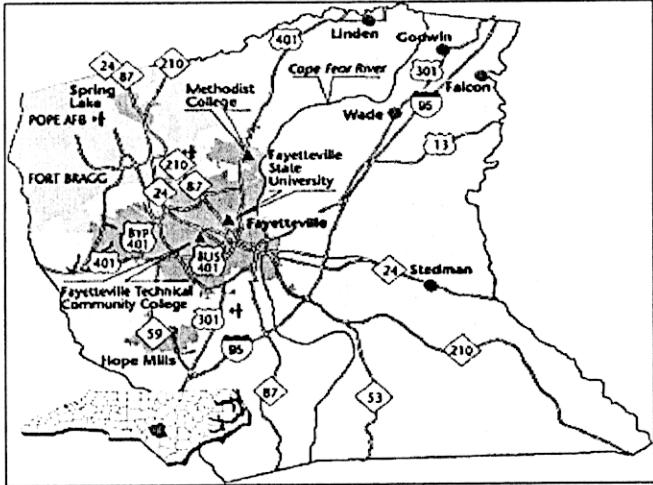
GENERAL INFORMATION

The County of Cumberland began as a settlement in the Upper Cape Fear Valley between 1729 and 1736, by European migrants known as Highland Scots. The area became a vital transportation link to other major settlements. A receiving and distribution center was established in 1730 on the Cape Fear River. This settlement was known as Campbellton.

The Colonial Legislature passed an act in 1754 which resulted in the political division of Bladen County, thus forming Cumberland County. It was named after the Duke of Cumberland (William Augustus), who commanded the English Army. The County continued to grow and prosper as the Scotch-Irish, Germans and Moravians also entered the area. Campbellton was named the County seat during 1778. In 1783, Campbellton was renamed Fayetteville in honor of Marquis De La Fayette, a French general that served in the American Colonies Revolutionary Army.

Fayetteville's growth was delayed by a devastating fire in 1831, and the invasion of General Sherman in 1865. One of the factors that boosted this slow recovery period was the transformation of Camp Bragg from an artillery and temporary training facility to a permanent Army post.

The County is located in the southeast coastal plain section of North Carolina and has a land area of approximately 661 square miles. The County is the fifth largest in the State in population, with an estimated 303,892 people. The City of Fayetteville, with an estimated population of 125,155, serves as the County seat. The City is the largest municipality in the County and 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., Atlanta, Baltimore and Cincinnati.



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 members are elected from District 1, three members from District 2, and two members at large. Each member of the Board is elected for a four-year term. The terms are staggered with two members from District 1 and two members at large elected in a biennial general election, and three members from District 2 elected two years later. The Board members elect their own Chairman and Vice Chairman on an annual basis.

The County Manager is appointed by, and serves at the pleasure of, the Board of Commissioners. The Board annually adopts a budget and establishes a tax rate for the support of County programs. The County Manager has the responsibility for administering these programs in accordance with policies and the annual budget adopted by the board.

The County is the home of two military bases. Fort Bragg and Pope Air Force Base are located approximately six miles northwest of the City of Fayetteville and encompass approximately 160,789 and 262 acres respectively of land in the area. They form one of the largest military complexes in the world and contribute to the area economy as well as to the international and cosmopolitan flavor of the community culture.

Pope Air Force Base has played a leading role in the development of U.S. airpower. Missions at Pope range from providing airlift and close air support to American armed forces to humanitarian missions flown all over the world. Officially established by the War Department in 1919, Pope Air Force Base ranks as one of the oldest installations in the Air Force. It is named after First Lieutenant Harley Halbert Pope who was killed on January 7, 1919, when the JN-Jenny he was flying with Sergeant Walter W. Flemming crashed into the Cape Fear River near Fayetteville.

At the time, Pope Field did not have a runway, just a wide open field surrounded by pine forest. Observation planes and balloons occupied Pope Field for the first eight years. Missions of the planes and balloons ranged from mapping terrain, spotting for artillery, detecting forest fires, and carrying the mail.

The airfield gained national prominence in 1927 when Major Carl "Tooe" Spatz conducted bombing tests from the airfield. The test demonstrated the use of high explosive aerial bombing to destroy permanent concrete structures increasing the tactical capabilities of the Army Air Corps.

During the 1940's, the base swelled as a troop carrier training site. With the institution of paratrooper training at Camp Bragg, Pope began putting the "Air" in "Airborne." With the outbreak of World War II, the tempo of activities at Pope Air Force Base quickened. The 82d Airborne division moved to Fort Bragg in 1941 and the base developed into a major troop carrier training base. After the war, Pope Field became an Air Force base with the creation of the Air Force on September 17, 1947.

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 based reorganized under the new Air Combat Command. The new 23rd 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. The activation of the 23rd as a composite wing began a new era of support for Fort Bragg.

In April 1997 Pope once again saw changes that involved streamlining all stateside airlift operations under the Air Mobility Command-including C-130s. The changes resulted in the activation of the 43^d Airlift Wing as the host wing at Pope Air Force Base under the Air Mobility Command, and put A-10 Thunderbolt II's under the 23rd fighter Group as an Air Combat Command unit, a tenant at the base.

Pope Air Force Base contributes to the Rapid Global Mobility of the United States Air Force, which is one of the six core competencies outlined in "Global Engagement: A Vision for the Twenty-First-Century Air Force." It is capable of deploying a self-sustaining fighting force anywhere in the world on short notice and can also provide theater airlift for other contingencies and humanitarian missions around the world.

To carry out these missions, Pope Air Force Base has two operational squadrons assigned to it. The 2nd and 41st Airlift Squadrons fly C-130's. 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.

Fort Bragg is the home of XVIII Airborne Corps, 82nd Airborne Division and U.S. Army Special Operations Command. The mission of the 18th Airborne Corps and Fort Bragg is to deploy anywhere in the world on short notice, and to fight and win upon arrival. To accomplish their various missions, units at Fort Bragg are uniformly dedicated to readiness, selfless service, and family preparedness.

Encompassing about 200 square miles, the post serves some 184,335 people, including assigned soldiers, reservists, summer ROTC students, civilians, family members, and retirees. Named in honor of Confederate General Braxton Bragg, a North Carolina native, the post is far from its modest beginning in 1918 when 127,000 acres of desolate sand hills and pine trees were designated as a U.S. Army Installation. Adequate water, rail facilities and the Carolina climate lent themselves to Army needs and Camp Bragg emerged as a field artillery site August 21, 1918. Congress decided in February 1922 that all artillery sites east of the Mississippi River would become permanent Army posts. The camp was redesignated as Fort Bragg, September 30, 1922.

Today, Fort Bragg and neighboring Pope Air Force Base form one of the largest military complexes in the world and are essential to the Army's crisis response strategy. The mixture of force capabilities is as versatile and lethal as it is deployable and expandible.

ECONOMIC CONDITIONS and OUTLOOK

Military

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

Military Payroll and Total Expenditures		
Year	Payroll	Expenditures
2001	\$1,528,465,423	\$4,954,664,883
2000	\$1,414,275,423	\$4,550,579,112
1999	\$1,402,529,505	\$4,116,455,491
1998	\$1,369,912,996	\$4,015,613,334
1997	\$1,297,479,408	\$4,169,125,255

Military Personnel at Fort Bragg and Pope Air Force Base			
Year	Fort Bragg	Pope Air Force Base	Total
2001	42,546	4,916	47,462
2000	41,192	5,023	46,215
1999	41,120	4,652	45,772
1998	40,028	4,677	44,705
1997	41,154	4,806	45,960

Civilian Employment and Payroll at Fort Bragg and Pope Air Force Base		
Year	Number of Employees	Payroll
2001	8,951	\$254,322,867
2000	8,881	\$249,564,526
1999	8,405	\$229,221,397
1998	8,790	\$225,889,389
1997	8,647	\$225,588,913

Military construction projects are programmed according to federal fiscal year and have an ongoing status for many years due to required planning, design, and construction phases. For Federal fiscal year 2002, Fort Bragg saw one of its largest construction programs ever. The program included \$93.5 million for new barracks, \$33.5 million to support the needs of special operations soldiers, and \$8.3 million for the second phase of a military Education Complex for the North Carolina National Guard, \$13.6 million for a vehicle maintenance complex for the 1st Corps Support command and \$7.7 million for a new complex for the Golden Knights Parachute Team. For fiscal year 2003, Fort Bragg is slated to receive \$179.4 million in new construction funds. Major projects include: renovation of the old Womack Army Medical Center building-\$9.4 million, post security projects-\$18 million, 16th Military Police Brigade barracks complex-\$50 million, third phase of the 82nd Airborne Division separate battalions complex-\$50 million, Army Reserve parachute packing building-\$1.6 million, Bryant Hall renovations-\$11.6 million, special operations weapons training complex-\$19.2 million, and additions to elementary school classrooms-\$2.0 million.

For fiscal year 2002, Pope Air Force Base received over \$21 million. Nearly \$18 million will pay for a C-130 Hercules aircraft corrosion control facility and \$3.4 million for a fuel storage tank. Fiscal year 2003 projects for Pope Air Force Base include: consolidated fuel facility for green ramp-\$17.5 million, and \$9.7 for dormitory construction.

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 1.1 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. Gross retail sales in the County for the year totaled \$2,974,131,160 which is

a 1.63% decrease from the prior year. However, gross sales of \$292,716,965 realized by the commissaries and post exchanges located on Fort Bragg increased 13.8% in fiscal year 2001.

Retail Sales						
	Cumberland County	% Change	Fort Bragg Commissaries & Exchanges	% Change	Total	% Change
2002	\$2,974,131,160	-1.63%	Not Available	---	\$2,974,131,160	---
2001	\$3,023,363,191	0.15%	\$292,716,965	13.83%	\$3,316,080,156	1.23%
2000	\$3,018,719,246	3.75%	\$257,152,541	23.30%	\$3,275,871,787	5.06%
1999	\$2,909,512,926	2.00%	\$208,552,777	-3.56%	\$3,118,065,703	1.60%
1998	\$2,852,575,221	---	\$216,250,000	---	\$3,068,825,221	---

Since 1990, the Fayetteville Metropolitan Service Area (MSA) (Cumberland County) has grown at a rate below the state average. Based on state estimates for the next 5 years, the Fayetteville MSA population is expected to increase by 4.3% compared to the state average of 2.4%. However, from 2005 to 2015, the Fayetteville MSA population is only expected to increase by 8.8% compared to the state average of 11.1%.

	1990		2000		2005		2010		2015	
	Population	% Change	Population	% Change	Population	% Change	Population	% Change	Population	% Change
Fayetteville MSA	291,897	--	302,963	3.8%	315,955	4.3%	328,805	4.1%	344,186	4.7%
North Carolina	7,647,934	--	8,019,313	4.9%	8,211,384	2.4%	8,688,421	5.8%	9,146,959	5.3%

The civilian labor force in the County of Cumberland has grown by 3,800 over the last five years, a 3.29% increase compared to the state average of 6.04%. The unemployment rate has consistently been above the state average by an average of .50 percentage points.

	Total Labor Force	Number Employed	Number Unemployed	Fayetteville MSA Unemployment Rate	State Unemployment Rate
June 2002	119,300	111,200	8,100	6.8%	6.9%
June 2001	120,900	114,600	6,300	5.2%	5.1%
June 2000	118,400	114,000	5,400	4.6%	3.6%
June 1999	115,900	111,700	4,200	3.6%	3.0%
June 1998	115,500	110,500	5,000	4.3%	3.4%

Over the past five years, employment activities in the County of Cumberland have continued to be steady, with increases in hiring primarily concentrated in the County's service-producing sector. Area retailers say that while sales are flat, the slowing economy has had little effect on them. But community leaders say the retail industry, as healthy as it is, isn't enough to sustain and improve the economy. The challenge to the community is not to diminish the importance of that contribution to the economy, but to expand the rest of the economy so that we have a balanced economy. The County of Cumberland and Fayetteville have depended on retail sales and military and government payrolls to feed the economy, but the retail-based economy is not one of abundance. Stores and restaurants do not contribute as much property tax money into the city and county coffers as manufacturing plants or other industries with more taxable land and expensive equipment. Because of its economy, the County of Cumberland has a low tax base relative to its population, meaning that it struggles to meet its needs with property taxes. The area has not landed a new large industry since 1980.

The economy in the first half of fiscal 2002 was affected by the September 11, 2001 terrorists acts. Even prior to the attacks, economic slowdown was evident through a falling stock market and layoffs in major companies. In November, 2001, film processor Qualex, inc., announced it would close its plant in early January putting about 100 people out of work. Monsanto also closed its doors in December with more than 120 people losing their jobs.

On the bright side, revenues at hotels in Fayetteville have increased for six consecutive months when compared to the same time a year ago, and hotel managers expect the trend to last through the summer. Occupancy rates are at a five year high. Hotel managers and owners attribute the increase to the economy recovering and to the September 11 attacks. Since, October 2001, reservists have been arriving to fill hotels in Fayetteville. The reservists are performing missions and filling in for deployed soldiers.

Downtown Fayetteville has seen a re-emergence over the past year. New businesses have been creeping into downtown since 1999. The long-awaited Airborne & Special Operations Museum opened in August 2000. The Robert C. Williams Business Center also open in August 2000. The largest tenant in the \$6.4 million building is the Fayetteville Public Works Commission. Numerous small shops and an arthouse theatre have also opened.

Newport Generation Inc. announced in 2001 plans to construct a \$250 million power plant to be operational by the middle of 2004. The plant will burn natural gas and fuel oil to generate electricity. The plant will be powered by two combustion turbines with a maximum output of 1,700 British thermal units per hour which would be enough to power 320,000 homes. The plant expects to employ 30 full-time employees with an annual payroll of \$2 million.

In 2002, Black & Decker announced plans for a \$6 million addition to its Fayetteville plant and creating approximately 50 jobs. The investment includes purchasing and installing aluminum die-casting machines, and the relocation of the production process from Taiwan to the United States. The machines will be used to build DeWalt miter saws. The plant produces approximately 400,000 miter saws per year.

The County of Cumberland has a formal business incentive policy. To qualify for incentives, the project must be in manufacturing, distribution, research, high-tech, or an air courier hub. The County has spent a combined \$5.2 million on economic incentives on eight companies since 1994. Capital investments by those companies total nearly \$75 million. The County has not paid cash. The incentives came in the form of the County buying land or selling it at a discount, as well as paying for new water and sewer lines, road improvements or other engineering costs.

The County of Cumberland has one industrial park and has begun the development of a second 474 acre park. Phase 1 of the new park, next to N.C. 53 in the Cedar Creek community, is slated to be finished in December 2003. The first phase is for the installation of water and sewer, street improvements, and signs and landscaping. Due to the slowdown in the economy, the old industrial park is about 60 percent full as several companies have closed. The County has a 130,000 square foot shell building and is being marketed by the Fayetteville Area Economic Development Corporation (FAEDC).

During the fall of 1999, the County began construction of a new detention center located on a five acre tract in downtown Fayetteville. The detention center is designed as a campus style facility consisting of approximately 250,000 square feet of space. The housing units of the detention center will house 568 prisoners, and the kitchen, laundry, infirmary, and administrative offices are designed to support up to 1,000 prisoners and administrative staff. The project is expected to cost approximately \$50 million and is scheduled for opening in January of 2003.

Cingular Wireless, the nation's second largest wireless carrier is in the old Owen Drive K-Mart building. The County of Cumberland will pay about \$ 954,000 in incentives to the company over five years, and the City of Fayetteville will pay an additional \$438,060. In return, Cingular promises to employ about 900 people and spend at least \$15 million in direct capital investments.

For the second half of 2002, the nation's unemployed will not see an increase in the number of job openings as companies remain cautious about the economy's recovery according to a survey by Manpower, Inc. Many companies are delaying expansion plans because of the economic slowdown.

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 governments. 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% and 7%, respectively, of the operating budget for the Cumberland County School Administrative Unit. The County appropriation budgeted from general fund revenues is \$55,243,000 for current operations and \$9,569,440 for capital outlay for the fiscal year ending June 30, 2002. For the fiscal year ending June 30, 2003 the County appropriations budgeted from general fund revenues are \$57,150,000 for current operations and \$6,667,440 for capital outlay.

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. The State also provides support through the Public School Building Capital Fund. This 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. It is estimated that the Public School Building Capital Fund will provide \$2.0 million to the Cumberland County School Administrative Unit for the fiscal year ending June 30, 2003. The County had received approximately \$29.6 million from the Public School Building Capital Fund since its inception in 1987.

The County has received an allocation of grant funds in the amount of \$73 million from the State of North Carolina for school capital purposes.

Private and Parochial Schools

There are also 3 private schools and 16 parochial schools in the County.

Colleges and Universities

There are two liberal arts colleges and one technical community college, as well as a Fort Bragg college facility on the military installation offering off-campus "resident-credit" courses for several North Carolina and other 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 second largest community college in the State.

FTCC, a two-year public institution, offers associate degrees, diplomas and certificates in more than 87 academic programs. 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 an average year, hundreds of classes teach new skills and improve quality of life.

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 ending June 30, 2002 total \$5,439,622. The County also appropriated funds for replacement of a chiller in the Horace Sisk Building in the amount of \$500,000.

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 offers over 38 baccalaureate degrees and master's degrees in 19 programs, including the MBA and one doctoral program in educational leadership. The Weekend and Evening College provides an opportunity for education to non-traditional students who are ready to make a career change. 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 College. Methodist College ("Methodist") is a private, senior, co-educational college of liberal arts and sciences established in 1956. Methodist currently serves 1,283 undergraduate students in the day program and 441 in the evening program and offers bachelor's degrees in 40 fields of study, including arts management, computer science, business administration, elementary and secondary education, and social work. The Charles M. Reeves School of Business offers special concentrations in professional golf and tennis management. New majors recently added include Business Administration with a concentration in Health Care Administration and a concentration in Resort Management and Financial Economics. Methodist commenced construction on two new buildings which will be financed by \$8.7 million raised through its "Expanding the Vision" campaign.

The following table shows the Spring 2002 enrollment figures for the institutions of higher education located in the County:

	Total Enrollment	Full-Time Students
Fayetteville State University Undergraduate Graduate	4,091 819	3,174 159
Methodist College	1,976	4,510
Fayetteville Technical Community College Curriculum Students Continuing Education Students	13,031 27,824	3,576 N/A

MAJOR INITIATIVES

Current year. In July 2002, the County of Cumberland sold General Obligation School Bonds in the amount of \$14,875,000. This was the third and final installment of a \$98 million total school bond issue.

For the coming years. Based on recommendations contained in the National Animal Control Association report, the County this year has carried forth prior year funding of \$200,000 for design of a new animal shelter. Construction for the \$2.5 million project has been put on hold pending funding.

The County of Cumberland, the City of Fayetteville, and the Public Works Commission (PWC) will continue implementing the County Water and Sewer Concept Plan jointly adopted by the County, City and PWC governing boards.

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 judgements 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 also is 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) 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 Fund. Any amendments or transfers of appropriation between department or fund 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, 2002, the County's general obligation bond debt was \$115,775,000 and capital lease obligations amount to \$553,786.

In September 1999, Standard and Poor's Rating Group upgraded the County's bond rating from an A+ to AA-. Their decision was based upon the County's improved financial performance due to prudent fiscal management coupled with an expanded economic base. In addition, Moody's upgraded the County's debt rating from A1 to Aa3 in February 2000.

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, 2002, the general obligation debt of \$115,775,000 was significantly less than the legal limit of \$1,002,563,000.

Cape Fear Valley Medical Center's outstanding debt at September 30, 2001, was \$141,403,000. Revenue bonds have been issued to finance the construction of facilities utilized in the operation of the Health System and to purchase Highsmith-Rainey Memorial Hospital. Cape Fear Valley Medical Center issued \$59,998,914 in revenue bonds in June 1991, \$29,168,199 in May 1993, and \$116,005,000 in May 1999. The principal and interest on the bonds are payable from the net revenues of the Hospital and not the County.

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 interest revenue of \$3,367,505 on all investments for the year ended June 30, 2002. The General Fund's share of the revenue was \$2,162,768 which represents an equivalent tax rate of 1.75 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 forth in the State Statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133. The auditor's unqualified report on the basic financial statements is included in the Financial Section of the Comprehensive Annual Financial Report. The auditors' reports related specifically to the single audit are presented in the Compliance Section.

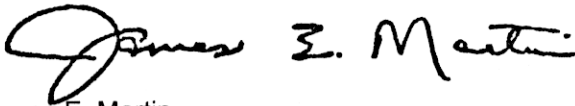
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cumberland for its comprehensive annual financial report for the fiscal year ended June 30, 2001. This was the tenth consecutive 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

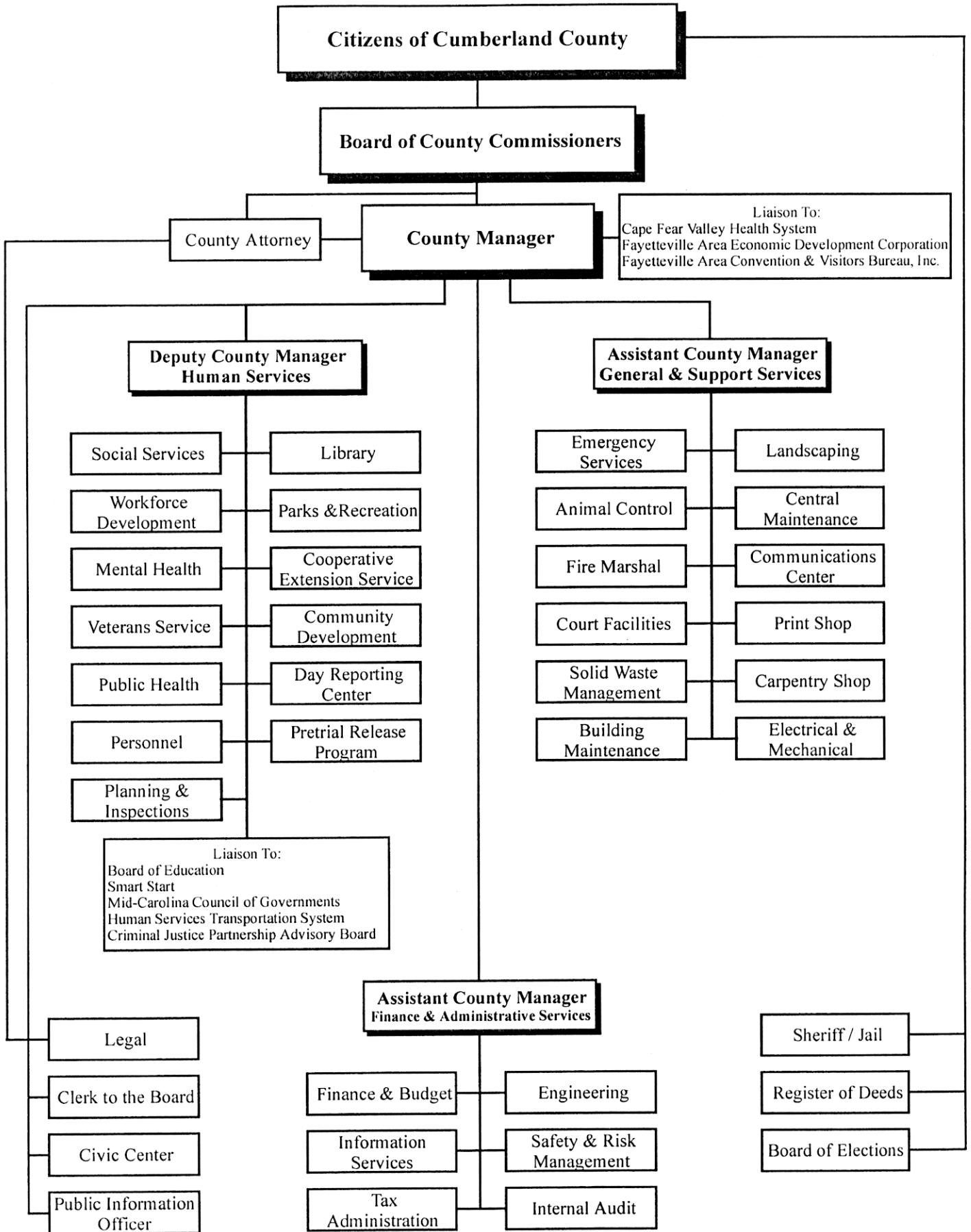
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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.



Smith A. Crave
President

Jeffrey L. Esser
Executive Director



FINANCIAL SECTION

- * Report of Independent Certified Public Accountants
- * Management's Discussion and Analysis
- * Basic Financial Statements
- * Notes to the Financial Statements



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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 discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Cumberland, North Carolina as of June 30, 2002 and for the year then ended, which collectively comprise the County of Cumberland's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County of Cumberland, North Carolina management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Cumberland County Hospital Systems, Inc. or the Cumberland County ABC 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 Cumberland County Hospital Systems, Inc. and the Cumberland County ABC 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the basic 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 of Cumberland, North Carolina as of June 30, 2002, and the respective changes in financial position and cash flows, where appropriate, and the respective budgetary position of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, the County of Cumberland, North Carolina adopted Governmental Accounting Standards Board (GASB) Statement No. 34 during the year ended June 30, 2002.

Management's Discussion and Analysis, the schedules of funding progress and employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance and the Cumberland County Hospital Plan are not a required part of the basic financial statements but is 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 this information and express no opinion thereon.

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2002 on our consideration of the County of Cumberland, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Board of County Commissioners
County of Cumberland, North Carolina
Page 2

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the County of Cumberland, North Carolina, taken as a whole. The combining and individual fund statements and schedules for the years ended June 30, 2002 and 2001, 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, 2002, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Cherry, Berkert & Holland, LLP

Fayetteville, North Carolina
December 16, 2002

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, 2002. 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

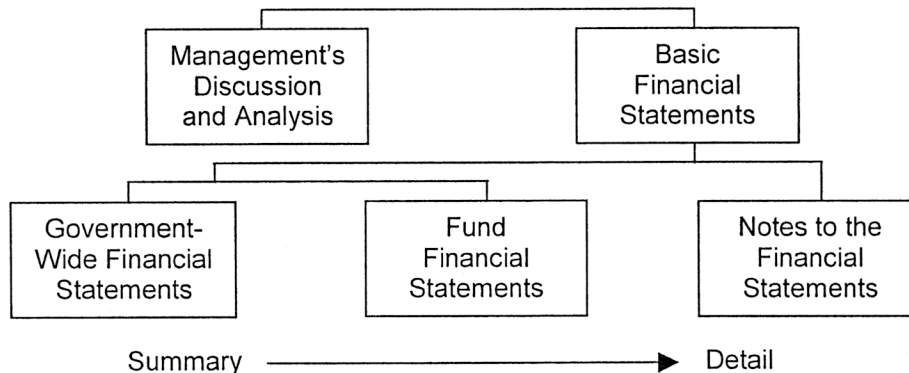
- The assets of the County of Cumberland exceeded its liabilities at the close of the fiscal year by \$76,933,969 (*net assets*). In accordance with North Carolina law, liabilities of the county include approximately \$106,775,000 in long-term debt associated with assets belonging to the Cumberland County 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 \$8,848,332, primarily due to cost reduction efforts by the County.
- As of the close of the current fiscal year, the County of Cumberland's governmental funds reported combined ending fund balances of \$92,047,641 a decrease of \$10,620,333 from the prior year. Approximately 87.3 percent of this total amount, or \$80,376,977, 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 \$36,455,417 or 15.82 percent of total general fund expenditures for the fiscal year. Of this amount, \$10,660,034 has been designated for other purposes leaving \$25,795,383 or 11.20 per cent of total general fund expenditures as undesignated.
- The County of Cumberland's total debt decreased by \$13,057,378 (4.91%) during the current fiscal year. This was due to the continuing reduction in outstanding principal.
- The County of Cumberland has maintained a AA- bond rating from Standard and Poor's Rating Group and a Aa3 rating from Moody's Investor Service.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County 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 13 and 14) 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 15 through 25) 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 gauge 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 administration, 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 and other proprietary funds. The final category is component units. The Cumberland County Hospital System, Inc. is a public hospital operated by a not-for-profit corporation. The County appoints the board of trustees for the Health System. The County has also issued General Obligation Bonds for improvement of the Health System's facilities. 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 their members and because the Board is required to distribute a portion of their profits to the County. The Eastover Sanitary District, although legally separate, is included because exclusion would be misleading to the reporting unit.

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 (which is modified accrual) 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.

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 and for its Solid Waste operations. *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. The County has four 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 seven fiduciary funds; one pension trust fund and six 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 26 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 68 of this report.

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal year ended June 30, 2002, are the beginning of a new era in financial reporting for the County of Cumberland, and many other units of government across the United States. Prior to this year, the County of Cumberland maintained governmental, proprietary, and fiduciary fund groups as separate and very distinct types of accounting without any type of consolidated statement that reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the County. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Government Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the County of Cumberland's financial reports as well as those of many other units of government. While the County was required to implement these changes for the fiscal year ended June 30, 2002, other units may not be required to implement until 2003 or 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with outstanding debt. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

The County of Cumberland's Net Assets

Figure 2

	Governmental Activities	Business-type Activities	Total
	2002	2002	2002
Current and other assets	\$ 139,903,849	\$ 21,059,410	\$ 160,963,259
Capital assets	129,314,394	72,783,774	202,098,168
Total assets	<u>269,218,243</u>	<u>93,843,184</u>	<u>363,061,427</u>
Long-term liabilities outstanding	205,009,987	56,817,907	261,827,894
Other liabilities	22,415,164	1,884,400	24,299,564
Total liabilities	<u>227,425,151</u>	<u>58,702,307</u>	<u>286,127,458</u>
Net assets:			
Invested in capital assets, net of related debt	35,805,126	20,537,487	56,342,613
Restricted	700,730	-	700,730
Unrestricted	<u>5,287,236</u>	<u>14,603,390</u>	<u>19,890,626</u>
Total net assets	<u>\$ 41,793,092</u>	<u>\$ 35,140,877</u>	<u>\$ 76,933,969</u>

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 \$76,933,969 as of June 30, 2002.

One of the largest portions of net assets, \$56,342,613, 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, \$700,730 (0.91%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$19,890,626 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 \$106,775,000 of the outstanding debt on the County's financial statements was related to assets included in the school systems' financial statements. However, since the majority of this 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.

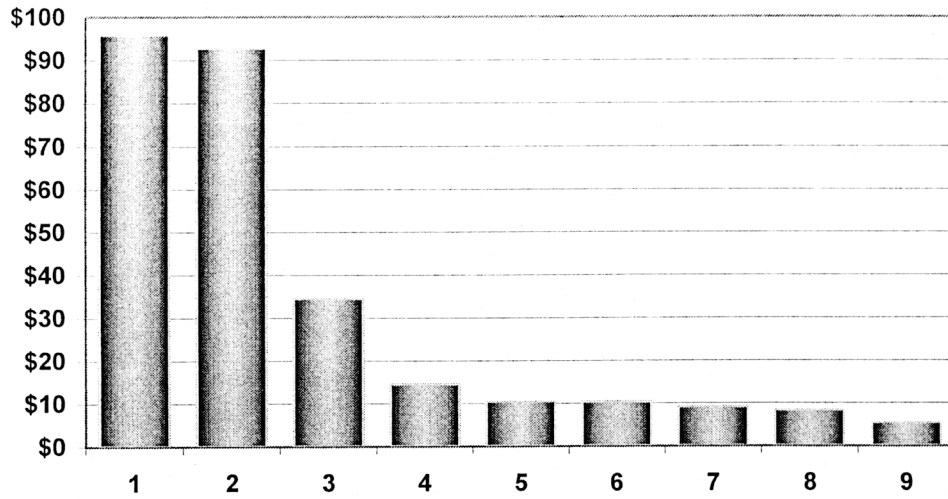
Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.28% for real and personal property and 80.92% for motor vehicles.
- Continued low cost of debt due to the County's high bond rating.

The County of Cumberland Changes in Net Assets
Figure 3

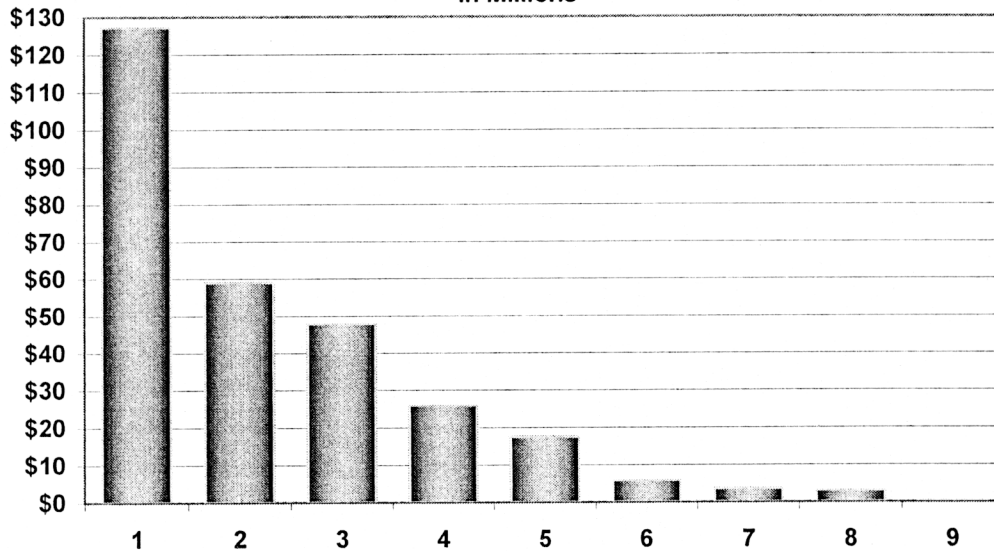
	Governmental Activities <u>2002</u>	Business-type Activities <u>2002</u>	Total <u>2002</u>
Revenues:			
Program revenues:			
Charges for services	\$ 21,734,896	\$ 4,238,873	\$ 25,973,769
Operating grants and contributions	58,916,747	67,001	58,983,748
Capital grants and contributions	17,528,442	-	17,528,442
General revenues:			
Property taxes	127,204,019	-	127,204,019
Other taxes	42,896,340	4,978,178	47,874,518
Grants and contributions not restricted to specific programs	3,046,773	-	3,046,773
Unrestricted investment earnings	3,057,855	553,833	3,611,688
Gain on sale of assets	65,728	-	65,728
Miscellaneous	5,709,036	90,113	5,799,149
Total revenues	<u>280,159,836</u>	<u>9,927,998</u>	<u>290,087,834</u>
Expenses:			
General government	14,511,956	-	14,511,956
Public safety	34,549,771	-	34,549,771
Economic and physical development	9,121,126	-	9,121,126
Human services	95,809,025	-	95,809,025
Culture and recreation	10,490,154	-	10,490,154
Education	92,706,505	-	92,706,505
Interest on long-term debt	10,334,809	-	10,334,809
Solid Waste	-	8,290,083	8,290,083
Cumberland County Crown Center	-	5,426,073	5,426,073
Total expenses	<u>267,523,346</u>	<u>13,716,156</u>	<u>281,239,502</u>
Increase in net assets before transfers	12,636,490	(3,788,158)	8,848,332
Transfers	(7,628,289)	7,628,289	-
Increase in net assets	5,008,201	3,840,131	8,848,332
Net assets, July 1	36,784,891	31,300,746	68,085,637
Net assets, June 30	<u>\$ 41,793,092</u>	<u>\$ 35,140,877</u>	<u>\$ 76,933,969</u>

**Government-Wide Expenses
in Millions**



- | | | | |
|-------------------------|--------------|--------------------------|-----------------------|
| 1. Human Services | 2. Education | 3. Public Safety | 4. General Government |
| 5. Culture & Recreation | 6. Interest | 7. Economic/Physical Dev | 8. Landfill |
| 9. Crown Center | | | |

**Government-Wide Revenue
in Millions**



- | | | | |
|-------------------|---------------------|------------------------|--------------------------|
| 1. Ad Valorem Tax | 2. Operating Grants | 3. Other Taxes | 4. Charges for Services |
| 5. Capital Grants | 6. Miscellaneous | 7. Investment Earnings | 8. Non-restricted Grants |
| 9. Other | | | |

Governmental activities. Governmental activities increased the County's net assets by \$5,008,201, and thereby accounting for 56.6% of the total growth in the net assets of the County of Cumberland. Key elements of this increase are as follows:

- Spending on salaries and related benefits decreased by \$5,060,896 from FY2001 due largely to the county-wide reduction-in-force.
- Operating expenses were reduced by \$1,707,732.
- Unrestricted investment earnings decreased by \$4,278,811 during the year. This decrease is due in part to an overall lower rate of return on investments during the year and less cash on hand for investment purposes due to school funding, and a slow down in the economy.
- Unrestricted intergovernmental revenues decreased by approximately \$3 million as a result of the withholding of state shared revenue by the Governor.
- Restricted intergovernmental revenue decreased \$6,377,656 due to a reduction in state grants and allocations.

Business-type activities: Business-type activities increased the County of Cumberland's net assets by \$3,840,131 accounting for 43.4 % 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 \$4,012,363. This increase was due to a continuing strong base for the household user and commercial fees.

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.

At June 30, 2002, the governmental funds of the County of Cumberland reported a combined fund balance of \$92,047,641, a 10.3 percent decrease over last year. The primary reason for the decrease is directly related to timing issues on when revenue is received and expenditures are made in the Capital Project Funds.

The general fund is the chief operating fund of the County of Cumberland. As a measure of the general fund's liquidity, it may be useful to compare both undesignated and designated fund balance to total fund expenditures for the year. At the end of the current fiscal year, undesignated and designated fund balance of the General Fund was \$36,455,417 or 15.82 percent of total general fund expenditures for the fiscal year. Of this amount, \$8,761,401 has been designated for subsequent year expenditures, and \$1,898,633 for future reserves, leaving \$25,795,383 or 11.20 per cent of total general fund expenditures as undesignated.

General Fund Budgetary Highlights: During fiscal year 2002, the County's financial picture was clouded by the uncertainty surrounding the State of North Carolina's budget situation. The State continues to face difficulty in balancing it's budget which was further complicated by the events of September 11, 2001 and the resulting impact on the economy. Part of the State's solution involved sequestering funds due to local governments. These conditions created an unfavorable impact on the county budget. Management took budgetary steps to address the impacts and finished the year in sound financial condition.

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 only \$2,040,042 or 0.89 per cent, an immaterial amount.

The actual operating revenues for the General Fund were less than the budgeted amount by \$2,372,153. The major contributing factor in this shortfall of revenue was the loss of \$3,048,451 of state reimbursements that were withheld by the Governor in order to balance the State's budget. This unanticipated loss was partly offset by our over realizing \$1,782,527 in ad valorem taxes. The County was able to offset the rest of the shortfall though reductions in expenditures in various departments including human services, general government and public safety. As a result, actual operating expenditures were less than the budgeted amount by \$19,076,567. For the year, actual revenue exceeded actual expenditures by \$3,131,581.

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 \$14,307,004, and those for the Cumberland County Crown Complex equaled \$229,718. The total growth in net assets for both funds were \$4,012,363 and (\$238,900) respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County of Cumberland's business-type activities.

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, 2002, totals \$202,098,168 (net of accumulated depreciation). These assets include buildings, land, furniture, fixtures and equipment, vehicles and construction in progress.

Major capital asset transactions during the year include:

- Purchase of equipment and vehicles for Solid Waste
- Purchase of equipment for the Cumberland County Crown Center

The County of Cumberland's Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities	Business-type Activities	Total
	2002	2002	2002
Land	\$ 17,103,211	\$ 6,224,324	\$ 23,327,535
Buildings and improvements	64,754,682	58,225,659	122,980,341
Equipment, furniture and fixtures	5,458,880	3,469,658	8,928,538
Vehicles and motorized equipment	2,520,240	736,934	3,257,174
Construction in progress	39,477,381	4,127,199	43,604,580
Total	\$ 129,314,394	\$ 72,783,774	\$ 202,098,168

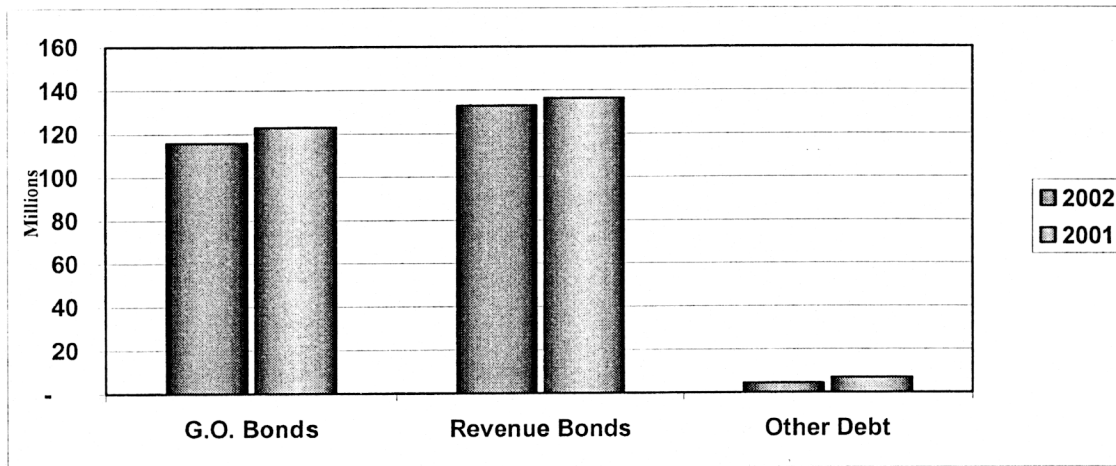
Additional information on the County's capital assets can be found in note 4 of the basic financial statements.

Long-term Debt. As of June 30, 2002, the County of Cumberland had total bonded debt outstanding of \$115,775,000 all of which is backed by the full faith and credit of the County.

**The County of Cumberland's Outstanding Debt
General Obligation and Revenue Bonds**

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
General obligation bonds	\$ 115,775,000	\$ 122,915,000	\$ -	\$ -	\$ 115,775,000	\$ 122,915,000
Revenue bonds	80,785,000	83,120,000	52,006,288	53,082,380	132,791,288	136,202,380
Other debt	4,050,219	6,210,355	240,000	586,150	4,290,219	6,796,505
Total debt	\$ 200,610,219	\$ 212,245,355	\$ 52,246,288	\$ 53,668,530	\$ 252,856,507	\$ 265,913,885



The County of Cumberland's total debt of \$252,856,507 decreased by \$13,057,378 (4.91%) during the past fiscal year, primarily due to principal payments on existing debt.

As mentioned in the financial highlights section of this document, the County of Cumberland has maintained a AA- bond rating from Standard and Poor's Rating Group and a Aa3 rating from Moody's Investor Service. This bond rating is a clear indication of the sound financial condition of the County. 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 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$1,002,563,000. The County has \$21,480,000 in bonds authorized but un-issued at June 30, 2002.

Additional information regarding the County of Cumberland's long-term debt can be found in note 10 beginning on page 52 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 6.8%, slightly lower than the state average of 6.9%.
- The ad valorem tax rate remains at 92.5 cents per \$100 of valuation and the 2% discount for early payment has been discontinued.

Budget Highlights for the Fiscal Year Ending June 30, 2003

Governmental Activities: *Ad Valorem Taxes* are projected to increase \$3,804,503 (3.34%) due to a slight growth in the overall tax base. *Other Taxes* will increase 1.35% based on the projected growth in sales tax collections. *Unrestricted Intergovernmental* revenue will decrease \$1,004,710 due primarily to the loss of the various state reimbursements. *Restricted Intergovernmental* revenue has been and continues to be very volatile due to yearly changes in state and federal funding. Funding for the Smart Start Healthy Families Program, \$1,682,908, has been terminated; the County's Health Department has received a Regional Bio-Terrorism Grant of \$369,850; Mental Health received new funding of \$430,752 for TASC but loss \$958,094 of federal funding for Willie M services; Social Services Medical Assistance Administration funding was reduced \$531,694 but funding for Child Care services increased \$1,613,008. Overall funding for Restricted Intergovernmental decreased \$1,430,605 (2.64%). *Licenses and Permits* revenue increased a total of \$643,876 (25.50%) due mainly to the increase in the Register of Deeds fees that was effective in January of 2002. *Sales and Service* fees increased \$1,484,264 (9.10%) due to a projected increase of \$1,165,915 in Mental Health Willie M. Case Management fees. *Miscellaneous* revenue will increase overall \$783,391 (30.70%) due to a \$1,011,592 balloon payment on a lease.

Vehicle and heavy equipment maintenance functions in Solid Waste and the Central Maintenance Facility were combined in the Central Maintenance Facility. This action consolidates repair and servicing of vehicles and equipment to provide greater efficiency and eliminates duplicated tasks. For the third year in a row, funding wasn't available to provide county employees with a cost-of-living increasing. However, funding was available to provide a one-time stipend. According to our budgetary policy established last year, fund balance appropriated should not exceed 3% of budgeted expenditures and the undesignated fund balance should be at least 10%. For FY2003, the county appropriated 3% of budgeted expenditures and which left the county with 10.0% in reserves.

Budgeted expenditures in the General Fund are expected to rise \$4,691,233 (1.90%) to \$251,646,437. *Personnel Services* will increase \$1,307,769 to primarily fund a one-time employee stipend. *Operating Expenditures* will decrease \$923,309 (6.76%) due to an overall reduction in county spending. By far the largest increase is in *Other Charges and Services* where education funding will increase \$2,243,340 (3.57%), child care \$1,613,008 (11.23%), and Medicaid \$1,471,591 (13.75%).

Business – type Activities: Overall landfill revenue is projected to decrease \$288,274 (4.16%) due to a continuing decrease in commercial garbage fees as more waste is being diverted from our landfill and hauled to another county. Operating revenue for the Cumberland County Crown Center is projected to decrease \$438,608 (15.30%) based on the projected number of event days scheduled. This decrease in operating revenue will be offset by additional funds from the Prepared Food and Beverage and Hotel/Motel Occupancy taxes.

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.

BASIC FINANCIAL STATEMENTS

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Assets

June 30, 2002

	Governmental Activities	Business Type Activities	Total Primary Government	Cumberland County ABC Board	Cumberland County Hospital Systems, Inc.	Eastover Sanitary District
Assets						
Cash and cash equivalents	\$ 42,528,235	\$ 7,054,182	\$ 49,582,417	\$ 2,187,194	\$ 28,675,000	\$ 274,042
Investments	35,967,063	11,979,866	47,946,929	-	17,332,000	-
Taxes receivable, net	6,761,997	254,106	7,016,103	-	-	-
Accounts receivable, net	21,420,785	676,230	22,097,015	257	65,007,000	8,111
Internal balances	243,592	(243,592)	-	-	-	-
Due from component unit	139,302	-	139,302	-	-	-
Inventories	184,238	17,338	201,576	1,282,694	5,452,000	-
Prepaid expenses	-	-	-	25,152	2,568,000	-
Restricted cash and cash equivalents	6,803,516	1,269,448	8,072,964	36,607	39,239,000	375,984
Restricted investments	25,728,571	51,832	25,780,403	-	62,089,000	-
Restricted accounts receivable	72,587	-	72,587	-	-	83,093
Capital assets:						
Nondepreciable	56,580,592	10,351,523	66,932,115	421,810	27,853,000	6,246,974
Depreciable, net	72,733,802	62,432,251	135,166,053	930,217	148,807,000	-
Other assets	53,963	-	53,963	-	18,270,000	-
Total assets	269,218,243	93,843,184	363,061,427	4,883,931	415,292,000	6,988,204
Liabilities						
Accounts payable	17,026,172	1,884,400	18,910,572	996,605	53,757,000	321,928
Due to agencies	-	-	-	-	5,459,000	-
Unearned revenues	5,388,992	-	5,388,992	-	4,328,000	-
Long-term liabilities:						
Due in less than one year	14,540,755	1,898,000	16,438,755	-	4,925,000	-
Due in more than one year	190,469,232	54,919,907	245,389,139	-	136,478,000	3,904,000
Total liabilities	227,425,151	58,702,307	286,127,458	996,605	204,947,000	4,225,928
Net assets						
Invested in capital assets net of related debt	35,805,126	20,537,487	56,342,613	1,352,027	55,027,000	2,342,973
Restricted	700,730	-	700,730	2,535,299	12,542,000	-
Unrestricted	5,287,236	14,603,390	19,890,626	-	142,776,000	419,303
Total net assets	\$ 41,793,092	\$ 35,140,877	\$ 76,933,969	\$ 3,887,326	\$ 210,345,000	\$ 2,762,276

COUNTY OF CUMBERLAND, NORTH CAROLINA
Statement of Activities
Year Ended June 30, 2002

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total	Primary Government		Cumberland County ABC Board	Cumberland County Hospital Systems, Inc.	Eastover Sanitary District
				Governmental Activities	Business-type Activities						
Primary government:											
Governmental activities:											
General government	\$ 14,511,956	\$ 2,618,449	\$ 791,001	\$ 2,000,000	\$ (9,102,506)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	34,549,771	2,624,124	748,080	386,534	(30,791,033)	-	-	-	-	-	-
Economic and physical development	9,121,126	325,529	6,400,074	1,354,400	(1,041,123)	-	-	-	-	-	-
Human services	95,809,025	15,550,592	50,143,089	-	(30,115,344)	-	-	-	-	-	-
Cultural and recreational	10,490,154	616,202	834,503	4,500	(9,034,949)	-	-	-	-	-	-
Education	92,706,505	-	-	13,783,008	(78,923,497)	-	-	-	-	-	-
Interest on long-term debt	10,334,809	-	-	-	(10,334,809)	-	-	-	-	-	-
Total governmental activities	267,523,346	21,734,896	58,916,747	17,528,442	(169,343,261)	-	-	-	-	-	-
Business-type activities:											
Crown center	8,671,608	1,699,357	-	-	(6,972,251)	-	-	-	-	-	-
Solid waste	5,044,548	2,539,516	67,001	-	(2,438,031)	-	-	-	-	-	-
Total business-type activities	13,716,156	4,238,873	67,001	-	(9,410,282)	-	-	-	-	-	-
Total primary government	\$ 281,239,502	\$ 25,973,769	\$ 58,983,748	\$ 17,528,442	(169,343,261)	(9,410,282)	-	-	-	-	-
Component unit:											
ABC Board	\$ 10,371,687	\$ 10,146,230	\$ -	\$ -	-	-	-	(225,457)	-	-	-
Cumberland County Hospital System	346,676,000	359,319,000	-	-	-	-	-	-	12,643,000	-	2,399,760
Eastover Sanitary District	12,323	15,209	-	2,396,874	-	-	-	-	-	-	-
Total component unit	\$ 357,060,010	\$ 369,480,439	\$ -	\$ 2,396,874	-	-	-	(225,457)	12,643,000	-	2,399,760
General revenues:											
Property taxes					127,204,019	-	-	-	-	-	-
Other taxes					42,896,340	4,978,178	-	-	-	-	-
Grants and contributions not restricted to specific programs					3,046,773	-	-	-	-	-	-
Unrestricted investment earnings					3,057,855	553,833	-	47,967	-	-	-
Gain on sale of capital assets					65,728	-	-	-	-	-	-
Miscellaneous					5,709,036	90,113	-	49,646	6,488,000	-	83,478
Contributions					(7,628,289)	7,628,289	-	-	67,000	-	-
Transfers					174,351,462	13,250,413	-	-	-	-	-
Total general revenues and transfers					187,601,875	97,613	-	-	6,555,000	-	83,478
Change in net assets					8,848,332	(127,844)	-	-	19,198,000	-	2,483,238
Net assets - beginning					68,085,637	4,015,170	-	-	191,147,000	-	279,038
Net assets - ending					\$ 41,793,092	\$ 35,140,877	\$ 3,887,326	\$ 210,345,000	\$ 2,762,276	\$ -	\$ -

FUND FINANCIAL STATEMENTS

COUNTY OF CUMBERLAND, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2002

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 25,784,501	\$ 16,743,734	\$ 42,528,235
Investments	29,449,220	6,517,843	35,967,063
Taxes receivable	5,087,928	675,332	5,763,260
Accounts receivable	17,742,945	3,240,744	20,983,689
Due from other funds	2,808,670	-	2,808,670
Due from component units	139,302	-	139,302
Inventories	184,238	-	184,238
Restricted assets:			
Cash and cash equivalents	207,959	1,065,611	1,273,570
Investments	971	23,230,015	23,230,986
Accounts receivable	-	72,587	72,587
Total assets	<u>\$ 81,405,734</u>	<u>\$ 51,545,866</u>	<u>\$ 132,951,600</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 9,550,895	\$ 3,963,112	\$ 13,514,007
Due to other funds	-	2,527,687	2,527,687
Deferred revenue	21,780,415	3,081,850	24,862,265
Total liabilities	<u>31,331,310</u>	<u>9,572,649</u>	<u>40,903,959</u>
Fund balances:			
Reserved for inventories	184,238	-	184,238
Reserved for register of deeds	130,055	-	130,055
Reserved for mental health programs	458,591	-	458,591
Reserved for encumbrances	3,458,701	1,032,705	4,491,406
Reserved by state statute	9,387,422	906,813	10,294,235
Reserved for inmates	-	207,604	207,604
Reserved for cemetery	-	34,535	34,535
Designated for subsequent year's expenditures	8,761,401	-	8,761,401
Designated for future reserves	1,898,633	-	1,898,633
Undesignated	25,795,383	-	25,795,383
Unreserved, reported in nonmajor:			
Designated for subsequent year's expenditures			
Special revenue	-	3,083,036	3,083,036
Capital projects	-	990,552	990,552
Undesignated			
Special revenue	-	16,990,355	16,990,355
Capital projects	-	18,727,617	18,727,617
Total fund balances	<u>50,074,424</u>	<u>41,973,217</u>	<u>92,047,641</u>
Total liabilities and fund balances	<u>\$ 81,405,734</u>	<u>\$ 51,545,866</u>	<u>\$ 132,951,600</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
June 30, 2002

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

Ending fund balance - governmental funds	\$ 92,047,641
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	129,314,395
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	19,475,610
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.	7,297,103
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(206,341,657)</u>
Net assets of governmental activities	<u>\$ 41,793,092</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2002**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad valorem taxes	\$ 115,681,690	\$ 8,682,305	\$ 124,363,995
Other taxes	30,654,275	12,242,065	42,896,340
Unrestricted intergovernmental revenue	2,940,818	105,955	3,046,773
Restricted intergovernmental revenue	51,679,774	24,765,415	76,445,189
Licenses and permits	2,847,767	-	2,847,767
Sales and services	18,304,021	581,308	18,885,329
Interest earned on investments	2,162,768	1,254,671	3,417,439
Miscellaneous	4,409,081	1,339,523	5,748,604
Total revenues	<u>228,680,194</u>	<u>48,971,242</u>	<u>277,651,436</u>
Expenditures			
Current:			
General government	14,119,344	315,257	14,434,601
Public safety	26,482,341	6,559,787	33,042,128
Economic and physical development	1,842,825	7,249,399	9,092,224
Human services	92,845,646	1,431,298	94,276,944
Cultural and recreational	7,092,003	2,561,358	9,653,361
Education	61,043,404	21,512,424	82,555,828
Capital outlay	-	16,248,607	16,248,607
Principal payments	11,723,262	150,000	11,873,262
Interest and fees	10,399,788	91,123	10,490,911
Total expenditures	<u>225,548,613</u>	<u>56,119,253</u>	<u>281,667,866</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,131,581</u>	<u>(7,148,011)</u>	<u>(4,016,430)</u>
Other financing sources (uses)			
Debt issuance	-	238,125	238,125
Sale of capital assets	55,404	10,324	65,728
Transfers in	5,070,337	1,924,667	6,995,004
Transfers out	(4,860,232)	(8,968,681)	(13,828,913)
Transfer to component unit	-	(73,847)	(73,847)
Total other financing sources (uses)	<u>265,509</u>	<u>(6,869,412)</u>	<u>(6,603,903)</u>
Net change in fund balances	3,397,090	(14,017,423)	(10,620,333)
Fund balance - beginning	<u>46,677,334</u>	<u>55,990,640</u>	<u>102,667,974</u>
Fund balance - ending	<u>\$ 50,074,424</u>	<u>\$ 41,973,217</u>	<u>\$ 92,047,641</u>

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, 2002

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

Net change in fund balances - total governmental funds	\$ (10,620,333)
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.	2,248,158
Certain capital assets were transferred between governmental activities and business-type activities.	(1,566,925)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,843,543
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.	11,635,137
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(197,265)
The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>665,886</u>
Change in net assets of governmental activities	<u>\$ 5,008,201</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual
Year Ended June 30, 2002

General Fund				
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 113,899,163	\$ 113,899,163	\$ 115,681,690	\$ 1,782,527
Other taxes	31,471,429	31,471,429	30,654,275	(817,154)
Unrestricted intergovernmental revenue	4,795,662	4,795,662	2,940,818	(1,854,844)
Restricted intergovernmental revenue	54,002,828	55,080,541	51,679,774	(3,400,767)
Licenses and permits	2,259,370	2,309,491	2,847,767	538,276
Sales and services	16,300,993	17,339,305	18,304,021	964,716
Interest earned on investments	1,877,500	1,880,833	2,162,768	281,935
Miscellaneous	4,405,360	4,275,923	4,409,081	133,158
Total revenues	<u>229,012,305</u>	<u>231,052,347</u>	<u>228,680,194</u>	<u>(2,372,153)</u>
Expenditures:				
General government	15,364,486	18,190,885	14,119,344	4,071,541
Public safety	27,766,316	28,158,936	26,482,341	1,676,595
Economic and physical development	2,046,254	2,118,802	1,842,825	275,977
Human services	101,434,424	104,248,884	92,845,646	11,403,238
Cultural and recreational	7,142,742	7,475,802	7,092,003	383,799
Education	61,182,622	61,807,813	61,043,404	764,409
Debt service:				
Principal payments	11,723,268	11,723,268	11,723,262	6
Interest and fees	10,900,790	10,900,790	10,399,788	501,002
Total expenditures	<u>237,560,902</u>	<u>244,625,180</u>	<u>225,548,613</u>	<u>19,076,567</u>
Revenues over (under) expenditures	<u>(8,548,597)</u>	<u>(13,572,833)</u>	<u>3,131,581</u>	<u>(16,704,414)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	55,404	(55,404)
Transfers in	5,070,337	5,084,700	5,070,337	14,363
Transfers out	(4,883,919)	(4,957,752)	(4,860,232)	(97,520)
Appropriated fund balance	8,362,179	13,445,885	-	13,445,885
Total other financing sources (uses)	<u>8,548,597</u>	<u>13,572,833</u>	<u>265,509</u>	<u>13,307,324</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>3,397,090</u>	<u>\$ (3,397,090)</u>
Fund Balances:				
Beginning of year, July 1			<u>46,677,334</u>	
End of year, June 30			<u>\$ 50,074,424</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Assets
Proprietary Funds
June 30, 2002

	Enterprise Funds			Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Nonmajor Fund Arena Ventures Marketing		
Assets					
Current assets					
Cash and cash equivalents	\$ 5,893,990	\$ 1,160,192	\$ -	\$ 7,054,182	\$ -
Investments	11,979,866	-	-	11,979,866	-
Taxes receivable	254,106	-	-	254,106	-
Accounts receivable	418,556	191,006	66,668	676,230	399,705
Inventories	17,338	-	-	17,338	-
Total current assets	18,563,856	1,351,198	66,668	19,981,722	399,705
Noncurrent assets					
Restricted:					
Cash and cash equivalents	662,074	607,374	-	1,269,448	5,529,946
Investments	-	51,832	-	51,832	2,497,585
Capital assets, net of accumulated depreciation	11,601,431	61,182,343	-	72,783,774	-
Total noncurrent assets	12,263,505	61,841,549	-	74,105,054	8,027,531
Total assets	30,827,361	63,192,747	66,668	94,086,776	8,427,236
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued liabilities	170,182	1,714,218	-	1,884,400	1,127,796
Current portion of long-term debt	-	1,898,000	-	1,898,000	-
Due to other funds	241,592	2,000	-	243,592	-
Deferred revenue	-	-	-	-	2,337
Total current liabilities	411,774	3,614,218	-	4,025,992	1,130,133
Noncurrent liabilities					
Post closing liability	4,405,984	-	-	4,405,984	-
Long-term debt	-	50,511,288	-	50,511,288	-
Accrued vacation	101,168	(98,533)	-	2,635	-
Total noncurrent liabilities	4,507,152	50,412,755	-	54,919,907	-
Total liabilities	4,918,926	54,026,973	-	58,945,899	1,130,133
Net assets					
Invested in capital assets, net of related debt	11,601,431	8,936,056	-	20,537,487	-
Unrestricted	14,307,004	229,718	66,668	14,603,390	7,297,103
Total net assets	\$ 25,908,435	\$ 9,165,774	\$ 66,668	\$ 35,140,877	\$ 7,297,103

COUNTY OF CUMBERLAND, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2002

	Enterprise Funds				Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Nonmajor Fund Arena Ventures Marketing	Total	
Operating revenues					
Charges for services	\$ 2,255,286	\$ 1,699,357	\$ -	\$ 3,954,643	\$ -
Contributions	-	-	-	-	9,261,613
Other operating revenue	284,230	-	66,668	350,898	-
Total operating revenues	<u>2,539,516</u>	<u>1,699,357</u>	<u>66,668</u>	<u>4,305,541</u>	<u>9,261,613</u>
Operating expenses					
Salaries and employee benefits	2,044,463	1,343,060	-	3,387,523	8,502,558
Other supplies	669,635	109,803	-	779,438	-
Repairs and maintenance	321,259	381,525	-	702,784	-
Food and related supplies	-	563,049	-	563,049	-
Utilities	46,834	607,267	-	654,101	-
Administrative costs	407,788	559,031	-	966,819	1,007,678
Depreciation	789,387	1,685,503	-	2,474,890	-
Landfill closure and postclosure care costs	753,901	-	-	753,901	-
Total operating expenses	<u>5,033,267</u>	<u>5,249,238</u>	<u>-</u>	<u>10,282,505</u>	<u>9,510,236</u>
Operating income (loss)	<u>(2,493,751)</u>	<u>(3,549,881)</u>	<u>66,668</u>	<u>(5,976,964)</u>	<u>(248,623)</u>
Nonoperating revenue (expense)					
Interest earned on investments	538,005	15,470	-	553,475	141,964
Motel occupancy tax	-	653,147	-	653,147	-
Miscellaneous	20,075	3,370	-	23,445	-
Taxes	4,325,389	-	-	4,325,389	-
Grant revenue	67,001	-	-	67,001	-
Interest expense	(11,281)	(3,402,878)	-	(3,414,159)	-
Tax distribution fee	-	(19,492)	-	(19,492)	-
Total nonoperating revenue (expense)	<u>4,939,189</u>	<u>(2,750,383)</u>	<u>-</u>	<u>2,188,806</u>	<u>141,964</u>
Income (loss) before transfers and contributions	<u>2,445,438</u>	<u>(6,300,264)</u>	<u>66,668</u>	<u>(3,788,158)</u>	<u>(106,659)</u>
Transfers in	-	6,061,364	-	6,061,364	824,360
Transfers out	-	-	-	-	(51,815)
Capital contributions	1,566,925	-	-	1,566,925	-
Change in net assets	<u>4,012,363</u>	<u>(238,900)</u>	<u>66,668</u>	<u>3,840,131</u>	<u>665,886</u>
Total net assets - beginning	23,640,388	9,404,674	-	33,045,062	6,631,217
Less prior period adjustment - correction of accumulated depreciation	(2,033,681)	-	-	(2,033,681)	-
Add prior period adjustment - correction of deferred revenue	289,365	-	-	289,365	-
Total net assets - beginning - adjusted	<u>21,896,072</u>	<u>9,404,674</u>	<u>-</u>	<u>31,300,746</u>	<u>6,631,217</u>
Total net assets - ending	<u>\$ 25,908,435</u>	<u>\$ 9,165,774</u>	<u>\$ 66,668</u>	<u>\$ 35,140,877</u>	<u>\$ 7,297,103</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2002

	Enterprise Funds			Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Nonmajor Fund Arena Ventures Marketing		
Operating activities					
Cash received from customers	\$ 2,192,685	\$ 1,623,846	\$ -	\$ 3,816,531	\$ -
Other operating revenue	284,230	-	-	284,230	-
Cash received from contributions	-	-	-	-	8,905,357
Cash paid to employees	(2,042,231)	(1,344,144)	-	(3,386,375)	-
Cash paid for goods and services	(1,505,026)	(1,927,873)	-	(3,432,899)	(988,547)
Cash paid for claims	-	-	-	-	(8,442,616)
Net cash provided by (used in) operating activities	<u>(1,070,342)</u>	<u>(1,648,171)</u>	<u>-</u>	<u>(2,718,513)</u>	<u>(525,806)</u>
Noncapital financing activities					
Transfers in	-	6,061,364	-	6,061,364	824,360
Transfers out	-	-	-	-	(51,815)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>6,061,364</u>	<u>-</u>	<u>6,061,364</u>	<u>772,545</u>
Capital and related financing activities					
Acquisition and construction of capital assets	(439,631)	(317,538)	-	(757,169)	-
Proceeds from grant	67,001	-	-	67,001	-
Principal paid on long-term debt	(346,150)	(1,076,091)	-	(1,422,241)	-
Interest paid on bonds	(11,281)	(3,402,878)	-	(3,414,159)	-
Motel occupancy tax	4,325,389	653,147	-	4,978,536	-
Tax distribution fee	-	(19,492)	-	(19,492)	-
Other miscellaneous transactions	20,075	3,370	-	23,445	-
Net cash provided (used) by capital and related financing activities	<u>3,615,403</u>	<u>(4,159,482)</u>	<u>-</u>	<u>(544,079)</u>	<u>-</u>
Investing activities					
Proceeds from sale of investments	(3,811,490)	-	-	(3,811,490)	-
Purchase of investments	-	(434)	-	(434)	(2,497,585)
Investment earnings	538,005	15,470	-	553,475	141,964
Net cash provided (used) in investing activities	<u>(3,273,485)</u>	<u>15,036</u>	<u>-</u>	<u>(3,258,449)</u>	<u>(2,355,621)</u>
Net increase in cash and cash equivalents/investments	<u>(728,424)</u>	<u>268,747</u>	<u>-</u>	<u>(459,677)</u>	<u>(2,108,882)</u>
Cash and cash equivalents/investments Beginning of year	<u>7,284,488</u>	<u>1,498,819</u>	<u>-</u>	<u>8,783,307</u>	<u>7,638,828</u>
End of year	<u>\$ 6,556,064</u>	<u>\$ 1,767,566</u>	<u>\$ -</u>	<u>\$ 8,323,630</u>	<u>\$ 5,529,946</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2002

	Enterprise Funds			Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Nonmajor Fund Arena Ventures Marketing		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (2,493,751)	\$ (3,549,881)	\$ 66,668	\$ (5,976,964)	\$ (248,623)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	789,387	1,685,503	-	2,474,890	-
Landfill closure and post closure care costs	753,901	-	-	753,901	-
Change in assets and liabilities					
(Increase) decrease in accounts receivable	(60,280)	(75,581)	(66,668)	(202,529)	-
(Increase) decrease in other receivables	(2,321)	70	-	(2,251)	(357,042)
(Increase) decrease in inventories	1,691	-	-	1,691	-
(Increase) decrease in internal balances	(39,683)	(38,556)	-	(78,239)	-
Increase (decrease) in accounts payable and accrued liabilities	(21,518)	331,358	-	309,840	79,073
Increase (decrease) in compensated absences payable	2,232	(1,084)	-	1,148	-
Increase (decrease) in deferred revenue	-	-	-	-	786
Total adjustments	1,423,409	1,901,710	(66,668)	3,258,451	(277,183)
Net cash provided by (used in) operating activities	\$ (1,070,342)	\$ (1,648,171)	\$ -	\$ (2,718,513)	\$ (525,806)
Noncash investing, capital, and financing activities:					
Assets transferred from other funds	\$ 1,566,925	\$ -	\$ -	\$ 1,566,925	\$ -
Prior period adjustment	\$ (1,744,316)	\$ -	\$ -	\$ (1,744,316)	\$ -

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2002

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 653,036	\$ 618,517
Taxes receivable	-	4,157,906
Accounts receivable	60,281	-
Total assets	<u>713,317</u>	<u>\$ 4,776,423</u>
Liabilities		
Accounts payable and accrued liabilities	-	4,739,032
Due to other funds	-	37,391
Total liabilities	<u>-</u>	<u>\$ 4,776,423</u>
Net assets		
Reserved for employees pension benefits	<u>\$ 713,317</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2002

	Pension Trust Fund
Additions	
Interest earned on investments	\$ 16,335
Total additions	<u>16,335</u>
Deductions	
Benefits	78,711
Total deductions	<u>78,711</u>
Change in net assets	(62,376)
Total net assets - beginning	<u>775,693</u>
Total net assets - ending	<u><u>\$ 713,317</u></u>

NOTES TO FINANCIAL STATEMENTS

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

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 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 water system for the county residents within those districts. The Authorities are considered enterprise funds of the County. Both authorities had adopted budgets in fiscal year 2003 with budgeted expenditures for NORCRESS Water and Sewer Authority totaling \$9,234,000 and budgeted expenditures of Kelly Hills Water and Sewer Authority totaling \$3,583,400. The authorities had no financial transactions or account balances in the current fiscal year ended June 30, 2002; therefore, they are not presented in the basic financial statements.

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 Hospital System, Inc. ("the Health System"), which has a September 30 year-end, is presented as if it were a proprietary fund. 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, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

A - Reporting Entity (continued)

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 Corporation 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 Hospital System, Inc.	Discrete	The Hospital is a public hospital operated by a not-for-profit corporation which has leased the hospital facilities from the County for a period of 30 years. The County appoints the board of trustees for the Hospital. The Hospital has issued general obligation debt, which, in the event of default, would be the responsibility of the County.	Cumberland County Hospital System, Inc. 1638 Owen Drive Fayetteville, NC 28334
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 28334
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.

B - Basis of Presentation - Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

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

Basis of Presentation (continued)

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 fund:

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.

The County reports the following major enterprise funds:

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.

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

The County reports the following fund types:

Internal Service Funds. The County has a Group Insurance Fund, Employee Flexible Benefit Fund, Worker's 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, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

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

Basis of Presentation (continued)

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Payee Account Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; 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; 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 Inmate Payee Fund which accounts for funds held by the County on behalf of inmates of the County jail; the Stormwater Utility Fund, which accounts for monies collected in connection with the joint storm water utility agreement with the City of Fayetteville and the Convention Visitors Bureau Fund, which is used to account for the monies collected as part of the occupancy tax that are passed through to the Fayetteville Area Convention and Visitors Bureau.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

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

Measurement Focus, Basis of Accounting (continued)

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.

The County considers all revenues available if they are collected within 60 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 2001 through February 2002 apply to the fiscal year ended June 30, 2002. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. For motor vehicles that are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2002 because they are intended to finance the County's operations during the 2003 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County, 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 enterprise 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

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, and the enterprise funds. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the capital project funds and the enterprise capital project funds. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for the general, special revenue, and permanent funds, at the fund level for the enterprise and pension trust funds, and at the construction level for the capital project funds. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a department, however, any revisions that alter total expenditures of any fund or that alter revenues or relate to 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 Health System, the ABC Board, and the District are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the Health System, the ABC Board, and the District may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the Health System, the ABC Board, and the District may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

1. Deposits and Investments (continued)

State law [G.S. 159-30(c)] authorizes the County, the Health System, the ABC Board, and the District 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.

The County, the Health System, the ABC Board, and the District 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, and the District 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. The Health System considers demand deposits and investments purchased with an original maturity of three months or less to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the District's Serial Bonds are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. 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 also been restricted. Finally, 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, 2001. As allowed by State law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts. The discount for fiscal year 2003 and future years has been eliminated, unless otherwise reinstated by the County Board of Commissioners.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The County and the Health System provide credit in the normal course of business to customers primarily located in Fayetteville, North Carolina. The County and the Health System perform 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 and Health System's estimations and historically have not been significant.

6. Inventories and Prepaid Items

The inventories of the County, the Health System, and the ABC Board 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 Health System and the ABC Board consist of materials and supplies held for consumption. The cost of the inventory carried in the County's enterprise funds and that of the Health System and the ABC Board is recorded as an expense as it is consumed.

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 \$2,500 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

7. Capital Assets (continued)

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

	<u>Years</u>
Buildings	25 – 33
Furniture and equipment	5 – 10
Vehicles	5
Leasehold improvements	10 – 20

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

	<u>Years</u>
Buildings	40
Furniture/Equipment	5 – 10

For the District, no depreciation is currently reported because the underlying assets remain under construction at June 30, 2002.

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, the Health System and the ABC Board provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the Health System and the ABC Board, 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, the Health System and the ABC Board provide for unlimited 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

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.

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 mental health programs - portion of fund balance not available for appropriation because it represents the year-end resources reserved for mental health programs which are not expendable, available resources.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

10. Net Assets/Fund Balances (continued)

Fund Balances (continued)

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2002-2003 budget ordinance.

Designated for future reserves – 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.

13. Net Patient Service Revenue

For the Health System, net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

14. Charity Care

The Health System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

15. New Pronouncements

The County has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This new standard provides for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities and Fund Equity (continued)

15. New Pronouncements (continued)

In addition, the County adopted GASB Statement No. 37, *Basic Financial statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, which amended GASB Statements No. 21 and 34. Finally, the County adopted GASB Statement No. 38, *Certain Financial Statement Disclosures*, which modified disclosure requirements related to significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions, debt and lease obligations, short term debt, disaggregating of receivable and payable balances and interfund balances and transfers.

Note 2 - Cash, Cash Equivalents and Investments

A - Deposits

All of the County's, the Health System's, the ABC Board's, and the District'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 District's, the Health System's or the ABC Board'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 Health System, the ABC Board, and the District, 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 Health System, the ABC Board, the District, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Health System, the ABC Board, or the District 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.

At June 30, 2002, the County's deposits had a carrying amount of \$47,188,472 and a bank balance of \$50,863,956. Of the bank balance, \$1,011,015 was covered by Federal depository insurance, \$49,957,110 was covered by collateral under the Pooling Method, and \$104,169 was owed as retainage to an insurance administrator for future claim payments. Included in the County's deposits are unrestricted cash totaling \$274,042 and restricted cash of \$375,984 for the District.

At June 30, 2002, the ABC Board's deposits had a carrying amount of \$2,223,801 and a bank balance of \$2,064,609. Of the bank balance, \$100,000 was covered by Federal depository insurance, \$1,788,052 was covered by collateral under the Pooling Method, and \$176,557 was not collateralized.

At September 30, 2001, the Health System's deposits had a carrying amount of \$5,081,000 and a bank balance of \$12,064,000. Of the bank balance, \$389,000 was covered by Federal depository insurance and \$11,675,000 was covered by collateral under the Pooling Method.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

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

B - Investments

The County's and the Health System's investments are categorized to give an indication of the level of custodial risk assumed by each of these entities at year end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the County, the Health System or their agents in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's or the Health System's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's or Health System's name. The hospital funds held by trustees are held by third-party custodians who take delivery of the investments on behalf of the Health System. The County's and the Health System's investments in the North Carolina Capital Management Trust are exempt from risk categorization because the County and the Health System do not own any identifiable securities in these mutual funds

At June 30, 2002 the County's cash and investment balances were as follows:

	A	B	C	Reported Value	Fair Value
Commercial paper	\$	\$ 24,427,972	\$	\$ 24,427,972	\$ 24,427,972
U.S. government agencies		32,951,611		32,951,611	32,951,611
	<u>\$</u>	<u>\$ 57,379,583</u>	<u>\$</u>	<u>57,379,583</u>	<u>57,379,583</u>
N.C. Capital Management Trust				28,709,371	28,709,371
				<u>\$ 86,088,954</u>	<u>\$ 86,088,954</u>
Certificate of deposit				26,866	26,866
Demand Deposits				46,538,446	46,538,446
Total cash and investments				<u>\$ 132,654,266</u>	<u>\$ 132,654,266</u>

The above investments with maturities of more than three months amounted to \$73,727,332.

During 2002 the County did not sell any investments, they were held to maturity. The net increase in the fair value of investments during 2002 for the County was \$19,063. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at year-end for the County was \$19,063. There were no realized or unrealized gains or losses on the Hospital or ABC Board's investments during 2002.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

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

B – Investments (continued)

At September 30, 2001, the Health System's investments consisted of the following:

	<u>A</u>	<u>B</u>	<u>C</u>	<u>Reported Value</u>	<u>Fair Value</u>
Fixed Income Funds	\$	\$ 79,421,000	\$	\$ 79,421,000	\$ 79,421,000
	\$	\$ 79,421,000	\$	79,421,000	79,421,000
N.C. Capital Management Trust				62,833,000	62,833,000
				\$ 142,254,000	\$ 142,254,000
Demand Deposits				5,081,000	5,081,000
Total cash and investments				\$ 147,335,000	\$ 147,335,000

The above investments with maturities of more than twelve months amounted to \$79,421,000.

Interest earned on investments is allocated to all funds based on the cash balances outstanding at the end of each month.

Note 3 - Receivables - Allowance for Doubtful Accounts

At June 30, 2002, the County's receivable balances (unrestricted and restricted accounts receivable and taxes receivable in the accompanying statement) were as follows:

	<u>Governmental-wide Financial Statements</u>						
	<u>Fund Financial Statements</u>						
	<u>General Fund</u>	<u>Cumberland County Crown Center</u>	<u>Solid Waste</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Adjustments to Full- Accrual</u>	
Receivables:							
Accounts	\$ -	\$ -	\$ 243,371	\$ -	\$ 243,371	\$ -	\$ 243,371
Taxes	12,932,352	-	254,106	675,332	13,861,790	-	13,861,790
Accrued tax penalties	-	-	-	-	-	998,737	998,737
Sales Tax	7,890,274	21,028	38,400	2,495,678	10,445,380	148	10,445,528
Due from other governments	6,798,354	169,978	70,915	803,864	7,843,111	364,499	8,207,610
Patient	2,892,556	-	-	-	2,892,556	-	2,892,556
Other	161,761	-	65,870	80,457	308,088	72,449	380,537
Gross receivables	\$ 30,675,297	191,006	672,662	4,055,331	35,594,296	1,435,833	37,030,129
Less: allowance for uncollectibles	(7,844,424)	-	-	-	(7,844,424)	-	(7,844,424)
Net total receivables	\$ 22,830,873	\$ 191,006	\$ 672,662	\$ 4,055,331	\$ 27,749,872	\$ 1,435,833	\$ 29,185,705

Adjustments to full-accrual include \$998,737 related to recording accrued tax penalties on the outstanding taxes receivable balance, \$37,391 related to amounts due from fiduciary funds which are reclassified from internal balances into accounts receivable in the governmental-wide financial statements with the remaining balance of \$399,705 related to internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the internal service funds receivables balances are included in governmental-activities on the accompanying governmental-wide financial statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 3 - Receivables - Allowance for Doubtful Accounts (continued)

Finally, the Fiduciary fund financial statements include \$4,157,906 in taxes receivable recorded in agency funds. This amount is excluded from the foregoing schedule and represents the amount of receivables billed on behalf of other governments in an agency relationship. Also, included in the Fiduciary fund financial statements and excluded from the foregoing schedule are accounts receivable totaling \$60,281 in the pension trust fund.

The Health System's accounts receivable are presented net of the allowance for uncollectible accounts of \$25,177,000.

Note 4 - Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2002 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 16,604,684	\$ 378,221	\$ -	\$ 120,306	\$ 17,103,211
Construction in progress	37,103,618	4,067,860	-	(1,694,097)	39,477,381
Total capital assets not being depreciated	53,708,302	4,446,081	-	(1,573,791)	56,580,592
Capital assets being depreciated:					
Buildings and improvements	96,271,621	1,031,797	205,751	-	97,509,169
Equipment, furniture and fixtures	17,307,325	1,573,485	(276,709)	6,866	18,610,967
Vehicles	9,600,280	381,377	(572,769)	-	9,408,888
Total capital assets being depreciated	123,179,226	2,986,659	(643,727)	6,866	125,529,024
Less accumulated depreciation for:					
Buildings and improvements	30,071,189	2,683,298	-	-	32,754,487
Equipment, furniture and fixtures	11,865,105	1,286,349	633	-	13,152,087
Vehicles	6,318,073	1,214,935	(644,360)	-	6,888,648
Total accumulated depreciation	48,254,367	\$ 5,184,582	\$ (643,727)	\$ -	52,795,222
Total capital assets being depreciated, net	74,924,859				72,733,802
Governmental activity capital assets, net	<u>\$ 128,633,161</u>				<u>\$ 129,314,394</u>

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

General government	\$ 1,072,582
Public safety	1,595,747
Human services	1,370,489
Economic and physical development	319,220
Cultural and recreational	826,544
Total depreciation expense	<u>\$ 5,184,582</u>

A transfer totaling \$1,566,925 represents capital assets from governmental activities that were transferred to business-type activities. This amount was reported in the fund financial statements of the enterprise funds as a capital contribution and as transfers between activities in the government-wide financial statements.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 4 - Capital Assets (continued)

Primary Government (continued)

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

	Beginning Balances	Increases	Decreases and adjustments	Transfers	Ending Balances
Business-type activities:					
<i>Cumberland County Crown Center</i>					
Capital assets not being depreciated:					
Land	\$ 2,900,359	\$ -	\$ 427,470	\$ -	\$ 3,327,829
Capital assets being depreciated:					
Buildings and building improvements	68,566,699	40,913	(877,804)	-	67,729,808
Furniture, fixtures and equipment	1,946,981	279,975	396,821	-	2,623,777
Vehicles	50,163	-	-	-	50,163
Total capital assets being depreciated	70,563,843	320,888	(480,983)	-	70,403,748
Less accumulated depreciation for:					
Building and building improvements	9,785,012	1,710,118	(165,635)	-	11,329,495
Furniture, fixtures and equipment	1,029,476	125,585	14,515	-	1,169,576
Vehicles	49,243	920	-	-	50,163
Total accumulated depreciation	10,863,731	\$ 1,836,623	\$ (151,120)	\$ -	12,549,234
Total capital assets being depreciated, net	59,700,112				57,854,514
Cumberland County Crown Center capital assets, net	62,600,471				61,182,343
<i>Cumberland County Solid Waste</i>					
Capital assets not being depreciated:					
Land	\$ 2,511,396	\$ -	\$ (5,131)	\$ 390,230	\$ 2,896,495
Construction in progress	4,127,199	-	-	-	4,127,199
Total capital assets not being depreciated	6,638,595	-	(5,131)	390,230	7,023,694
Capital assets being depreciated:					
Landfill	6,025,991	-	(3,869)	1,176,695	7,198,817
Buildings and building improvements	4,509,228	-	23,515	-	4,532,743
Furniture, fixtures and equipment	5,910,412	310,067	(1,621,853)	-	4,598,626
Vehicles	-	117,537	1,619,366	-	1,736,903
Total capital assets being depreciated	16,445,631	427,604	17,159	1,176,695	18,067,089
Less accumulated depreciation for:					
Landfill	5,165,136	-	2,033,681	-	7,198,817
Buildings and building improvements	2,510,679	196,718	-	-	2,707,397
Furniture, fixtures and equipment	2,156,160	427,009	-	-	2,583,169
Vehicles	834,308	165,661	-	-	999,969
Total accumulated depreciation	10,666,283	\$ 789,388	\$ 2,033,681	\$ -	13,489,352
Total capital assets being depreciated, net	5,779,348				4,577,737
Cumberland County Solid Waste capital assets, net	12,417,943				11,601,431
Business-type activities capital assets, net	\$ 75,018,414				\$ 72,783,774

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 4 - Capital Assets (continued)

Primary Government (continued)

A prior period adjustment totaling \$2,033,681 was recorded for accumulated depreciation on certain solid waste landfill assets to correct the accumulated depreciation of these assets.

Construction contracts of approximately \$107,066,925 exist for various renovation and construction projects for the County. At June 30, 2002, the remaining commitment on these contracts approximated \$16,856,566.

Discretely presented component units

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

	<u>2002</u>
Capital assets not being depreciated	
Land	\$ 421,810
Total capital assets not being depreciated	<u>421,810</u>
Capital assets being depreciated:	
Buildings and improvements	1,384,716
Leasehold improvements	55,316
Furniture and equipment	465,224
Vehicles	190,365
ABE equipment	<u>2,585</u>
Total capital assets being depreciated	2,098,206
Less accumulated depreciation	<u>(1,167,989)</u>
Total capital assets being depreciated, net	<u>930,217</u>
ABC capital assets, net	<u>\$ 1,352,027</u>

The following is a summary of proprietary fund-type fixed assets for the Health System at September 30:

	<u>2001</u>
Capital assets not being depreciated:	
Land and land improvements	\$ 22,169,000
Construction in progress	5,684,000
Total capital assets not being depreciated	<u>27,853,000</u>
Capital assets being depreciated:	
Buildings	178,805,000
Furniture, fixtures and equipment	116,233,000
Total capital assets being depreciated	<u>295,038,000</u>
Less accumulated depreciation	<u>146,231,000</u>
Total capital assets being depreciated, net	<u>148,807,000</u>
Health System capital assets, net	<u>\$ 176,660,000</u>

Construction contracts of approximately \$10,589,085 exist for the renovation or construction of Hospital facilities for the Health System. At September 30, 2001, the remaining commitment on these contracts approximated \$1,835,923.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 4 - Capital Assets (continued)

Discretely presented component units (continued)

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

	<u>2002</u>
<i>Eastover Sanitary District</i>	
Capital assets not being depreciated:	
Construction in progress	\$ 6,246,974
Total capital assets not being depreciated	6,246,974
Eastover Sanitary District capital assets, net	\$ 6,246,974

Note 5 - Accounts Payable and Accrued Liabilities

Payables at June 30, 2002, were as follows:

	Governmental-wide Financial Statements						
	Fund Financial Statements						
	General Fund	Cumberland County Crown Center	Solid Waste	Nonmajor Funds	Total	Adjustments to Full-Accrual	Total
Payables:							
Accounts and vouchers	\$ 4,550,569	\$ 121,435	\$ 93,542	\$ 3,510,412	\$ 8,275,958	\$ 99	\$ 8,276,057
Due to other governments	1,455,418	157,118	-	84,007	1,696,543	-	1,696,543
Accrued payroll and related liabilities	3,532,545	55,319	76,640	205,426	3,869,930	15,307	3,885,237
Accrued interest payable	-	1,380,346	-	-	1,380,346	2,394,136	3,774,482
Other	12,363	-	-	163,267	175,630	-	175,630
Incurred but not reported	-	-	-	-	-	1,102,623	1,102,623
Total Accounts payable and accrued liabilities	\$ 9,550,895	\$ 1,714,218	\$ 170,182	\$ 3,963,112	\$ 15,398,407	\$ 3,512,165	\$ 18,910,572

Adjustments to Full-accrual include \$2,384,369 related to recording accrued interest on general long-term debt with the remaining balance of \$1,127,796 related to internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the accounts payable and accrued liability balances for the internal service funds are included in governmental-activities on the accompanying government-wide financial statement.

Finally, the fiduciary fund financial statements include \$4,739,032 in accounts payable and accrued liabilities recorded in agency funds. This amount is excluded from the foregoing schedule and represents amounts due to various other agencies, individuals or governments.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 6 - Pension Plan Obligations

A - Law Enforcement Officers Special Separation Allowance System

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. Finally, the Health System maintains a single employer, defined benefit pension fund which covers Health System employees and the Health System Retirement Income Replacement Program, a defined contribution plan.

Plan Description

Cumberland 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, 2001, the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Active plan members	282
Total	<u>297</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 \$16,335. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 6 - Pension Plan Obligations (continued)

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

Contributions (continued)

The annual required contribution for the current year was determined as part of the December 31, 2000 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 5.9 to 9.8% 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 market value of investments. The remaining amortization period at December 31, 2000 was 30 years.

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

Annual required contribution	\$ 213,334
Interest on net pension obligation	(17,841)
Adjustment to annual required contribution	<u>12,958</u>
Annual pension cost	208,451
Contributions made	<u>(16,335)</u>
Increase in prepaid pension benefit	192,116
Prepaid pension benefit beginning of year	<u>(246,079)</u>
 Prepaid pension benefit end of year	 <u><u>\$ (53,963)</u></u>

Three Year Trend Information

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2000	\$ 107,263	25.20%	\$ (332,797)
2001	129,441	33.01%	(246,079)
2002	208,451	7.84%	(53,963)

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 December 31, 2001, 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 \$2,138 and \$2,332 for the years ending June 30, 2002 and 2001, 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, 2002

Note 6 - Pension Plan Obligations (continued)

B - Local Governmental Employees' Retirement System

Plan Description

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

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.90% and 4.78%, 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 7.58% and 7.36% 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, 2002, 2001 and 2000 were \$3,303,047, \$3,466,869 and \$3,360,226, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2002, 2001 and 2000 were \$89,180, \$80,810, and \$73,689, 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, 2002 were \$1,030,386, which consisted of \$456,888 from the County and \$573,498 from the law enforcement officers.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 6 - Pension Plan Obligations (continued)

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

Funding Policy (continued)

Article 12E of G.S. Chapter 143 requires the ABC Board to contribute each month an amount equal to five percent of each officer's salary. Effective October 1, 1997, the Board's voluntary contribution for employees not engaged in law enforcement was increased to five percent. All amounts contributed are vested immediately. Also, employees participating may make voluntary contributions to the plan. For the year ended June 30, 2002, contributions for law enforcement officers were \$18,166, which consisted of \$13,730 from the Board and \$4,436 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2002 were \$70,438 which consisted of \$45,236 from the Board and \$25,202 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, 2002, the County's required and actual contributions were \$66,356.

E - The Health System Pension Plan

Plan Description

The Health System Pension Plan (Plan) is a single-employer defined benefit pension plan administered by the Pension Committee of the Health System. The Plan provides retirement benefits to plan members and beneficiaries. The Health System reserves the right to amend or terminate the Plan at any time. Financial information regarding the Plan may be obtained by contacting the administrative offices of the Health System.

Funding Policy

The employer intends to fund the Annual Required Contribution (ARC), during the employer's fiscal year beginning after the valuation date. The ARC is comprised of the normal cost plus amortization of the Unfunded Actuarial Accrued Liability on a level dollar basis over an open period of ten years.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 6 - Pension Plan Obligations (continued)

E - The Health System Pension Plan (continued)

Funding Policy (continued)

The Health System's contribution to the Plan for the current year was \$4,528,000, or 7.3% of annual covered payroll, which equaled the annual required contribution. There were no contributions made to the plan by the employees.

The annual required contribution for the current year was determined as of January 1, 2000. The actuarial cost method used to determine the Required Annual Contribution is called the Attained Age Normal Method. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases of 5.5%. The assumptions did not include post-retirement benefit increases. Insurance company contracts are valued at contract value, and all other assets are valued at market value.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/2001	\$ 4,528,000	100%	\$ -
09/30/2000	3,367,819	100%	-
09/30/1999	3,036,775	100%	-

F - Health System Retirement Income Replacement Program

The Health System, as a means of promoting staff retention, implemented a retirement income replacement program, effective January 1, 1998, to supplement the existing defined benefit pension plan for certain eligible employees. Eligible employees include all physicians employed by the Health System and certain members of administration. The program consists of two major components; a pension supplement plan and an individual deferred compensation plan. Both of these components are designed to qualify as IRC Section 457 (f) deferred compensation plans. The pension supplement plan is designed to provide participants with a retirement benefit that, when combined with amounts received from Social Security and other Health System plans, will approximate 55% of the participant's final average pay. The individual deferred compensation plan allows the participant to defer a portion of their compensation, on an elective basis, and provides for a portion of the deferral to be matched by the Health System. All amounts credited to participants under both plans, including amounts deferred by participants, are subject to forfeiture under a term of service agreement and a covenant not to compete. Although not required to do so by any of the plan documents, the Health System is currently paying an amount of money, which approximates the amount credited to each participant's account, into life insurance policies that are jointly owned by the participant and the Health System. Total cost of the retirement income replacement program for the fiscal year ended September 30, 2001 and 2000, amounted to \$3,110,000 and \$720,376, respectively, net of the cash surrender value of the life insurance policies.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 6 - Pension Plan Obligations (continued)

G - Post-employment Benefits

According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten consecutive years of creditable service with the County. The County pays the full cost of coverage for these benefits. 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 dependents 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. Currently 173 retirees are enrolled in the regular plan and 169 are enrolled in the Medicare carve-out plan. For the fiscal year ending June 30, 2002 the County made payments for post retirement health benefits of \$1,488,273. The county is self-insured and contracts with a private insurer to provide all administrative services.

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 exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the calendar year ended December 31, 2001 the County made contributions to the State for death benefits of \$73,132. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10 percent and .14 percent of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment 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 \$0 and \$1,000 of benefits for the years ended June 30, 2002 and 2001 respectively. There are currently 21 retirees whose spouses or estates are eligible to receive this death benefit.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 7 - 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 \$4,405,984 reported as landfill closure and postclosure care liability at June 30, 2002 consists of a closed landfill with estimated costs of \$1,207,458, a phase 2 C & D landfill with estimated costs of \$224,907 and the subtitle D landfill with estimated costs of \$2,973,619. 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 7% and 25%, respectively of the total estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$9,023,770 and \$3,088,839 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 2002. The County expects to close the phase 2 C & D landfill and the subtitle D landfill in the year 2094 and 2020, respectively. 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.

Note 8 - 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:

	Deferred Revenue	Unearned Revenue
Taxes receivable net of allowance - General Fund	\$ 5,087,929	\$ -
Taxes receivable net of allowance - Special Revenue Fund	675,333	-
Accounts receivable - General Fund	11,303,494	-
Accounts receivable - Special Revenue Fund	2,406,517	-
Rental income received in advance of being earned - General Fund	-	4,130,000
Prepaid taxes not yet earned - General Fund	-	1,258,992
	<u>\$ 19,473,273</u>	<u>\$ 5,388,992</u>

Note 9 - 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 9 - Risk Management (continued)

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 Health System 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 Health System provides for losses from malpractice and workers' compensation claims through a combination of purchased insurance policies and self-insurance. A self-insurance liability has been accrued for the estimated ultimate cost of losses resulting from claims asserted, incidents reported through the Health System's risk-management system and an estimate of incidents that occurred but have not been reported.

The Health System has established revocable trust funds for the payment of self-insured claim settlements. Professional insurance consultants have been retained to assist the Health System in determining amounts to be deposited in the trust fund. The assets of the trust fund are presented on the balance sheet as assets whose use is limited or restricted.

The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to assure health insurance portability, reduce healthcare fraud and abuse, guarantee security and privacy of health information and enforce standards for health information. Organizations are required to be in compliance with certain HIPAA provisions beginning April 2003. Provisions not yet finalized are required to be implemented two years after the effective date of the regulation. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management is in the process of evaluating the impact of this legislation on its operations including future financial commitments that will be required to comply with the legislation.

The healthcare industry is subject to numerous laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Health System is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 9 - Risk Management (continued)

The claims liability of each insurance fund at June 30, 2002 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 during the years ended June 30, 2002 and 2001 were as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2001-02	\$ 1,047,784	\$ 7,752,591	\$ (7,697,752)	\$ 1,102,623
2000-01	1,435,830	7,618,339	(8,006,385)	1,047,784

Note 10 - Long-term Obligations

A - Capital Lease Obligations

The County has entered into a lease agreement as lessee for financing the acquisition of a building and renovations to the Courthouse. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments as of the date of its inception.

The term of the capital lease obligation is as follows:

Capital lease obligation payable in semi-annual installments of \$186,663 from May 1, 1997 through November 1, 2003 including interest at 4.87%.

\$ 533,786

	Governmental Activities	
	Principal	Interest
2003	\$ 351,560	\$ 21,767
2004	182,226	4,437
	<u>\$ 533,786</u>	<u>\$ 26,204</u>

Under the terms of the lease, title passes to the County at the end of the lease term. At June 30, 2002, the value of the capital assets associated with this lease was \$1,584,311 which consisted of \$2,750,106 and related accumulated depreciation of \$1,165,795.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 10 - Long-term Obligations (continued)

B - Lease Purchase Agreements

The County entered into a lease purchase agreement in the amount of approximately \$3,500,000 in fiscal year 1994 as a match for state funding for the construction of the FTCC Applied Technology Building. Final payment was made during the fiscal year ended June 30, 2002. This building is not property of the County.

C - 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, 2002 are comprised of the following individual issues:

General Obligation Bonds, Series 1994

Serial bonds payable annually from May 1, 1997 through May 1, 2013 in amounts ranging from \$150,000 to \$460,000; interest ranges from 5.75% to 6.10%. \$ 3,960,000

General Obligation Bonds, Series 1995

Serial bonds payable annually from October 1, 1997 through October 1, 2014 in amounts ranging from \$525,000 to \$1,650,000; interest ranges from 5.25% to 5.60%. 8,325,000

General Obligation Bonds, Series 1993

Serial bonds payable annually from February 1, 1997 through February 1, 2003 in amounts ranging from \$1,700,000 to \$1,780,000; interest ranges from 5.6% to 5.7%. 1,700,000

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%. 21,065,000

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%. 43,980,000

General Obligation Bonds, Library Series 1998

Serial bonds payable annually from March 1, 1999 through March 1, 2016 in amounts ranging from \$600,000 to \$900,000; interest ranges from 4.75% to 5.0%. 9,000,000

General Obligation Bonds, School Series 2000

Serial bonds payable annually from September 1, 2000 through March 1, 2020 in amounts ranging from \$1,100,000 to \$4,400,000; interest ranges from 5.5% to 5.8%. 27,745,000

Total \$115,775,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 10 - Long-term Obligations (continued)

C - General Obligation Bonds-County (continued)

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

	Government Activities	
	Principal	Interest
2003	\$ 7,140,000	\$ 5,939,905
2004	7,115,000	5,568,880
2005	7,100,000	5,217,140
2006	7,085,000	4,866,090
2007	7,065,000	4,514,955
Thereafter	80,270,000	26,178,415
	<u>\$ 115,775,000</u>	<u>\$ 52,285,385</u>

At June 30, 2002, the County had bonds authorized but unissued of \$21,480,000 and a legal debt margin of \$1,002,563,000.

D - General Obligation Bonds-The 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.

The District's general obligation bonds payable at June 30, 2002 are comprised of the following individual issues:

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%.

\$ 2,802,000

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%.

1,102,000

Total

\$ 3,904,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 10 - Long-term Obligations (continued)

D - General Obligation Bonds-The District (continued)

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

	Eastover Sanitary District	
	Principal	Interest
2003	\$ -	\$ 170,619
2004	-	174,933
2005	42,500	174,933
2006	44,000	173,030
2007	46,000	171,060
Thereafter	3,771,500	3,700,394
	<u>\$ 3,904,000</u>	<u>\$ 4,564,969</u>

E - Health System Revenue Bonds and Defeasance of Debt

The Revenue bonds were issued to finance the construction of facilities utilized in the operations of the Health System and to purchase Highsmith-Rainey Memorial Hospital. The principal and interest on the revenue bonds are payable from the net revenues of the Health System. The revenue bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the County's property or upon its income, receipts, or revenues. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

The Health System's bonds payable are comprised of the following issues:

Hospital Facility Bonds, Series 1991

Serial and term bonds payable annually from October 1, 1996 through October 1, 2009 in amounts ranging from \$1,465,000 to \$2,240,000; interest ranges from 6.0% to 6.80%. \$ 8,270,000

Hospital Facility Refunding Bonds, Series 1993

Serial and term bonds payable annually from October 1, 1999 through October 1, 2014; in amounts ranging from \$845,640 to \$2,690,000; interest ranges from 4.75% to 5.85%. 28,925,000

Hospital Facility Revenue Bonds, Series 1999

Serial and term bonds payable annually 1999 through 2029, in amounts ranging from \$1,480,000 to \$6,905,000; interest ranges from 3.60% to 5.25%. 113,200,000

Less deferred loss on early extinguishment of 1991 bond issue	(4,005,000)
Less unamortized discount	(4,987,000)
Total	<u>\$ 141,403,000</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 10 - Long-term Obligations (continued)

E – Health System Revenue Bonds and Defeasance of Debt (continued)

Annual debt service requirements to maturity for the Health System's revenue bonds are as follows:

	Health System	
	Principal	Interest
2002	\$ 4,925,000	\$ 7,000,000
2003	5,165,000	6,768,000
2004	5,385,000	6,538,000
2005	5,625,000	6,292,000
2006	5,875,000	6,029,000
Thereafter	123,420,000	66,648,000
	<u>150,395,000</u>	<u>99,275,000</u>
Less unamortized discounts and deferred loss on early extinguishment of debt	<u>(8,992,000)</u>	
	<u>\$ 141,403,000</u>	<u>\$ 99,275,000</u>

In accordance with GASB Statements No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the loss incurred on bond extinguishment has been recorded as a reduction of the Series 1991 Bonds in the accompanying balance sheet and is being amortized over the remaining life of the original bonds. .

Under the terms of the series Bond Indentures, the Health System is required to maintain certain deposits with a trustee. Such deposits are included in the financial statements with assets whose use is limited or restricted. The indentures also place certain limits on the incurrence of additional borrowings by the Health System. The Health System is in compliance with the Series Bond Indentures.

In prior years, the Health System 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 obligations that were placed in the trust funds. The investment and fixed earnings from the investments 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 Health System's books. As of September 30, 2001, the amount of defeased debt outstanding but removed from the Health System's books amounted to \$56,256,000 including unamortized discounts.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 10 - Long-term Obligations (continued)

F - 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, 2002 are as follows:

\$6,375,000 Current Interest Serial 1995A Certificates, due in various annual installments ranging from \$205,000 to \$1,660,000, from December 1, 1998 through December 1, 2004. Interest is paid semi-annually at rates ranging from 5.25% to 5.9%.	\$ 4,265,000
\$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%.	20,970,000
\$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
	<u>56,658,781</u>
Less gain on defeasance	<u>(4,652,493)</u>
	<u>\$ 52,006,288</u>

Annual debt service requirements to maturity for the County's certificates of participation are as follows:

	Business-type Activities	
	Principal	Interest
2003	\$ 1,575,000	\$ 2,742,678
2004	1,900,000	2,649,650
2005	2,125,000	2,539,143
2006	2,365,000	2,421,050
2007	2,615,000	2,296,550
Thereafter	46,078,781	24,508,300
	<u>56,658,781</u>	<u>\$ 37,157,371</u>
Less: Gain on defeasance (net of amortization)	(4,652,493)	
	<u>\$ 52,006,288</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 10 - Long-term Obligations (continued)

F - Certificates of Participation (continued)

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. Certificates outstanding for the year ended June 30, 2002 are as follows:

\$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%.	\$ 25,220,000
\$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%	38,830,000
\$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%.	<u>8,475,000</u>
	<u>\$ 80,785,000</u>

Annual debt service requirements to maturity for the County's certificates of participation are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 2,830,000	\$ 3,806,245
2004	3,385,000	3,689,345
2005	3,935,000	3,548,015
2006	4,160,000	3,379,075
2007	4,225,000	3,199,640
Thereafter	<u>62,250,000</u>	<u>24,274,308</u>
	<u>\$ 80,785,000</u>	<u>\$ 41,896,628</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 10 - Long-term Obligations (continued)

G - Notes Payable

Notes payable included in the accompanying financial statements include the purchase of real estate, equipment and various claims.

The County's notes payable are comprised of the following:

Note payable in semi-annual installments ranging from \$58,370 to \$185,678 including interest ranging from 5.25% to 7.875%.	\$ 1,711,354
Note payable in annual installments ranging from \$249,103 to \$250,016 including interest of 5.0%.	238,111
Note payable in annual installments ranging from \$69,066 to \$69,292 including interest of 5.0%.	128,843
Note payable in annual installments of \$80,000 with no interest.	240,000
Note payable in annual installments of \$86,839 including interest of 4.625%.	238,125
Note payable in ten annual installments of \$150,000 plus variable interest at an average rate of 5.86%	<u>1,200,000</u>
	<u>\$ 3,756,433</u>

Annual debt service requirements to maturity for the County's notes payable are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 637,195	\$ 192,007	\$ 160,000	\$ -
2004	410,941	157,757	80,000	-
2005	354,829	134,191	-	-
2006	278,042	113,074	-	-
2007	284,944	95,335	-	-
Thereafter	1,550,482	310,758	-	-
	<u>\$ 3,516,433</u>	<u>\$ 1,003,122</u>	<u>\$ 240,000</u>	<u>\$ -</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 10 - Long-term Obligations (continued)

H - Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations as of June 30, 2002:

	Balance July 1, 2001	Additions	Payments	Balance June 30, 2002	Current Portion of Long-term Liabilities
Governmental activities:					
Bonds payable	\$ 122,915,000	\$ -	\$ 7,140,000	\$ 115,775,000	\$ 7,140,000
Capital lease obligations	1,362,753	-	828,967	533,786	351,560
Certificates of participation payable	83,120,000	-	2,335,000	80,785,000	2,830,000
Notes payable	4,847,602	238,125	1,569,294	3,516,433	637,195
Accrued vacation	3,621,458	3,743,021	3,581,770	3,782,709	3,582,000
Arbitrage rebate payable	617,060	(1)	-	617,059	-
Total governmental activities	\$ 216,483,873	\$ 3,981,145	\$ 15,455,031	\$ 205,009,987	\$ 14,540,755

	Balance July 1, 2001	Additions	Payments	Balance June 30, 2002	Current Portion of Long-term Liabilities
Business-type activities:					
Certificates of participation payable	\$ 57,938,781	\$ -	\$ 1,280,000	\$ 56,658,781	\$ 1,575,000
Gain on defeasance	(4,856,401)	203,908	-	(4,652,493)	-
Notes payable	586,150	-	346,150	240,000	160,000
Accrued landfill closure and post closure costs	3,652,083	753,901	-	4,405,984	-
Accrued vacation	161,487	166,907	162,759	165,635	163,000
Total business-type activities	\$ 57,482,100	\$ 1,124,716	\$ 1,788,909	\$ 56,817,907	\$ 1,898,000

I - Conduit Debt Obligations

The County's Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2002, there were \$11,228,174 series of industrial revenue bonds outstanding.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 10 - Long-term Obligations (continued)

J - Prior Years' Defeasance of Debt

On July 2, 1998, the County issued \$52,950,000 in Certificates of Participation with an average interest rate of 5.0% to advance refund \$47,285,000 of outstanding 1995 Series A and B Certificates with average interest rates of 6.4% and 7.25%, respectively. The net proceeds of \$51,660,613 (net of original issue discount of \$391,174 and after payment of issuance costs of \$898,213) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 Series A and B bonds. As a result, the 1995 Series A (callable portion) and Series B bonds are considered to be defeased and the liability for those bonds has been removed from the enterprise fund. As of June 30, 2002, the amount of defeased debt outstanding and removed from the County's liabilities associated with this refunding amounted to \$47,175,000.

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 has been adjusted for the gain from defeasance (net of amortization) of \$4,652,493.

In March, 1998 the County issued \$23,325,000 in General Obligation Bonds with an average interest rate of 4.8% to advance refund \$21,895,000 of outstanding 1993 Series School Bonds with an average interest rate of 5.8%. The net proceeds of \$23,266,330 (after payment of \$58,670 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 Series bonds. As a result, the 1993 Series bonds are considered to be defeased and the liability for those bonds has been removed. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2002, the amount of defeased debt outstanding and removed from the County's financial statements associated with this refunding amounted to \$20,375,000.

In December 2000, the County issued \$50,780,000 in Installment Payment Revenue Refunding Bonds with an average interest rate of 5.14% to advance refund \$49,220,000 of outstanding Installment Payment Revenue Refunding Bonds (Detention Center and Mental Health Facility Project), Series 1999 ("1999 Bonds") with an average interest rate of 5.38%. The net proceeds of \$50,698,662 (after payment of \$203,874 in underwriting fees, insurance and other issuance costs plus an original issue premium of \$122,536) were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1999 Bonds. As a result, the 1999 Bonds are considered to be defeased and the liability for those bonds has been removed. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2002, the amount of defeased debt outstanding and removed from the County's financial statements associated with this refunding amounted to \$46,005,000.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 11 - Interfund Balances and Activity

Due From/To Other Funds

The composition of interfund balances as of June 30, 2002 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Solid Waste	\$ 241,592
	Cumberland County Crown Center	2,000
	Nonmajor governmental funds	2,527,687
	Fiduciary Funds	<u>37,391</u>
Total due from/due to other funds		<u>\$ 2,808,670</u>

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, 2002 are summarized below:

	<u>Transfer in:</u>				<u>Total</u>
	<u>Cumberland</u>				
	<u>General</u>	<u>Nonmajor</u>	<u>Crown</u>	<u>Internal</u>	
	<u>Fund</u>	<u>Governmental</u>	<u>Center</u>	<u>service</u>	
Transfer out:					
General fund	\$ -	\$ 1,124,667	\$ 2,911,205	\$ 824,360	\$ 4,860,232
Nonmajor governmental	5,018,522	800,000	3,150,159	-	8,968,681
Internal service	51,815	-	-	-	51,815
Total Transfers out	<u>\$ 5,070,337</u>	<u>\$ 1,924,667</u>	<u>\$ 6,061,364</u>	<u>\$ 824,360</u>	<u>\$ 13,880,728</u>

Transfers between the major funds, other nonmajor governmental and enterprise funds, and internal service funds were primarily to support the capital projects and operations of the funds.

Note 12 - 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, \$3,960,000 in debt is still outstanding. 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 12 - Joint Venture (continued)

The County contributed \$5,439,622 and \$360,782 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2002. In addition, the County made debt service payments of \$1,115,602 during the fiscal year on general obligation bonds and capital leases 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, 2002. 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.

The Health System purchased a 22% limited partnership interest in Fayetteville Ambulatory Surgery Center Limited Partnership on October 1, 1995. The investment is accounted for using the equity method. The Health System's share of the Partnership's income for the year ended September 30, 2001, approximates \$960,000. The Health System's investment in the Partnership at September 30, 2001 is approximately \$1,364,000.

The Health System has a 50% equity interest in Cedar Creek Medical Services, LLC. The Health Systems' share of the LLC's income for the year ended September 30, 2001 approximated \$58,000. The Health System's investment in the LLC at September 30, 2001 is approximately \$485,000.

The Health System purchased a 33% interest in Carolina Summit Healthcare, Inc. in December 1998. The investment is accounted for using the equity method. At September 30, 2001, the carrying amount of the investment exceeded the Health System's underlying equity in the net assets of the corporation by approximately \$414,000. The original excess carrying amount of \$570,532 is being amortized over ten years from the date of the stock purchase, with seven years and three months remaining at September 30, 2001. The Health System's share of the corporate loss including amortization of excess carrying amount totaled \$414,000.

The Health System is an investor in five other medical related organizations with a book value of \$422,000.

Information about the availability of separate financial statements of the above mentioned investees may be obtained from the Health System's office of financial services.

Note 13 - 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 13 - Benefit Payments Issued by the State (continued)

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 113,843,149	\$ 59,556,120
TANF	7,032,196	(1,043)
Family Support Payments	(27,843)	(7,592)
Special Assistance for Adults	-	2,246,466
Energy Assistance	443,621	-
Adoption Subsidy	125,506	173,250
WIC Food Vouchers	7,505,182	-
Adoption Assistance	474,911	148,611
	<u>\$ 129,396,722</u>	<u>\$ 62,115,812</u>

Note 14 - Leases

A - Lessor Arrangements

Operating Lease

The County leases land on the northern right-of-way of Technology Drive to Bell South. The term of the lease is for an initial period of five years commencing June 1998 with an option to extend for four additional consecutive five year periods. Remaining payments are as follows:

<u>Fiscal Year Ended</u>	<u>Bell South</u>
2003	<u>5,500</u>
	<u>\$ 5,500</u>

The Health System is committed under various leases for equipment. These leases are considered, for accounting purposes, to be operating leases. Total rent expense for the year ended September 30, 2001 was \$6,900,000.

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 Hospital 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 14 - Leases (continued)

A - Lessor Arrangements (continued)

Management Lease (continued)

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 Hospital 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 Hospital System will upon such termination quitclaim and assign to the County or its designee all the Hospital System's assets, claims, entitlements, rights, funds, equipment and property of every nature. The Hospital 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 Hospital System after January 1, 1998, will be paid annually.

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

Fiscal Year End	Health System
2003	\$ 4,130,000
2004	3,130,000
2005	3,130,000
2006	3,065,000
2007	3,065,000
Thereafter	68,430,000
	<u>\$ 84,950,000</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 Health System's leasing operations consist principally of the leasing of various types of equipment and outpatient clinic locations. These leases are classified as operating leases with various expiration dates. Management expects that in the normal course of events leases will be renewed or replaced by other leases. Minimum lease payments projected below also include servicing and licensing agreements.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 14 - Leases (continued)

B - Lessee Arrangements (continued)

Future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year, as of September 30, 2001, are as follows:

Fiscal Year Ended	
2002	\$ 1,636,000
2003	1,117,000
2004	257,000
2005	154,000
2006	154,000
Thereafter	911,000
	<u>\$ 4,229,000</u>

The ABC Board leases real property for various store locations under operating leases expiring in various years through the year 2007. At June 30, 2002 future minimum lease payments under all leases are as follows:

2003	\$ 105,767
2004	54,100
2005	38,725
2006	33,600
2007	16,800
	<u>\$ 248,992</u>

Total rent expense under leases for the year ended June 30, 2002 was \$116,420.

Note 15 - 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.

The Health System participates in government reimbursement programs under Title XVIII and Title XIX. Allowable patient service costs under these agreements are subject to audit and retroactive adjustment by third party payors. Cost reports for fiscal years ended September 30, 2001 and 2000 are open to audit by the intermediary. Provisions for estimated settlement under these agreements have been provided for in the accompanying financial statements. Any increase or decrease to this provision will be reflected as an adjustment to income in the year so determined by intermediary audit and final settlement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2002

Note 15 - Contingent Liabilities (continued)

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 16 - 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 17 - Goodwill

Other assets for the Health System consists of goodwill, bond issuance costs, other benefit plan assets and investments in healthcare-related businesses. Goodwill is being amortized over a period of not more than ten years. Bond issuance costs, which include underwriters' discounts, printing costs, legal expenses and other fees incurred in issuing the debt, are being amortized over the life of the related debt.

Note 18 - 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).

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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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>
1991	\$ 440,265	\$ 614,292	\$ 174,027	71.67%	\$ 5,932,680	2.93%
1992	484,966	664,464	179,498	72.99%	6,810,380	2.64%
1993	534,260	607,429	73,169	87.95%	5,914,388	1.24%
1994	551,167	711,318	160,151	77.49%	5,926,653	2.70%
1995	531,934	736,212	204,278	72.25%	6,217,879	3.29%
1996	657,596	772,179	114,583	85.16%	6,648,222	1.72%
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%

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
1994	\$ 67,633	271.22%
1995	75,595	176.51%
1996	57,961	43.13%
1997	68,157	110.04%
1998	74,615	33.51%
1999	75,775	127.93%
2000	107,263	25.20%
2001	129,441	33.01%
2002	208,451	7.83%

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	12/31/2001
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumption	
Investment rate of return*	7.25%
Projected salary increase	5.9 to 9.8%
* Includes inflation at	3.75%
Cost-of-living adjustments	N/A

COUNTY OF CUMBERLAND, NORTH CAROLINA

Health System Pension Plan
 Required Supplementary Information
 Schedule of Funding Progress

Calendar Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Attained Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
1995	\$ 16,411,828	\$ 21,193,749	\$ 4,781,921	77.4%	\$ 30,484,292	15.7%
1996	19,320,639	23,922,126	4,601,487	80.8%	33,489,766	13.7%
1997	22,198,755	27,005,312	4,806,557	82.2%	36,381,250	13.2%
1998	27,756,425	30,076,448	2,320,023	92.3%	40,375,156	5.7%
1999	32,097,572	33,813,081	1,715,509	94.9%	46,093,234	3.7%
2000	34,940,516	38,669,757	3,729,241	90.4%	56,920,009	6.6%
2001	39,946,895	45,789,991	5,843,096	87.2%	66,039,819	8.8%

COUNTY OF CUMBERLAND, NORTH CAROLINA

Health System Pension Plan
 Required Supplementary Information
 Schedule of Employer Contributions

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
1999	\$ 3,036,775	100.00%
2000	3,367,819	100.00%
2001	4,528,000	100.00%

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	01/01/2001
Actuarial cost method	Attained Age Normal Method
Amortization method	Level dollar open
Remaining amortization period	10 years
Asset valuation method	Insurance company contracts are valued at contract value, and all other assets are valued at market value
Actuarial assumption	
Investment rate of return*	8.00%
Projected salary increase	5.50%
* Includes inflation at	None
Cost-of-living adjustments	None

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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GENERAL FUND

COUNTY OF CUMBERLAND, NORTH CAROLINA

Comparative Balance Sheets
General Fund

June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash and cash equivalents	\$ 25,784,501	\$ 25,315,682
Investments	29,449,220	24,306,278
Taxes receivable	5,087,928	3,765,172
Accounts receivable	17,742,945	17,617,709
Due from other funds	2,808,670	1,216,299
Due from component unit	139,302	152,818
Inventories	184,238	76,630
Restricted assets		
Cash and cash equivalents	207,959	-
Investments	971	4,736
Total assets	<u>\$ 81,405,734</u>	<u>\$ 72,455,324</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Cash overdraft	\$ -	\$ 550,438
Accounts payable and accrued liabilities	9,550,895	10,398,810
Deferred revenues	21,780,415	14,828,742
Total liabilities	<u>31,331,310</u>	<u>25,777,990</u>
Fund balance		
Reserved for inventories	184,238	76,630
Reserved for register of deeds	130,055	-
Reserved for mental health programs	458,591	640,771
Reserved for encumbrances	3,458,701	3,790,742
Reserved by State statute	9,387,422	8,903,550
Unreserved (available for future appropriation)		
Designated for subsequent year's expenditures	8,761,401	8,362,179
Designated for special purposes	-	1,449,658
Designated for future reserves	1,898,633	-
Undesignated	25,795,383	23,453,804
Total fund balance	<u>50,074,424</u>	<u>46,677,334</u>
Total liabilities and fund balance	<u>\$ 81,405,734</u>	<u>\$ 72,455,324</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, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Ad valorem taxes				
Current year	\$ 98,554,235	\$ 99,468,679	\$ 914,444	\$ 95,965,802
Prior years	1,748,158	1,648,232	(99,926)	1,513,354
Penalties and interest	795,754	949,936	154,182	1,036,813
Motor vehicle - current	11,100,000	11,674,808	574,808	11,005,653
Motor vehicle - prior	1,441,016	1,633,295	192,279	1,708,095
Other	260,000	306,740	46,740	-
Total ad valorem taxes	113,899,163	115,681,690	1,782,527	111,229,717
Other taxes				
Dog registration fees	155,529	189,881	34,352	149,207
Real estate transfer	590,000	661,865	71,865	585,671
Intangibles	2,584,832	2,000,553	(584,279)	1,976,527
Beer and wine	-	-	-	623,332
Sales	28,020,895	27,800,546	(220,349)	28,492,085
Other	120,173	1,430	(118,743)	126,780
Total other taxes	31,471,429	30,654,275	(817,154)	31,953,602
Unrestricted intergovernmental revenues				
Federal	20,000	33,436	13,436	25,996
State government	3,786,732	1,427,301	(2,359,431)	2,866,675
Fayetteville	498,033	495,456	(2,577)	476,736
Municipalities	90,897	98,326	7,429	86,332
Other governmental	400,000	886,299	486,299	407,872
Total unrestricted intergovernmental revenues	4,795,662	2,940,818	(1,854,844)	3,863,611
Restricted intergovernmental revenues				
Federal	109,692	230,674	120,982	876,190
NC health programs	3,969,293	3,671,555	(297,738)	4,275,308
NC mental health programs	11,324,715	10,593,757	(730,958)	9,901,508
NC social services programs	37,201,697	34,977,000	(2,224,697)	34,810,574
NC library programs	848,091	720,290	(127,801)	752,741
NC other restricted revenue	565,174	412,008	(153,166)	765,679
Other restricted revenue	1,061,879	1,074,490	12,611	1,427,143
Total restricted intergovernmental revenues	55,080,541	51,679,774	(3,400,767)	52,809,143

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Revenues (continued)				
Licenses and permits				
Other restricted revenue	\$ 15,000	\$ 17,385	\$ 2,385	\$ 17,140
Inspection department permits	539,681	730,839	191,158	598,458
Marriage licenses	71,990	96,711	24,721	70,480
Register of Deeds fees	973,131	1,300,552	327,421	990,610
Miscellaneous permits	709,689	702,280	(7,409)	883,967
Total licenses and permits	2,309,491	2,847,767	538,276	2,560,655
Sales and services				
Health department fees	2,130,773	2,730,929	600,156	2,586,172
Library fees	366,366	397,618	31,252	358,696
Mental health department fees	10,930,423	11,425,195	494,772	8,512,718
Printing fees	-	-	-	67,021
Sheriff department fees	1,817,297	1,775,568	(41,729)	1,738,206
Social services fees	266,289	252,882	(13,407)	431,479
Other department fees	1,828,157	1,721,829	(106,328)	1,314,737
Total sales and services	17,339,305	18,304,021	964,716	15,009,029
Interest earned on investments	1,880,833	2,162,768	281,935	6,397,162
Miscellaneous				
Other restricted revenue	24,500	63,603	39,103	-
Miscellaneous	292,610	280,480	(12,130)	382,722
Rent, land, and buildings	3,957,813	4,047,283	89,470	4,416,872
Sales miscellaneous	-	5,470	5,470	1,164
Special assessments	1,000	12,245	11,245	72,252
Total miscellaneous	4,275,923	4,409,081	133,158	4,873,010
Total revenues	231,052,347	228,680,194	(2,372,153)	228,695,929

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Expenditures				
Current				
General government				
Governing body	\$ 320,827	\$ 302,672	\$ 18,155	\$ 356,507
Administration	964,218	940,251	23,967	1,169,694
Court facilities	41,000	27,649	13,351	65,582
Information services	965,815	895,687	70,128	661,203
Elections	459,930	291,942	167,988	520,120
Finance	745,815	729,996	15,819	810,225
Legal	412,926	401,588	11,338	444,894
Register of Deeds	1,297,847	1,297,636	211	1,367,488
Tax collector	-	-	-	914,099
Mapping	-	-	-	363,225
Tax assessor	3,232,884	3,051,225	181,659	2,193,619
Print shop	120,892	116,866	4,026	129,002
Public Building	2,223,338	1,732,868	490,470	1,562,019
Message center	131,004	119,738	11,266	130,086
Carpenter shop	144,863	140,978	3,885	169,296
Public buildings - equipment maintenance	527,460	524,108	3,352	566,075
Public buildings - janitorial	449,677	401,001	48,676	461,366
Central maintenance	432,974	408,304	24,670	500,931
Landscaping and grounds	417,820	399,694	18,126	456,659
General government other	5,301,595	2,337,141	2,964,454	3,519,494
Total general government	18,190,885	14,119,344	4,071,541	16,361,584
Public safety				
Emergency dispatch	705,530	691,103	14,427	611,095
Sheriff	16,127,732	15,758,135	369,597	17,249,271
Jail	5,859,758	4,780,192	1,079,566	4,027,841
Gang intervention grant	197,777	197,448	329	239,612
School law enforcement-local	1,982,043	1,893,588	88,455	1,825,748
Community policing	-	-	-	2,520
Law enforcement accreditation	-	-	-	19,617

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Public safety (continued)				
Law enforcement block grant 99	\$ -	\$ -	\$ -	\$ 228,693
Emergency management	-	-	-	124,716
Fire Marshal	182,339	182,051	288	210,287
Animal Control	725,212	674,741	50,471	692,183
Inspection department	1,002,988	978,817	24,171	1,059,226
Public safety other	837,109	834,470	2,639	661,565
School law enforcement - COPS	-	-	-	609,132
COPS more grant - 98	16,382	21,778	(5,396)	272,770
Cumberland day reporting center	245,271	200,195	45,076	264,438
Criminal justice unit	185,834	185,393	441	218,442
Community correction - probation	90,961	84,430	6,531	72,654
Total public safety	28,158,936	26,482,341	1,676,595	28,389,810
Economic and physical development				
Planning department	874,439	828,035	46,404	872,662
Engineering	224,716	207,902	16,814	238,724
NC cooperative extension service	498,825	438,936	59,889	469,602
Soil conservation district	45,850	44,566	1,284	45,074
Soil conservation cost	38,745	38,694	51	40,484
Fort Bragg erosion project	63,930	-	63,930	565
Economic physical development - other	276,159	260,067	16,092	342,962
Industrial park	96,138	24,625	71,513	74,721
Total economic and physical development	2,118,802	1,842,825	275,977	2,084,794
Human services				
Mental Health				
Mental Health - C&Y contracts	621,664	409,215	212,449	394,578
Adolescent sex offender treatment	136,545	103,104	33,441	94,623
Family preservation	831,109	461,302	369,807	390,818
Mental Health - homeless child	39,777	27,807	11,970	32,645
Smart Start	211,892	205,090	6,802	176,398
Mental Health - CBA in-home	177,068	156,414	20,654	148,432
Periodic outpatient service	1,162,043	774,384	387,659	839,886
Mental Health - Winding creek	296,800	118,087	178,713	262,287
Mental Health - Adolescent group home	709,940	619,144	90,796	640,280
Mental Health - Adult homeless	45,000	31,407	13,593	6,015
Case management and referral - SA	35,106	17,717	17,389	36,296

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Mental Health (continued)				
High risk primary prevention	\$ 118,801	\$ 53,874	\$ 64,927	\$ 79,425
Mental Health - Employee assistance treatment	160,093	159,132	961	107,276
Runaway/homeless youth	41,539	37,721	3,818	35,212
NC Treatment Alternative to street crime	243,115	161,779	81,336	222,550
NC Adolescent Substance Abuse	111,785	107,540	4,245	90,995
Alcohol/Drug - Women	319,254	313,985	5,269	291,255
Mental Health - substance abuse - periodic	536,567	520,001	16,566	437,866
Mental Health - substance abuse contracts	-	-	-	157,800
Mental Health - workfirst	145,299	110,510	34,789	106,271
Detoxification	688,117	606,522	81,595	588,797
Consultation and education	160,354	142,575	17,779	166,127
Mental Health - Alcohol and drug support	282,661	250,303	32,358	226,127
Mental Health - DD adult outpatient	642,087	548,912	93,175	530,815
Mental Health - Spainhour	655,807	496,411	159,396	431,509
Mental Health - ABLE	277,344	237,054	40,290	240,889
Mental Health - ICF/MR HUD homes	1,453,919	1,375,724	78,195	1,346,892
Mental Health - Autism	91,961	73,226	18,735	68,176
Mental Health - Smart Start daycare	194,291	179,673	14,618	197,913
Mental Health - Early intervention	465,006	372,774	92,232	367,287
Mental Health - DD contracts	1,334,310	1,287,640	46,670	1,264,702
Mental Health - Child Outpatient	525,667	397,008	128,659	368,394
Mental Health - Case Management	497,852	454,525	43,327	449,658
Partial hospitalization	787,383	725,708	61,675	716,351
Adult CMI group home	260,000	244,883	15,117	260,000
Mental Health - Adult contracts	34,725	34,725	-	34,725
Mental Health - HUD apartments	268,315	225,591	42,724	230,387
Mental Health - Crisis stabilization	855,117	623,072	232,045	636,424
Mental Health - Adult periodic	1,039,032	904,009	135,023	830,186
Willie M. - Lakewood	557,913	489,484	68,429	353,303
Willie M. - Paraprofessional	212,110	162,488	49,622	185,214
Willie M. - Case management	410,680	293,053	117,627	294,702
Willie M. - Crossroads	486,324	450,950	35,374	398,632
Willie M. - Tiffany group home	218,486	203,982	14,504	191,852
Willie M. - Sprucewood	388,170	324,373	63,797	368,702
Willie M. - Alternative family living	579,061	524,263	54,798	285,388
Willie M. - Respite	2,000	-	2,000	14,765
Willie M. - Independent Living	222,311	191,396	30,915	208,781

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Mental Health (continued)				
Willie M. - Outpatient treatment	\$ 155,381	\$ 138,434	\$ 16,947	\$ 133,902
Willie M. - Administration	360,880	287,323	73,557	261,059
Mental Health Department	1,038,435	880,286	158,149	999,389
Medical services	2,074,933	1,607,163	467,770	1,708,251
Mental Health - general support	1,259,187	972,283	286,904	913,426
Mental Health - Medical records	433,457	369,174	64,283	394,572
Mental Health - MIS	648,294	593,080	55,214	544,879
Mental Health - Personnel	238,167	227,549	10,618	182,756
Mental Health - Medicaid contracts	155,000	69,853	85,147	13,869
Thomas S. - Todd C. specific	1,289,653	1,272,367	17,286	861,269
Thomas S. - Administration	139,443	135,779	3,664	116,879
Thomas S. - Crisis diversion	103,709	40,810	62,899	61,630
Thomas S. - Case management	139,762	121,677	18,085	106,268
EEAP	135,676	(420)	136,096	113,830
Mental Health - SA Incentive Grant	119,275	91,568	27,707	87,109
Mental Health - Majors Grant	230,685	202,760	27,925	132,076
Mental Health - Managed Care	451,029	419,916	31,113	371,145
Mental Health - RCE - TASC	430,752	272,926	157,826	-
Mental Health - Adult Community Services	96,090	19,276	76,814	-
Subtotal - mental health	29,034,208	23,930,341	5,103,867	22,809,915
Health				
Health - administration	1,212,418	1,039,893	172,525	965,697
Laboratory	382,997	345,597	37,400	381,925
Mosquito control	45,818	43,412	2,406	43,867
Pharmacy	205,403	202,714	2,689	216,099
C. C. Jail Health program	990,013	967,815	22,198	1,033,607
Management Support	482,686	310,446	172,240	-
NC Environmental Health	1,387,739	1,314,398	73,341	1,505,119
Home Visiting Project	31,265	23,126	8,139	-
Immunization clinic	241,019	240,983	36	222,581
School health program	551,750	530,045	21,705	650,137
C.C. Wellness program	-	-	-	150,247
Child health clinic	551,880	540,094	11,786	602,017
Dental clinic	427,413	403,368	24,045	231,023
Health promotion	262,407	230,602	31,805	218,434
Maternal health clinic	756,721	685,856	70,865	1,258,912
Medical records	145,532	130,871	14,661	131,221
Childhood lead poison prevention	8,000	3,011	4,989	-
Breast/cervical cancer	57,963	55,757	2,206	46,494

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Health (continued)				
CSC	\$ 714,330	\$ 581,058	\$ 133,272	\$ 452,394
Child fatality prevention	4,872	3,911	961	2,149
BCCCP-CVD screening	61,853	49,555	12,298	42,214
Medical referral program	-	-	-	2,846
Chest TB clinic	164,379	155,792	8,587	184,402
Family planning clinic	580,795	561,920	18,875	580,154
NC Epilepsy program	12,375	11,627	748	11,989
NC General Communicable Disease	585,225	532,350	52,875	235,315
Neuromuscular clinic	-	-	-	(53)
CDC tuberculosis project	48,430	38,197	10,233	42,355
NC AIDS	49,227	48,769	458	27,756
Adult health clinic	375,583	375,009	574	589,335
School health	40,322	33,976	6,346	34,597
Smart start - Healthy families	381,492	377,833	3,659	1,169,297
Multiphasic clinic	-	-	-	292,892
WIC - Clinic services	1,430,987	1,360,722	70,265	1,318,306
Health - other	176,831	173,746	3,085	207,849
Spring Lake Resource Center	-	-	-	184,654
Children Special	52,931	39,549	13,382	70,994
Regional Bioterrorism response grant	206,150	44,258	161,892	-
Subtotal - health	12,626,806	11,456,260	1,170,546	13,106,825
Welfare				
Social services department	26,825,682	24,211,740	2,613,942	25,988,528
Social services - other	34,734,006	32,395,555	2,338,451	32,265,089
Grant - FV Care Center	363,420	340,876	22,544	325,438
Welfare - other	428,365	304,109	124,256	363,097
Subtotal - welfare	62,351,473	57,252,280	5,099,193	58,942,152

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Other human services				
Veterans' services	\$ 156,072	\$ 128,014	\$ 28,058	\$ 104,315
Senior aides local support	42,179	40,623	1,556	49,117
Spring Lake Resource Center - Admin	38,146	38,128	18	51,518
Subtotal - other human services	236,397	206,765	29,632	204,950
Total human services	104,248,884	92,845,646	11,403,238	95,063,842
Cultural and recreational				
Library	6,196,988	5,959,241	237,747	6,585,454
Library foreign language	72,737	68,480	4,257	57,967
Law library	264,458	258,655	5,803	77,024
Library - Smart Start	324,193	269,367	54,826	286,023
Motherread	104,639	65,765	38,874	75,136
Library - Gates foundation	5,947	5,947	-	171,065
Stadium maintenance	92,386	83,248	9,138	295,358
Culture recreation other	414,454	381,300	33,154	485,000
Total cultural and recreational	7,475,802	7,092,003	383,799	8,033,027
Education				
Public schools - current	55,243,000	55,243,000	-	56,983,742
Community colleges - current	5,439,622	5,439,622	-	6,048,993
Community colleges - capital outlay	1,125,191	360,782	764,409	240,544
Total education	61,807,813	61,043,404	764,409	63,273,279
Debt service				
Principal payments	11,723,268	11,723,262	6	13,156,420
Interest and fees	10,900,790	10,399,788	501,002	10,993,049
Total debt service	22,624,058	22,123,050	501,008	24,149,469
Total expenditures	244,625,180	225,548,613	19,076,567	237,355,805
Revenues over (under) expenditures	(13,572,833)	3,131,581	16,704,414	(8,659,876)

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Other financing sources (uses)				
Sale of capital assets	\$ -	\$ 55,404	\$ 55,404	\$ 41,882
Transfers in	5,084,700	5,070,337	(14,363)	4,822,485
Transfers out	(4,957,752)	(4,860,232)	97,520	(5,376,073)
Fund balance appropriated	13,445,885	-	(13,445,885)	-
Total other financing sources (uses)	13,572,833	265,509	(13,307,324)	(511,706)
Revenues and other financing sources (uses) over expenditures	\$ -	3,397,090	\$ 3,397,090	(9,171,582)
Fund balance				
Beginning of year - July 1		46,677,334		55,848,916
End of year - June 30		<u>\$ 50,074,424</u>		<u>\$ 46,677,334</u>

NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2002

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 16,743,734	\$ -	\$ -	\$ 16,743,734
Investments	6,517,843	-	-	6,517,843
Taxes receivable	675,332	-	-	675,332
Accounts receivable	3,240,744	-	-	3,240,744
Restricted assets:				
Cash and cash equivalents	208,604	848,368	8,639	1,065,611
Investments	-	23,203,149	26,866	23,230,015
Accounts receivable	-	66,721	5,866	72,587
Total assets	\$ 27,386,257	\$ 24,118,238	\$ 41,371	\$ 51,545,866
Liabilities and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,724,477	\$ 2,237,665	\$ 970	\$ 3,963,112
Due to other funds	739,440	1,788,247	-	2,527,687
Deferred revenue	3,075,984	-	5,866	3,081,850
Total liabilities	5,539,901	4,025,912	6,836	9,572,649
Fund balances:				
Reserved for encumbrances	725,269	307,436	-	1,032,705
Reserved by state statute	840,092	66,721	-	906,813
Reserved for inmates	207,604	-	-	207,604
Reserved for cemetery	-	-	34,535	34,535
Designated for subsequent year's expenditures	3,083,036	990,552	-	4,073,588
Undesignated	16,990,355	18,727,617	-	35,717,972
Total fund balances	21,846,356	20,092,326	34,535	41,973,217
Total liabilities and fund balances	\$ 27,386,257	\$ 24,118,238	\$ 41,371	\$ 51,545,866

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2002

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ 8,682,305	\$ -	\$ -	\$ 8,682,305
Other taxes	12,242,065	-	-	12,242,065
Unrestricted intergovernmental revenue	105,955	-	-	105,955
Restricted intergovernmental revenue	10,982,407	13,783,008	-	24,765,415
Sales and services	576,534	4,774	-	581,308
Interest earned on investments	477,908	776,441	322	1,254,671
Miscellaneous	842,895	494,828	1,800	1,339,523
Total revenues	<u>33,910,069</u>	<u>15,059,051</u>	<u>2,122</u>	<u>48,971,242</u>
Expenditures				
Current:				
General government	312,348	-	2,909	315,257
Public safety	6,559,787	-	-	6,559,787
Economic and physical development	7,249,399	-	-	7,249,399
Human services	1,431,298	-	-	1,431,298
Cultural and recreational	2,561,358	-	-	2,561,358
Education	7,729,416	13,783,008	-	21,512,424
Capital outlay	325,949	15,922,658	-	16,248,607
Principal payments	150,000	-	-	150,000
Interest and fees	91,123	-	-	91,123
Total expenditures	<u>26,410,678</u>	<u>29,705,666</u>	<u>2,909</u>	<u>56,119,253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,499,391</u>	<u>(14,646,615)</u>	<u>(787)</u>	<u>(7,148,011)</u>
Other financing sources (uses)				
Debt issuance	238,125	-	-	238,125
Sale of capital assets	10,324	-	-	10,324
Transfers in	1,124,667	800,000	-	1,924,667
Transfers out	(8,968,681)	-	-	(8,968,681)
Total other financing sources (uses)	<u>(7,669,412)</u>	<u>800,000</u>	<u>-</u>	<u>(6,869,412)</u>
Net change in fund balances	<u>(170,021)</u>	<u>(13,846,615)</u>	<u>(787)</u>	<u>(14,017,423)</u>
Fund balance - beginning	<u>22,016,377</u>	<u>33,938,941</u>	<u>35,322</u>	<u>55,990,640</u>
Fund balance - ending	<u>\$ 21,846,356</u>	<u>\$ 20,092,326</u>	<u>\$ 34,535</u>	<u>\$ 41,973,217</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2002

	Prepared Food and Beverage Fund	County School Fund	911 Emergency Fund	Wireless 911 Fund	Jobs Training Fund	Industrial Development Fund	Water and Sewer Fund	Property Revaluation Fund	Recreation Fund
Assets									
Cash and cash equivalents	\$ 1,460,359	\$ 3,557,940	\$ 1,333,558	\$ 512,565	\$ 416,147	\$ 1,735,200	\$ 1,319,139	\$ 76,119	\$ 2,810,582
Investments	-	2,501,684	401,034	-	-	806,080	994,954	-	1,220,370
Taxes receivable	-	-	-	-	-	-	-	-	229,272
Accounts receivable	32,971	2,391,347	83,417	15,895	12,404	3,560	27,485	357	27,929
Restricted assets:									
Cash and cash equivalents	-	1,000	-	-	-	-	-	-	-
Total assets	\$ 1,493,330	\$ 8,451,971	\$ 1,818,009	\$ 528,460	\$ 428,551	\$ 2,544,840	\$ 2,341,578	\$ 76,476	\$ 4,288,153
Liabilities and fund balances									
Liabilities:									
Accounts payable and accrued liabilities	\$ 915	\$ 684,852	\$ 210,648	\$ -	\$ 130,920	\$ 2,318	\$ -	\$ 16,699	\$ 169,594
Due to other funds	-	-	-	-	264,973	-	-	-	-
Deferred revenue	-	2,376,118	-	-	-	-	22,638	-	230,430
Total liabilities	915	3,060,970	210,648	-	395,893	2,318	22,638	16,699	400,024
Fund balances:									
Reserved for encumbrances	-	-	85,099	-	31,146	134,328	150,472	130	33,141
Reserved by state statute	32,971	15,229	83,417	15,895	12,404	3,560	4,847	357	26,771
Reserved for inmates	-	-	-	-	-	-	-	-	-
Designated for subsequent year's expenditures	31,198	-	-	-	-	2,197,711	-	6,077	801,065
Undesignated	1,428,246	5,375,772	1,438,845	512,565	(10,892)	206,923	2,163,621	53,213	3,027,152
Total fund balances	1,492,415	5,391,001	1,607,361	528,460	32,658	2,542,522	2,318,940	59,777	3,888,129
Total liabilities and fund balances	\$ 1,493,330	\$ 8,451,971	\$ 1,818,009	\$ 528,460	\$ 428,551	\$ 2,544,840	\$ 2,341,578	\$ 76,476	\$ 4,288,153

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	Total Nonmajor Special Revenue Funds
\$ 341,852	\$ 19,833	\$ 78,134	\$ 717,886	\$ 483,143	\$ 1,467,535	\$ 41,651	\$ 176,871	\$ 1,599	\$ 193,621	\$ -	\$ 16,743,734
-	102,499	-	-	-	491,222	-	-	-	-	-	6,517,843
-	-	-	-	446,060	-	-	-	-	-	-	675,332
935	82,237	-	554,320	-	4,551	-	3,336	-	-	-	3,240,744
-	-	-	-	-	-	-	-	-	-	207,604	208,604
<u>\$ 342,787</u>	<u>\$ 204,569</u>	<u>\$ 78,134</u>	<u>\$ 1,272,206</u>	<u>\$ 929,203</u>	<u>\$ 1,963,308</u>	<u>\$ 41,651</u>	<u>\$ 180,207</u>	<u>\$ 1,599</u>	<u>\$ 193,621</u>	<u>\$ 207,604</u>	<u>\$ 27,386,257</u>
\$ 148,209	\$ 124,328	\$ -	\$ 200,132	\$ 15,165	\$ 18,528	\$ -	\$ 2,169	\$ -	\$ -	\$ -	\$ 1,724,477
-	65,958	-	408,509	-	-	-	-	-	-	-	739,440
-	-	-	-	446,081	737	-	-	-	-	-	3,075,984
<u>148,209</u>	<u>190,286</u>	<u>-</u>	<u>608,641</u>	<u>461,226</u>	<u>19,265</u>	<u>-</u>	<u>2,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,539,901</u>
-	40	-	289,780	-	1,133	-	-	-	-	-	725,269
935	82,237	-	554,320	(1)	3,814	-	3,336	-	-	-	840,092
-	-	-	-	-	-	-	-	-	-	207,604	207,604
46,985	-	-	-	-	-	-	-	-	-	-	3,083,036
146,658	(67,994)	78,134	(180,535)	467,978	1,939,096	41,651	174,702	1,599	193,621	-	16,990,355
<u>194,578</u>	<u>14,283</u>	<u>78,134</u>	<u>663,565</u>	<u>467,977</u>	<u>1,944,043</u>	<u>41,651</u>	<u>178,038</u>	<u>1,599</u>	<u>193,621</u>	<u>207,604</u>	<u>21,846,356</u>
<u>\$ 342,787</u>	<u>\$ 204,569</u>	<u>\$ 78,134</u>	<u>\$ 1,272,206</u>	<u>\$ 929,203</u>	<u>\$ 1,963,308</u>	<u>\$ 41,651</u>	<u>\$ 180,207</u>	<u>\$ 1,599</u>	<u>\$ 193,621</u>	<u>\$ 207,604</u>	<u>\$ 27,386,257</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2002

	Prepared Food and Beverage Fund	County School Fund	911 Emergency Fund	Wireless 911 Fund	Jobs Training Fund	Industrial Development Fund	Water and Sewer Fund	Property Revaluation Fund	Recreation Fund
Revenues									
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,977,162
Other taxes	3,198,275	9,043,790	-	-	-	-	-	-	-
Unrestricted intergovernmental revenue	-	-	-	-	-	-	-	-	20,992
Restricted intergovernmental revenue	-	2,000,000	823,582	181,588	1,467,203	-	905,820	-	32,363
Sales and services	-	-	64,306	-	10,000	-	50,620	-	218,584
Interest earned on investments	41,180	93,802	24,535	6,264	8,711	66,728	40,018	3,246	101,066
Miscellaneous	27,000	244,443	1,080	-	105,501	-	11,944	-	13,968
Total revenues	3,266,455	11,382,035	913,503	187,852	1,591,415	66,728	1,008,402	3,246	3,364,135
Expenditures									
Current:									
General government	-	-	-	-	-	-	-	312,348	-
Public safety	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	1,036,711	-	1,625,186	175,894	162,504	-	-
Human services	-	-	-	-	-	-	-	-	-
Cultural and recreational	175,476	-	-	-	-	-	-	-	2,385,882
Education	-	7,729,416	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	325,949	-	-	-
Principal payments	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-
Total expenditures	175,476	7,729,416	1,036,711	-	1,625,186	501,843	162,504	312,348	2,385,882
Excess (deficiency) of revenues over (under) expenditures	3,090,979	3,652,619	(123,208)	187,852	(33,771)	(435,115)	845,898	(309,102)	978,253
Other financing sources (uses)									
Debt issuance	-	-	-	-	-	238,125	-	-	-
Sale of capital assets	-	10,324	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	1,742	556,104	-	309,506	-
Transfers out	(3,186,621)	(4,482,060)	-	-	-	-	-	-	(800,000)
Other financing sources/uses	-	-	-	-	-	-	(73,847)	-	-
Total other financing sources (uses)	(3,186,621)	(4,471,736)	-	-	1,742	794,229	(73,847)	309,506	(800,000)
Net change in fund balances	(95,642)	(819,117)	(123,208)	187,852	(32,029)	359,114	772,051	404	178,253
Fund balance - beginning	1,588,057	6,210,118	1,730,569	340,608	64,687	2,183,408	1,546,889	59,373	3,709,876
Fund balance - ending	\$ 1,492,415	\$ 5,391,001	\$ 1,607,361	\$ 528,460	\$ 32,658	\$ 2,542,522	\$ 2,318,940	\$ 59,777	\$ 3,888,129

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	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 5,705,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,682,305
-	-	-	-	-	-	-	-	-	-	-	12,242,065
-	-	-	-	84,963	-	-	-	-	-	-	105,955
1,094,921	398,864	-	3,878,242	-	94,367	-	102,252	3,205	-	-	10,982,407
150,437	43,110	-	39,477	-	-	-	-	-	-	-	576,534
6,774	2,400	-	-	5,572	64,560	967	3,374	-	4,493	4,218	477,908
125	3,330	-	67,416	-	-	-	-	-	-	368,088	842,895
1,252,257	447,704	-	3,985,135	5,795,678	158,927	967	105,626	3,205	4,493	372,306	33,910,069
-	-	-	-	-	-	-	-	-	-	-	312,348
-	-	-	-	6,143,594	92,186	-	41,248	2,283	-	280,476	6,559,787
-	472,010	-	3,777,094	-	-	-	-	-	-	-	7,249,399
1,431,298	-	-	-	-	-	-	-	-	-	-	1,431,298
-	-	-	-	-	-	-	-	-	-	-	2,561,358
-	-	-	-	-	-	-	-	-	-	-	7,729,416
-	-	-	-	-	-	-	-	-	-	-	325,949
-	-	-	150,000	-	-	-	-	-	-	-	150,000
-	-	-	91,123	-	-	-	-	-	-	-	91,123
1,431,298	472,010	-	4,018,217	6,143,594	92,186	-	41,248	2,283	-	280,476	26,410,678
(179,041)	(24,306)	-	(33,082)	(347,916)	66,741	967	64,378	922	4,493	91,830	7,499,391
-	-	-	-	-	-	-	-	-	-	-	238,125
-	-	-	-	-	-	-	-	-	-	-	10,324
-	-	-	-	-	-	-	-	-	-	-	-
147,435	6,030	-	103,850	-	-	-	-	-	-	-	1,124,667
-	-	-	-	-	(500,000)	-	-	-	-	-	(8,968,681)
-	-	-	-	-	-	-	-	-	-	-	(73,847)
147,435	6,030	-	103,850	-	(500,000)	-	-	-	-	-	(7,669,412)
(31,606)	(18,276)	-	70,788	(347,916)	(433,259)	967	64,378	922	4,493	91,830	(170,021)
226,184	32,559	78,134	592,797	815,893	2,377,302	40,684	113,660	677	189,128	115,774	22,016,377
\$ 194,578	\$ 14,283	\$ 78,134	\$ 663,565	\$ 467,977	\$ 1,944,043	\$ 41,651	\$ 178,038	\$ 1,599	\$ 193,621	\$ 207,604	\$ 21,846,356

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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Other taxes	\$ 3,187,199	\$ 3,198,275	\$ 11,076	\$ 3,176,752
Interest earned on investments	30,000	41,180	11,180	126,509
Miscellaneous	-	27,000	27,000	-
Total revenues	<u>3,217,199</u>	<u>3,266,455</u>	<u>49,256</u>	<u>3,303,261</u>
Expenditures				
Cultural and recreational	<u>181,789</u>	<u>175,476</u>	<u>6,313</u>	<u>13,862</u>
Total expenditures	<u>181,789</u>	<u>175,476</u>	<u>6,313</u>	<u>13,862</u>
Revenues over expenditures	<u>3,035,410</u>	<u>3,090,979</u>	<u>55,569</u>	<u>3,289,399</u>
Other financing sources (uses)				
Transfers (out)	(3,387,910)	(3,186,621)	201,289	(3,717,722)
Appropriated fund balance	<u>352,500</u>	<u>-</u>	<u>(352,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,035,410)</u>	<u>(3,186,621)</u>	<u>(151,211)</u>	<u>(3,717,722)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(95,642)</u>	<u>\$ (95,642)</u>	<u>(428,323)</u>
Fund balances				
Beginning of year - July 1		<u>1,588,057</u>		<u>2,016,380</u>
End of year - June 30		<u>\$ 1,492,415</u>		<u>\$ 1,588,057</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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Other taxes	\$ 9,000,000	\$ 9,043,790	\$ 43,790	\$ 9,339,570
Restricted intergovernmental revenue	2,500,000	2,000,000	(500,000)	2,277,867
Interest earned on investments	-	93,802	93,802	281,033
Miscellaneous	-	244,443	244,443	194,222
Total revenues	11,500,000	11,382,035	(117,965)	12,092,692
Expenditures				
School capital outlay I	5,938,000	3,636,028	2,301,972	2,843,958
School capital outlay II	4,356,440	3,642,086	714,354	3,513,112
School capital outlay III	475,000	451,302	23,698	515,002
Total expenditures	10,769,440	7,729,416	3,040,024	6,872,072
Revenues over expenditures	730,560	3,652,619	2,922,059	5,220,620
Other financing sources (uses)				
Sale of capital assets	-	10,324	10,324	-
Transfers (out)	(4,482,060)	(4,482,060)	-	(4,631,035)
Appropriated fund balance	3,751,500	-	(3,751,500)	-
Total other financing sources (uses)	(730,560)	(4,471,736)	(3,741,176)	(4,631,035)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(819,117)	\$ (819,117)	589,585
Fund balances				
Beginning of year - July 1		6,210,118		5,620,533
End of year - June 30		\$ 5,391,001		\$ 6,210,118

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - 911 Emergency Fund
 Year Ended June 30, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 802,376	\$ 823,582	\$ 21,206	\$ 828,007
Sales and services	69,938	64,306	(5,632)	66,920
Interest earned on investments	-	24,535	24,535	57,277
Miscellaneous	-	1,080	1,080	2,108
Total revenues	872,314	913,503	41,189	954,312
Expenditures				
Public safety	1,287,729	1,036,711	251,018	739,625
Total expenditures	1,287,729	1,036,711	251,018	739,625
Revenues over expenditures	(415,415)	(123,208)	292,207	214,687
Other financing sources (uses)				
Appropriated fund balance	415,415	-	(415,415)	-
Total other financing sources (uses)	415,415	-	(415,415)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(123,208)	\$ (123,208)	214,687
Fund balances				
Beginning of year - July 1		1,730,569		1,515,882
End of year - June 30		<u>\$ 1,607,361</u>		<u>\$ 1,730,569</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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 115,000	\$ 181,588	\$ 66,588	\$ 143,895
Interest earned on investments	-	6,264	6,264	-
Total revenues	<u>115,000</u>	<u>187,852</u>	<u>72,852</u>	<u>143,895</u>
Expenditures				
Public safety	<u>115,000</u>	<u>-</u>	<u>115,000</u>	<u>22,079</u>
Total expenditures	<u>115,000</u>	<u>-</u>	<u>115,000</u>	<u>22,079</u>
Revenues over expenditures	<u>-</u>	<u>187,852</u>	<u>187,852</u>	<u>121,816</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>187,852</u>	<u>\$ 187,852</u>	<u>121,816</u>
Fund balances				
Beginning of year - July 1		<u>340,608</u>		<u>218,792</u>
End of year - June 30		<u>\$ 528,460</u>		<u>\$ 340,608</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Jobs Training Fund
 Year Ended June 30, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 1,974,402	\$ 1,467,203	\$ (507,199)	\$ 1,959,752
Sales and services	10,000	10,000	-	16,447
Interest earned on investments	8,500	8,711	211	12,653
Miscellaneous	10,852	105,501	94,649	-
Total revenues	2,003,754	1,591,415	(412,339)	1,988,852
Expenditures				
Economic and physical development	502,694	463,442	39,252	513,452
JTPA one stop	649,648	502,081	147,567	459,741
JTPA T/A grant	97,354	80,634	16,720	11,836
JTPA welfare to work 30%	55,667	54,241	1,426	174,378
JTPA welfare to work 70%	635,202	429,104	206,098	737,841
NC workers trust fund	97,629	95,684	1,945	22,477
Total expenditures	2,038,194	1,625,186	413,008	1,919,725
Revenues over expenditures	(34,440)	(33,771)	669	69,127
Other financing sources (uses)				
Transfers in	34,440	1,742	(32,698)	17,127
Total other financing sources (uses)	34,440	1,742	(32,698)	17,127
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(32,029)	\$ (32,029)	86,254
Fund balances				
Beginning of year - July 1		64,687		(21,567)
End of year - June 30		\$ 32,658		\$ 64,687

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Industrial Development Fund
 Year Ended June 30, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 66,728	\$ 66,728	\$ 124,480
Total revenues	<u>-</u>	<u>66,728</u>	<u>66,728</u>	<u>124,480</u>
Expenditures				
Economic and physical development	1,607,702	501,843	1,105,859	103,402
Total expenditures	<u>1,607,702</u>	<u>501,843</u>	<u>1,105,859</u>	<u>103,402</u>
Revenues over expenditures	<u>(1,607,702)</u>	<u>(435,115)</u>	<u>1,172,587</u>	<u>21,078</u>
Other financing sources (uses)				
Transfers in	556,104	556,104	-	678,175
Note proceeds	-	238,125	238,125	-
Appropriated fund balance	1,051,598	-	(1,051,598)	-
Total other financing sources (uses)	<u>1,607,702</u>	<u>794,229</u>	<u>(813,473)</u>	<u>678,175</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>359,114</u>	<u>\$ 359,114</u>	<u>699,253</u>
Fund balances				
Beginning of year - July 1		<u>2,183,408</u>		<u>1,484,155</u>
End of year - June 30		<u>\$ 2,542,522</u>		<u>\$ 2,183,408</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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 905,820	\$ 905,820	\$ 428,552
Sales and services	-	50,620	50,620	31,453
Interest earned on investments	-	40,018	40,018	48,167
Miscellaneous	-	11,944	11,944	24,911
Total revenues	-	1,008,402	1,008,402	533,083
Expenditures				
Economic and physical development	893,472	236,351	657,121	334,594
Total expenditures	893,472	236,351	657,121	334,594
Revenues over expenditures	(893,472)	772,051	1,665,523	198,489
Other financing sources (uses)				
Transfer to component unit	73,848	-	(73,848)	-
Appropriated fund balance	819,624	-	(819,624)	-
Total other financing sources (uses)	893,472	-	(893,472)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	772,051	\$ 772,051	198,489
Fund balances				
Beginning of year - July 1		1,546,889		1,348,400
End of year - June 30		\$ 2,318,940		\$ 1,546,889

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Property Revaluation Fund
 Year Ended June 30, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Interest earned on investments	\$ 7,500	\$ 3,246	\$ (4,254)	\$ 12,955
Total revenues	<u>7,500</u>	<u>3,246</u>	<u>(4,254)</u>	<u>12,955</u>
Expenditures				
General government	<u>329,348</u>	<u>312,348</u>	<u>17,000</u>	<u>354,322</u>
Total expenditures	<u>329,348</u>	<u>312,348</u>	<u>17,000</u>	<u>354,322</u>
Revenues over expenditures	<u>(321,848)</u>	<u>(309,102)</u>	<u>12,746</u>	<u>(341,367)</u>
Other financing sources (uses)				
Transfers in	309,506	309,506	-	186,792
Appropriated fund balance	<u>12,342</u>	<u>-</u>	<u>(12,342)</u>	<u>-</u>
Total other financing sources (uses)	<u>321,848</u>	<u>309,506</u>	<u>(12,342)</u>	<u>186,792</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>404</u>	<u>\$ 404</u>	<u>(154,575)</u>
Fund balances				
Beginning of year - July 1		<u>59,373</u>		<u>213,948</u>
End of year - June 30		<u>\$ 59,777</u>		<u>\$ 59,373</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Recreation Fund
 Year Ended June 30, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Ad valorem taxes	\$ 2,798,000	\$ 2,977,162	\$ 179,162	\$ 3,020,702
Other taxes	1,759	-	(1,759)	1,853
Unrestricted intergovernmental revenue	41,000	20,992	(20,008)	42,393
Restricted intergovernmental revenue	-	32,363	32,363	20,957
Sales and services	165,000	218,584	53,584	155,195
Interest earned on investments	100,000	101,066	1,066	188,243
Miscellaneous	21,470	13,968	(7,502)	30,918
Total revenues	3,127,229	3,364,135	236,906	3,460,261
Expenditures				
Cultural and recreational Recreational cost	3,221,110	2,385,882	835,228	2,848,055
Total expenditures	3,221,110	2,385,882	835,228	2,848,055
Revenues over expenditures	(93,881)	978,253	1,072,134	612,206
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(800,000)	(800,000)	-	-
Appropriated fund balance	893,881	-	(893,881)	-
Total other financing sources (uses)	93,881	(800,000)	(893,881)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	178,253	\$ 178,253	612,206
Fund balances				
Beginning of year - July 1		3,709,876		3,097,670
End of year - June 30		<u>\$ 3,888,129</u>		<u>\$ 3,709,876</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Juvenile Crime Prevention
 Year Ended June 30, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 1,086,821	\$ 1,094,921	\$ 8,100	\$ 1,159,984
Sales and services	155,264	150,437	(4,827)	89,605
Interest earned on investments	-	6,774	6,774	15,859
Miscellaneous	-	125	125	133
Total revenues	1,242,085	1,252,257	10,172	1,265,581
Expenditures				
Juvenile court outreach	871,692	825,395	46,297	709,947
Residential group home	622,201	605,903	16,298	665,965
Total expenditures	1,493,893	1,431,298	62,595	1,375,912
Revenues over expenditures	(251,808)	(179,041)	72,767	(110,331)
Other financing sources (uses)				
Transfers in	147,435	147,435	-	184,755
Appropriated fund balance	104,373	-	(104,373)	-
Total other financing sources (uses)	251,808	147,435	(104,373)	184,755
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(31,606)	\$ (31,606)	74,424
Fund balances				
Beginning of year - July 1		226,184		151,760
End of year - June 30		\$ 194,578		\$ 226,184

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Transportation Fund
 Year Ended June 30, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 516,237	\$ 398,864	\$ (117,373)	\$ 351,907
Sales and services	48,753	43,110	(5,643)	39,593
Interest earned on investments	1,864	2,400	536	4,570
Miscellaneous	-	3,330	3,330	-
Total revenues	<u>566,854</u>	<u>447,704</u>	<u>(119,150)</u>	<u>396,070</u>
Expenditures				
Economic and physical development				
Economic and physical development	580,831	472,010	108,821	427,792
Total expenditures	<u>580,831</u>	<u>472,010</u>	<u>108,821</u>	<u>427,792</u>
Revenues over expenditures	<u>(13,977)</u>	<u>(24,306)</u>	<u>(10,329)</u>	<u>(31,722)</u>
Other financing sources (uses)				
Transfers in	9,407	6,030	(3,377)	21,498
Appropriated fund balance	4,570	-	(4,570)	-
Total other financing sources (uses)	<u>13,977</u>	<u>6,030</u>	<u>(7,947)</u>	<u>21,498</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(18,276)</u>	<u>\$ (18,276)</u>	<u>(10,224)</u>
Fund balances				
Beginning of year - July 1		32,559		42,783
End of year - June 30		<u>\$ 14,283</u>		<u>\$ 32,559</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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balances				
Beginning of year - July 1		<u>78,134</u>		<u>78,134</u>
End of year - June 30		<u>\$ 78,134</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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 7,502,740	\$ 3,878,242	\$ (3,624,498)	\$ 4,213,595
Sales and services	43,844	39,477	(4,367)	-
Miscellaneous	8,833	67,416	58,583	6,265
Total revenues	7,555,417	3,985,135	(3,570,282)	4,219,860
Expenditures				
Economic and physical development				
Administration	671,535	458,780	212,755	453,536
Housing activities	3,891,483	2,235,697	1,655,786	2,237,845
Public facilities	1,212,356	-	1,212,356	43,942
Public services	291,852	282,236	9,616	248,301
Infrastructure	121,371	38,213	83,158	608,931
Planning	21,786	1,458	20,328	17,752
Emergency shelter	107,124	86,518	20,606	184,106
Program grants	1,349,209	413,427	935,782	463,547
Economic Development	325,948	260,765	65,183	27,850
Debt service	241,123	241,123	-	212,054
Total expenditures	8,233,787	4,018,217	4,215,570	4,497,864
Revenues over (under) expenditures	(678,370)	(33,082)	645,288	(278,004)
Other financing sources (uses)				
Transfers in	165,295	103,850	(61,445)	233,826
Appropriated fund balance	513,075	-	(513,075)	-
Total other financing sources (uses)	678,370	103,850	(574,520)	233,826
Revenues and other financing sources (uses) over (under) expenditures	\$ -	70,768	\$ 70,768	(44,178)
Fund balances				
Beginning of year - July 1		592,797		636,975
End of year - June 30		\$ 663,565		\$ 592,797

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Fire Protection Fund
 Year Ended June 30, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Ad valorem taxes	\$ 5,674,789	\$ 5,705,143	\$ 30,354	\$ 5,839,743
Other taxes	10,632	-	(10,632)	8,379
Unrestricted intergovernmental revenue	174,309	84,963	(89,346)	170,564
Interest earned on investments	-	5,572	5,572	10,925
Total revenues	<u>5,859,730</u>	<u>5,795,678</u>	<u>(64,052)</u>	<u>6,029,611</u>
Expenditures				
Public safety	6,500,330	6,143,594	356,736	5,692,945
Total expenditures	<u>6,500,330</u>	<u>6,143,594</u>	<u>356,736</u>	<u>5,692,945</u>
Revenues over expenditures	<u>(640,600)</u>	<u>(347,916)</u>	<u>292,684</u>	<u>336,666</u>
Other financing sources (uses)				
Appropriated fund balance	640,600	-	(640,600)	-
Total other financing sources (uses)	<u>640,600</u>	<u>-</u>	<u>(640,600)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(347,916)</u>	<u>\$ (347,916)</u>	<u>336,666</u>
Fund balances				
Beginning of year - July 1		815,893		479,227
End of year - June 30		<u>\$ 467,977</u>		<u>\$ 815,893</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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 94,367	\$ 94,367	\$ 1,059,575
Interest earned on investments	-	64,560	64,560	123,460
Total revenues	-	158,927	158,927	1,183,035
Expenditures				
Public safety	244,029	92,186	151,843	468,186
Total expenditures	244,029	92,186	151,843	468,186
Revenues over expenditures	(244,029)	66,741	310,770	714,849
Other financing sources (uses)				
Transfers (out)	(514,363)	(500,000)	14,363	-
Appropriated fund balance	758,392	-	(758,392)	-
Total other financing sources (uses)	244,029	(500,000)	(744,029)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(433,259)	\$ (433,259)	714,849
Fund balances				
Beginning of year - July 1		2,377,302		1,662,453
End of year - June 30		\$ 1,944,043		\$ 2,377,302

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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ 7,078
Interest earned on investments	-	967	967	2,208
Total revenues	-	967	967	9,286
Expenditures				
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Revenues over expenditures	-	967	967	9,286
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	967	<u>\$ 967</u>	9,286
Fund balances				
Beginning of year - July 1		40,684		31,398
End of year - June 30		<u>\$ 41,651</u>		<u>\$ 40,684</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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 102,252	\$ 102,252	\$ 36,742
Interest earned on investments	-	3,374	3,374	6,095
Total revenues	-	105,626	105,626	42,837
Expenditures				
Current				
General government				
Public safety	83,695	41,248	42,447	26,964
Total expenditures	83,695	41,248	42,447	26,964
Revenues over expenditures	(83,695)	64,378	148,073	15,873
Other financing sources (uses)				
Appropriated fund balance	83,695	-	(83,695)	-
Total other financing sources (uses)	83,695	-	(83,695)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	64,378	\$ 64,378	15,873
Fund balances				
Beginning of year - July 1		113,660		97,787
End of year - June 30		\$ 178,038		\$ 113,660

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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 3,000	\$ 3,205	\$ 205	\$ 7,548
Total revenues	<u>3,000</u>	<u>3,205</u>	<u>205</u>	<u>7,548</u>
Expenditures				
Current				
General government				
Public safety	4,394	2,283	2,111	7,430
Total expenditures	<u>4,394</u>	<u>2,283</u>	<u>2,111</u>	<u>7,430</u>
Revenues over expenditures	<u>(1,394)</u>	<u>922</u>	<u>2,316</u>	<u>118</u>
Other financing sources (uses)				
Appropriated fund balance	1,394	-	(1,394)	-
Total other financing sources (uses)	<u>1,394</u>	<u>-</u>	<u>(1,394)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>922</u>	<u>\$ 922</u>	<u>118</u>
Fund balances				
Beginning of year - July 1		677		559
End of year - June 30		<u>\$ 1,599</u>		<u>\$ 677</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Downtown Revitalization
 Year Ended June 30, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 4,493	\$ 4,493	\$ 10,448
Total revenues	-	4,493	4,493	10,448
Expenditures				
Current				
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Revenues over expenditures	-	4,493	4,493	10,448
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>4,493</u>	<u>\$ 4,493</u>	<u>10,448</u>
Fund balances				
Beginning of year - July 1		189,128		178,680
End of year - June 30		<u>\$ 193,621</u>		<u>\$ 189,128</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, 2002
 (With Comparative Totals for Year Ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 4,218	\$ 4,218	\$ 2,454
Miscellaneous	-	368,088	368,088	330,115
Total revenues	-	372,306	372,306	332,569
Public safety	-	280,476	(280,476)	303,940
Total expenditures	-	280,476	(280,476)	303,940
Revenues over expenditures	-	91,830	91,830	28,629
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>91,830</u>	<u>\$ 91,830</u>	28,629
Fund balances				
Beginning of year - July 1		115,774		87,145
End of year - June 30		<u>\$ 207,604</u>		<u>\$ 115,774</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2002

	Library Bond Fund	Detention Facility Fund	Capital Project Bond Fund	FTCC Bond Fund	Social Services/Community Corrections Fund	Winding Creek Renovation Fund	1998 School Bond Fund	Animal Control Building	Total Nonmajor Capital Project Funds
Assets									
Restricted assets:									
Cash and cash equivalents	\$ 3,423	\$ 430,225	\$ -	\$ -	\$ 194,051	\$ -	\$ -	\$ 220,669	\$ 848,368
Investments	1,320,531	9,224,725	-	-	6,486,145	134,346	6,037,402	-	23,203,149
Accounts receivable	258	61,847	-	-	4,586	3	-	27	66,721
Total assets	\$ 1,324,212	\$ 9,716,797	\$ -	\$ -	\$ 6,684,782	\$ 134,349	\$ 6,037,402	\$ 220,696	\$ 24,118,238
Liabilities and fund balances									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ 1,351,372	\$ -	\$ -	\$ 38,520	\$ -	\$ 847,773	\$ -	\$ 2,237,665
Due to other funds	-	-	-	-	-	-	1,788,247	-	1,788,247
Total liabilities	-	1,351,372	-	-	38,520	-	2,636,020	-	4,025,912
Fund balances:									
Reserved for encumbrances	3,270	303,801	-	-	365	-	-	-	307,436
Reserved by state statute	258	61,847	-	-	4,586	3	-	27	66,721
Designated for subsequent year's expenditures	-	881,335	-	-	109,217	-	-	-	990,552
Undesignated	1,320,684	7,118,442	-	-	6,532,094	134,346	3,401,382	220,669	18,727,617
Total fund balances	1,324,212	8,355,425	-	-	6,646,262	134,349	3,401,382	220,696	20,092,326
Total liabilities and fund balances	\$ 1,324,212	\$ 9,716,797	\$ -	\$ -	\$ 6,684,782	\$ 134,349	\$ 6,037,402	\$ 220,696	\$ 24,118,238

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended June 30, 2002

	Library Bond Fund	Detention Facility Fund	Capital Project Bond Fund	FTCC Bond Fund	Social Services/ Community Corrections Fund	Winding Creek Renovation Fund	1998 School Bond Fund	Animal Control Building	Total Nonmajor Capital Project Funds
Revenues									
Restricted intergovernmental revenue	\$ -	\$ -	\$ 13,783,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,783,008
Sales and services	-	-	-	-	-	-	-	4,774	4,774
Interest earned on investments	30,766	367,318	-	4,679	140,795	5,154	227,709	-	776,441
Miscellaneous	-	37,895	-	-	3,392	1	453,540	-	494,828
Total revenues	30,766	405,213	13,783,008	4,679	144,187	5,155	681,249	4,774	15,059,051
Expenditures									
Capital outlay									
Law-sheriff	-	4,929,376	-	-	-	-	-	-	4,929,376
Social services building	-	-	-	-	842,605	-	-	-	842,605
NC school bond project	-	-	13,783,008	-	-	-	-	-	13,783,008
School bond project	-	-	-	-	-	-	9,916,364	-	9,916,364
FTCC	-	-	-	234,313	-	-	-	-	234,313
Total expenditures	-	4,929,376	13,783,008	234,313	842,605	-	9,916,364	-	29,705,666
Revenues over (under) expenditures	30,766	(4,524,163)	-	(229,634)	(698,418)	5,155	(9,235,115)	4,774	(14,646,615)
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	800,000	-	800,000
Total other financing sources	-	-	-	-	-	-	800,000	-	800,000
Revenues and other financing sources over (under) expenditures	30,766	(4,524,163)	-	(229,634)	(698,418)	5,155	(8,435,115)	4,774	(13,846,615)
Fund balance									
Beginning of year - July 1	1,293,426	12,899,588	-	229,634	7,344,680	129,194	11,836,497	215,922	33,936,941
End of year - June 30	\$ 1,324,212	\$ 8,365,425	\$ -	\$ -	\$ 6,646,262	\$ 134,349	\$ 3,401,382	\$ 220,696	\$ 20,092,326

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Library Bond Fund

From Inception and for Year Ended June 30, 2002

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ 234,080	\$ 946,717	\$ -	\$ 30,786	\$ 977,503
Miscellaneous	-	153,809	-	-	153,809
			-		
Total revenues	<u>234,080</u>	<u>1,100,526</u>	<u>-</u>	<u>30,786</u>	<u>1,131,312</u>
Expenditures					
Capital outlay					
East regional library	4,327,265	4,149,998	-	-	4,149,998
North regional library	5,135,416	4,957,649	-	-	4,957,649
Spring Lake library	2,326,399	2,230,358	-	-	2,230,358
Total expenditures	<u>11,789,080</u>	<u>11,338,005</u>	<u>-</u>	<u>-</u>	<u>11,338,005</u>
Revenues over (under) expenditures	<u>(11,555,000)</u>	<u>(10,237,479)</u>	<u>-</u>	<u>30,786</u>	<u>(10,206,693)</u>
Other financing sources (uses)					
Proceeds of refunding bonds	11,400,000	11,410,905	-	-	11,410,905
Transfers in	726,562	691,562	-	-	691,562
Transfers out	(571,562)	(571,562)	-	-	(571,562)
Total other financing sources	<u>11,555,000</u>	<u>11,530,905</u>	<u>-</u>	<u>-</u>	<u>11,530,905</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,293,426</u>	<u>\$ -</u>	<u>30,786</u>	<u>\$ 1,324,212</u>
Fund balance					
Beginning of year - July 1				<u>1,293,426</u>	
End of year - June 30				<u>\$ 1,324,212</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Detention Facility Fund

From Inception and for Year Ended June 30, 2002

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ 1,190,886	\$ 3,460,975	\$ -	\$ 367,318	\$ 3,828,293
Miscellaneous	1,613,285	436,938	-	37,895	474,833
Total revenues	<u>2,804,171</u>	<u>3,897,913</u>	<u>-</u>	<u>405,213</u>	<u>4,303,126</u>
Expenditures					
Capital outlay					
Law-sheriff	52,786,104	41,001,531	-	4,929,376	45,930,907
Total expenditures	<u>52,786,104</u>	<u>41,001,531</u>	<u>-</u>	<u>4,929,376</u>	<u>45,930,907</u>
Revenues over (under) expenditures	<u>(49,981,933)</u>	<u>(37,103,618)</u>	<u>-</u>	<u>(4,524,163)</u>	<u>(41,627,781)</u>
Other financing sources (uses)					
Proceeds of refunding bonds	49,322,170	99,302,600	-	-	99,302,600
Premium on refunding bonds	122,538	122,536	-	-	122,536
Payment to refund bond escrow agent	-	(49,980,680)	-	-	(49,980,680)
Transfers in	4,654,185	4,654,185	-	-	4,654,185
Transfers out	(4,116,960)	(4,105,435)	-	-	(4,105,435)
Total other financing sources	<u>49,981,933</u>	<u>49,993,206</u>	<u>-</u>	<u>-</u>	<u>49,993,206</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 12,889,588</u>	<u>\$ -</u>	<u>(4,524,163)</u>	<u>\$ 8,365,425</u>
Fund balance					
Beginning of year - July 1				<u>12,889,588</u>	
End of year - June 30				<u>\$ 8,365,425</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Project Bond Fund

From Inception and for Year Ended June 30, 2002

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental revenue	\$ 73,300,000	\$ 57,571,724	\$ -	\$ 13,783,008	\$ 71,354,732
Total revenues	<u>73,300,000</u>	<u>57,571,724</u>	<u>-</u>	<u>13,783,008</u>	<u>71,354,732</u>
Expenditures					
Capital outlay					
NC school bond project	73,300,000	48,512,061	-	13,783,008	62,295,069
School bond project	-	9,059,663	-	-	9,059,663
Total expenditures	<u>73,300,000</u>	<u>57,571,724</u>	<u>-</u>	<u>13,783,008</u>	<u>71,354,732</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ -</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - FTCC Bond Fund

From Inception and for Year Ended June 30, 2002

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ 5,366	\$ 420,738	\$ -	\$ 4,679	\$ 425,417
Total revenues	<u>5,366</u>	<u>420,738</u>	<u>-</u>	<u>4,679</u>	<u>425,417</u>
Expenditures					
Capital outlay					
FTCC	235,000	5,901,104	-	234,313	6,135,417
Total expenditures	<u>235,000</u>	<u>5,901,104</u>	<u>-</u>	<u>234,313</u>	<u>6,135,417</u>
Revenues over (under) expenditures	<u>(229,634)</u>	<u>(5,480,366)</u>	<u>-</u>	<u>(229,634)</u>	<u>(5,710,000)</u>
Other financing sources (uses)					
Bond issuance proceeds	-	5,710,000	-	-	5,710,000
Appropriated fund balance	229,634	-	-	-	-
Total other financing sources	<u>229,634</u>	<u>5,710,000</u>	<u>-</u>	<u>-</u>	<u>5,710,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 229,634</u>	<u>\$ -</u>	<u>(229,634)</u>	<u>\$ -</u>
Fund balance					
Beginning of year - July 1				<u>229,634</u>	
End of year - June 30				<u>\$ -</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Social Services/Community Corrections Fund

From Inception and for Year Ended June 30, 2002

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental revenue	\$ 350,000	\$ 244,999	\$ -	\$ -	\$ 244,999
Interest earned on investments	1,408,835	3,210,181	-	140,795	3,350,976
Miscellaneous	100,000	664,828	-	3,392	668,220
			-		
Total revenues	<u>1,858,835</u>	<u>4,120,008</u>	<u>-</u>	<u>144,187</u>	<u>4,264,195</u>
Expenditures					
Capital outlay					
Community correction center	2,890,349	2,627,842	-	-	2,627,842
Social services building	34,016,443	30,969,210	-	842,605	31,811,815
Total expenditures	<u>36,906,792</u>	<u>33,597,052</u>	<u>-</u>	<u>842,605</u>	<u>34,439,657</u>
Revenues over (under) expenditures	<u>(35,047,957)</u>	<u>(29,477,044)</u>	<u>-</u>	<u>(698,418)</u>	<u>(30,175,462)</u>
Other financing sources (uses)					
Proceeds of refunding bonds	34,950,000	34,950,000	-	-	34,950,000
Transfers in	191,317	2,063,848	-	-	2,063,848
Transfers out	(202,577)	(192,124)	-	-	(192,124)
Appropriated fund balance	109,217	-	-	-	-
Total other financing sources	<u>35,047,957</u>	<u>36,821,724</u>	<u>-</u>	<u>-</u>	<u>36,821,724</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 7,344,680</u>	<u>\$ -</u>	<u>(698,418)</u>	<u>\$ 6,646,262</u>
Fund balance					
Beginning of year - July 1				<u>7,344,680</u>	
End of year - June 30				<u>\$ 6,646,262</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Winding Creek Renovation Fund

From Inception and for Year Ended June 30, 2002

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ -	\$ 96,711	\$ -	\$ 5,154	\$ 101,865
Miscellaneous	-	20,534	-	1	20,535
Total revenues	<u>-</u>	<u>117,245</u>	<u>-</u>	<u>5,155</u>	<u>122,400</u>
Expenditures					
Capital outlay					
Winding creek	2,300,400	2,288,702	-	-	2,288,702
Total expenditures	<u>2,300,400</u>	<u>2,288,702</u>	<u>-</u>	<u>-</u>	<u>2,288,702</u>
Revenues over (under) expenditures	<u>(2,300,400)</u>	<u>(2,171,457)</u>	<u>-</u>	<u>5,155</u>	<u>(2,166,302)</u>
Other financing sources (uses)					
Bond issuance proceeds	3,092,150	3,092,400	-	-	3,092,400
Debt principal payment	(791,750)	(791,749)	-	-	(791,749)
Total other financing sources	<u>2,300,400</u>	<u>2,300,651</u>	<u>-</u>	<u>-</u>	<u>2,300,651</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 129,194</u>	<u>\$ -</u>	<u>5,155</u>	<u>\$ 134,349</u>
Fund balance					
Beginning of year - July 1				129,194	
End of year - June 30				<u>\$ 134,349</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - 1998 School Bond Fund

From Inception and for Year Ended June 30, 2002

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 6,035,690	\$ 6,035,346	\$ -	\$ 227,709	\$ 6,263,055
Miscellaneous	999,867	999,867	-	453,540	1,453,407
Total revenues	<u>7,035,557</u>	<u>7,035,213</u>	<u>-</u>	<u>681,249</u>	<u>7,716,462</u>
Expenditures					
Capital outlay					
School bond project	106,613,737	79,154,196	-	9,916,364	89,070,560
Total expenditures	<u>106,613,737</u>	<u>79,154,196</u>	<u>-</u>	<u>9,916,364</u>	<u>89,070,560</u>
Revenues over (under) expenditures	<u>(99,578,180)</u>	<u>(72,118,983)</u>	<u>-</u>	<u>(9,235,115)</u>	<u>(81,354,098)</u>
Other financing sources (uses)					
Bond issuance proceeds	98,128,180	83,305,480	-	-	83,305,480
Transfers in	1,450,000	650,000	-	800,000	1,450,000
Total other financing sources	<u>99,578,180</u>	<u>83,955,480</u>	<u>-</u>	<u>800,000</u>	<u>84,755,480</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 11,836,497</u>	<u>\$ -</u>	<u>(8,435,115)</u>	<u>\$ 3,401,382</u>
Fund balance					
Beginning of year - July 1				<u>11,836,497</u>	
End of year - June 30				<u>\$ 3,401,382</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2002

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Sales and Services	\$ -	\$ 10,487	\$ -	\$ 4,774	\$ 15,261
Miscellaneous	-	5,435	-	-	5,435
Total revenues	<u>-</u>	<u>15,922</u>	<u>-</u>	<u>4,774</u>	<u>20,696</u>
Expenditures					
Capital outlay					
Animal control building	200,000	-	-	-	-
Total expenditures	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(200,000)</u>	<u>15,922</u>	<u>-</u>	<u>4,774</u>	<u>20,696</u>
Other financing sources (uses)					
Transfers in	200,000	200,000	-	-	200,000
Total other financing sources	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 215,922</u>	<u>\$ -</u>	<u>4,774</u>	<u>\$ 220,696</u>
Fund balance					
Beginning of year - July 1				<u>215,922</u>	
End of year - June 30				<u>\$ 220,696</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, 2002
(With Comparative Totals for June 30, 2001)

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 322	\$ (322)	\$ 5,544
Burial Fees	6,900	1,800	5,100	3,600
Total revenues	<u>6,900</u>	<u>2,122</u>	<u>4,778</u>	<u>9,144</u>
Expenditures				
Capital outlay				
Maintenance	6,900	2,909	3,991	2,882
Total expenditures	<u>6,900</u>	<u>2,909</u>	<u>3,991</u>	<u>2,882</u>
Revenues over (under) expenditures	<u>-</u>	<u>(787)</u>	<u>787</u>	<u>6,262</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>(787)</u>	<u>\$ 787</u>	<u>6,262</u>
Fund balance				
Beginning of year - July 1		<u>35,322</u>		<u>29,060</u>
End of year - June 30		<u>\$ 34,535</u>		<u>\$ 35,322</u>

ENTERPRISE FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Cumberland County Crown Center Fund
Year Ended June 30, 2002

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Operating revenues				
Charges for services	\$ 2,866,680	\$ 1,699,357	\$ (1,167,323)	\$ 2,235,911
Total operating revenues	<u>2,866,680</u>	<u>1,699,357</u>	<u>(1,167,323)</u>	<u>2,235,911</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	-	15,470	15,470	17,538
Motel occupancy tax	657,811	653,147	(4,664)	619,464
Miscellaneous	-	3,370	3,370	573
Transfers in	6,262,653	6,061,364	(201,289)	2,617,371
Total Nonoperating revenues and other financing sources	<u>6,920,464</u>	<u>6,733,351</u>	<u>(187,113)</u>	<u>3,254,946</u>
Appropriated fund balance	87,374	-	(87,374)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 9,874,518</u>	<u>\$ 8,432,708</u>	<u>\$ (1,441,810)</u>	<u>\$ 5,490,857</u>
Operating expenditures				
Salaries and employee benefits	\$ 1,481,271	\$ 1,343,060	\$ 138,211	\$ 1,245,040
Other supplies	108,800	109,803	(1,003)	53,013
Repairs and maintenance	546,800	381,525	165,275	274,088
Food and related supplies	1,159,000	563,049	595,951	792,693
Utilities	850,000	607,267	242,733	887,827
Administrative costs	934,440	559,031	375,409	968,554
Total operating expenditures	<u>5,080,311</u>	<u>3,563,735</u>	<u>1,516,576</u>	<u>4,221,215</u>
Nonoperating expenditures				
Interest expense	4,096,725	3,402,878	693,847	3,214,193
Tax distribution fee	157,811	19,492	138,319	18,536
Total nonoperating expenditures	<u>4,254,536</u>	<u>3,422,370</u>	<u>832,166</u>	<u>3,232,729</u>
Other expenditures and financing uses				
Principal payments	-	1,076,091	(1,076,091)	689,753
Capital outlay	539,671	317,538	222,133	137,328
Transfers out	-	-	-	(3,880,424)
Total other expenditures and financing uses	<u>539,671</u>	<u>1,393,629</u>	<u>(853,958)</u>	<u>(3,053,343)</u>
Total expenditures and other financing uses	<u>\$ 9,874,518</u>	<u>\$ 8,379,734</u>	<u>\$ 1,494,784</u>	<u>\$ 4,400,601</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 8,432,708		
Total expenditures and other financing uses		<u>8,379,734</u>		
		52,974		
Capital outlay		317,538		
Depreciation		(1,685,503)		
Principal payments		1,076,091		
Net transfers		<u>(6,061,364)</u>		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets		<u>\$ (6,300,264)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Cumberland County Solid Waste Fund
Year Ended June 30, 2002

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 2,072,538	\$ 2,255,286	\$ 182,748	\$ 2,370,732
Other operating revenue	251,388	284,230	32,842	292,684
Total operating revenues	<u>2,323,926</u>	<u>2,539,516</u>	<u>215,590</u>	<u>2,663,416</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	100,000	538,005	438,005	718,420
Gain (loss) on disposal of capital assets	-	-	-	12,353
Miscellaneous	4,600	20,075	15,475	721,442
Taxes	4,265,294	4,325,389	60,095	4,314,283
Grant revenue	-	67,001	67,001	-
Capital contributions	-	1,566,925	1,566,925	-
Total Nonoperating revenues and other financing sources	<u>4,369,894</u>	<u>6,517,395</u>	<u>2,147,501</u>	<u>5,766,498</u>
Appropriated fund balance	390,695	-	(390,695)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 7,084,515</u>	<u>\$ 9,056,911</u>	<u>\$ 1,972,396</u>	<u>\$ 8,429,914</u>
Operating expenditures				
Salaries and employee benefits	\$ 2,240,379	\$ 2,044,463	\$ 195,916	\$ 2,102,194
Other supplies	1,452,745	669,635	783,110	772,916
Repairs and maintenance	656,069	321,259	334,810	421,178
Utilities	107,004	46,834	60,170	70,820
Administrative costs	1,080,315	407,788	672,527	564,739
Landfill closure and postclosure care costs	189,371	753,901	(564,530)	597,167
Total operating expenditures	<u>5,725,883</u>	<u>4,243,880</u>	<u>1,482,003</u>	<u>4,529,014</u>
Nonoperating expenditures				
Interest expense	11,283	11,281	2	25,797
Total nonoperating expenditures	<u>11,283</u>	<u>11,281</u>	<u>2</u>	<u>25,797</u>
Other expenditures and financing uses				
Principal payments	346,153	346,150	3	331,635
Capital outlay	5,790,469	439,631	5,350,838	3,022,208
Transfers out	(4,789,273)	-	(4,789,273)	-
Total other expenditures and financing uses	<u>1,347,349</u>	<u>785,781</u>	<u>561,568</u>	<u>3,353,843</u>
Total expenditures and other financing uses	<u>\$ 7,084,515</u>	<u>\$ 5,040,942</u>	<u>\$ 2,043,573</u>	<u>\$ 7,908,654</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 9,056,911		
Total expenditures and other financing uses		<u>5,040,942</u>		
		4,015,969		
Capital outlay		439,631		
Depreciation		(789,387)		
Principal payments		346,150		
Capital contributions		<u>(1,566,925)</u>		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets		<u>\$ 2,445,438</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, 2002

	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	<u>-</u>	<u>70,849</u>	<u>-</u>	<u>-</u>	<u>70,849</u>
Expenditures					
Capital outlay					
Other	4,789,273	4,198,048	-	-	4,198,048
Total expenditures	<u>4,789,273</u>	<u>4,198,048</u>	<u>-</u>	<u>-</u>	<u>4,198,048</u>
Revenues over (under) expenditures	<u>(4,789,273)</u>	<u>(4,127,199)</u>	<u>-</u>	<u>-</u>	<u>(4,127,199)</u>
Other financing sources (uses)					
Transfers in	4,789,273	4,789,273	-	-	4,789,273
Total other financing sources	<u>4,789,273</u>	<u>4,789,273</u>	<u>-</u>	<u>-</u>	<u>4,789,273</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 662,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 662,074</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Arena Ventures Marketing Fund
Year Ended June 30, 2002

	2002			2001
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Other operating revenue	\$ -	\$ 66,668	\$ 66,668	\$ -
Total operating revenues	<u>-</u>	<u>66,668</u>	<u>66,668</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ -</u>	<u>\$ 66,668</u>	<u>\$ 66,668</u>	<u>\$ -</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		<u>\$ 66,668</u>	<u>66,668</u>	
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets		<u>\$ 66,668</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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INTERNAL SERVICE FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Net Assets

Internal Service Funds

June 30, 2002

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Total
Assets					
Current assets					
Accounts receivable	\$ 342,830	\$ 16,546	\$ 40,239	\$ 90	\$ 399,705
Total current assets	<u>342,830</u>	<u>16,546</u>	<u>40,239</u>	<u>90</u>	<u>399,705</u>
Restricted assets					
Cash and cash equivalents	2,953,361	116,033	1,698,136	762,416	5,529,946
Investments	1,996,404	-	501,181	-	2,497,585
Total noncurrent assets	<u>4,949,765</u>	<u>116,033</u>	<u>2,199,317</u>	<u>762,416</u>	<u>8,027,531</u>
Total assets	<u>5,292,595</u>	<u>132,579</u>	<u>2,239,556</u>	<u>762,506</u>	<u>8,427,236</u>
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued liabilities	1,038,496	10,366	58,070	20,864	1,127,796
Deferred revenue	1,613	-	724	-	2,337
Total current liabilities	<u>1,040,109</u>	<u>10,366</u>	<u>58,794</u>	<u>20,864</u>	<u>1,130,133</u>
Total liabilities	<u>1,040,109</u>	<u>10,366</u>	<u>58,794</u>	<u>20,864</u>	<u>1,130,133</u>
Net assets					
Unrestricted	4,252,486	122,213	2,180,762	741,642	7,297,103
Total net assets	<u>\$ 4,252,486</u>	<u>\$ 122,213</u>	<u>\$ 2,180,762</u>	<u>\$ 741,642</u>	<u>\$ 7,297,103</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2002

	Group Insurance Fund	Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Total
Operating revenues					
Contributions	\$ 8,507,618	\$ 419,571	\$ 334,424	\$ -	\$ 9,261,613
Total operating revenues	8,507,618	419,571	334,424	-	9,261,613
Operating expenses					
Salaries and employee benefits	7,930,161	419,599	152,798	-	8,502,558
Administrative costs	-	-	892,103	115,575	1,007,678
Total operating expenses	7,930,161	419,599	1,044,901	115,575	9,510,236
Operating income (loss)	577,457	(28)	(710,477)	(115,575)	(248,623)
Nonoperating revenue (expense)					
Interest earned on investments	81,943	-	44,117	15,904	141,964
Total nonoperating revenue (expense)	81,943	-	44,117	15,904	141,964
Income (loss) before transfers	659,400	(28)	(666,360)	(99,671)	(106,659)
Transfers in	605,455	-	-	218,905	824,360
Transfers out	-	-	(51,815)	-	(51,815)
Change in net assets	1,264,855	(28)	(718,175)	119,234	665,886
Total net assets - beginning	2,987,631	122,241	2,898,937	622,408	6,631,217
Total net assets - ending	\$ 4,252,486	\$ 122,213	\$ 2,180,762	\$ 741,642	\$ 7,297,103

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2002

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Total Internal Service Funds
Operating activities					
Contributions	\$ 8,175,049	\$ 403,025	\$ 327,283	\$ -	\$ 8,905,357
Cash paid for goods and services	-	-	(892,897)	(95,650)	(988,547)
Cash paid for claims	(7,880,585)	(409,233)	(152,798)	-	(8,442,616)
Net cash provided by (used in) operating activities	<u>294,464</u>	<u>(6,208)</u>	<u>(718,412)</u>	<u>(95,650)</u>	<u>(525,806)</u>
Noncapital financing activities					
Transfers in	605,455	-	-	218,905	824,360
Transfers (out)	-	-	(51,815)	-	(51,815)
Net cash provided (used) by noncapital financing activities	<u>605,455</u>	<u>-</u>	<u>(51,815)</u>	<u>218,905</u>	<u>772,545</u>
Investing activities					
Purchase of investments	(1,996,404)	-	(501,181)	-	(2,497,585)
Investment earnings	81,943	-	44,117	15,904	141,964
Net cash provided (used) in investing activities	<u>(1,914,461)</u>	<u>-</u>	<u>(457,064)</u>	<u>15,904</u>	<u>(2,355,621)</u>
Net increase in cash and cash equivalents/investments	<u>(1,014,542)</u>	<u>(6,208)</u>	<u>(1,227,291)</u>	<u>139,159</u>	<u>(2,108,882)</u>
Cash and cash equivalents/investments Beginning of year	<u>3,967,903</u>	<u>122,241</u>	<u>2,925,427</u>	<u>623,257</u>	<u>7,638,828</u>
End of year	<u>\$ 2,953,361</u>	<u>\$ 116,033</u>	<u>\$ 1,698,136</u>	<u>\$ 762,416</u>	<u>\$ 5,529,946</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2002

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 577,457	\$ (28)	\$ (710,477)	\$ (115,575)	\$ (248,623)
Change in assets and liabilities					
(Increase) decrease in other receivables	(334,182)	(16,546)	(6,314)	-	(357,042)
Increase (decrease) in accounts payable	49,576	10,366	(794)	19,925	79,073
Increase (decrease) in deferred revenue	1,613	-	(827)	-	786
Total adjustments	<u>(282,993)</u>	<u>(6,180)</u>	<u>(7,935)</u>	<u>19,925</u>	<u>(277,183)</u>
Net cash provided by (used in) operating activities	<u>\$ 294,464</u>	<u>\$ (6,208)</u>	<u>\$ (718,412)</u>	<u>\$ (95,650)</u>	<u>\$ (525,806)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Contributions	\$ 6,373,643	\$ 8,507,618	\$ 2,133,975	\$ 7,791,597
Non-operating revenues				
Interest earned on investments	126,052	81,943	(44,109)	129,633
Other financing sources				
Transfers in	605,455	605,455	-	738,360
Total revenues and other financing sources	<u>\$ 7,105,150</u>	<u>\$ 9,195,016</u>	<u>\$ 2,089,866</u>	<u>\$ 8,659,590</u>
Operating expenditures				
Salaries and employee benefits	\$ 7,105,150	\$ 7,930,161	\$ (825,011)	\$ 7,601,196
Reconciliation of income before operating transfers				
Total revenues and other financing sources		\$ 9,195,016		
Total expenditures		<u>7,930,161</u>		
Subtotal		1,264,855		
Net transfers		<u>(605,455)</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ 659,400</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Contributions	\$ 500,000	\$ 419,571	\$ (80,429)	\$ 417,121
Total revenues, other financing sources and fund balance appropriations	<u>\$ 500,000</u>	<u>\$ 419,571</u>	<u>\$ (80,429)</u>	<u>\$ 417,121</u>
Operating expenditures				
Salaries and employee benefits	\$ 500,000	\$ 419,599	\$ 80,401	\$ 406,443
Reconciliation of income before operating transfers				
Total revenues and other financing sources		\$ 419,571		
Total expenditures		<u>419,599</u>		
Subtotal		<u>(28)</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ (28)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Operating revenues				
Contributions	\$ 1,272,884	\$ 334,424	\$ (938,460)	\$ 417,641
Non-operating revenues				
Interest earned on investments	120,000	44,117	(75,883)	171,661
Total revenues	<u>\$ 1,392,884</u>	<u>\$ 378,541</u>	<u>\$ (1,014,343)</u>	<u>\$ 589,302</u>
Operating expenditures				
Administrative costs	1,188,616	892,103	296,513	1,111,043
Salaries and employee benefits	152,453	152,798	(345)	
Total expenditures	<u>1,341,069</u>	<u>1,044,901</u>	<u>296,168</u>	<u>1,111,043</u>
Other financing uses				
Transfers out	51,815	51,815	-	129,093
Total expenditures and other financing uses	<u>\$ 1,392,884</u>	<u>\$ 1,096,716</u>	<u>\$ 592,336</u>	<u>\$ 1,240,136</u>
Reconciliation of income before operating transfers				
Total revenues and other financing sources		\$ 378,541		
Total expenditures		<u>1,096,716</u>		
Subtotal		(718,175)		
Net transfers		<u>51,815</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ (666,360)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2002
(With Comparative Totals for June 30, 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Revenues				
Non-operating revenues				
Interest earned on investments	\$ -	\$ 15,904	\$ 15,904	\$ 34,447
Other financing sources				
Transfers in	218,905	218,905	-	300,000
Total revenues and other financing sources	<u>\$ 218,905</u>	<u>\$ 234,809</u>	<u>\$ 15,904</u>	<u>\$ 334,447</u>
Operating expenditures				
Administrative costs	<u>\$ 218,905</u>	<u>\$ 115,575</u>	<u>\$ (103,330)</u>	<u>\$ 284,499</u>
Reconciliation of income before operating transfers				
Total revenues and other financing sources		\$ 234,809		
Total expenditures		<u>115,575</u>		
Subtotal		119,234		
Net transfers		<u>(218,905)</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets		<u>\$ (99,671)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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AGENCY FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA
 Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2002

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Convention Visitors Bureau	Totals
Assets							
Cash and cash equivalents	\$ 17,066	\$ 136,153	\$ 11,333	\$ 186,530	\$ 92,010	\$ 175,425	\$ 618,517
Taxes receivable	4,055,580	-	-	-	102,326	-	4,157,906
Total assets	<u>\$ 4,072,646</u>	<u>\$ 136,153</u>	<u>\$ 11,333</u>	<u>\$ 186,530</u>	<u>\$ 194,336</u>	<u>\$ 175,425</u>	<u>\$ 4,776,423</u>
Liabilities							
Accounts payable and accrued liabilities	\$ 4,035,255	\$ 136,153	\$ 11,333	\$ 186,530	\$ 194,336	\$ 175,425	\$ 4,739,032
Due to other funds	37,391	-	-	-	-	-	37,391
Total liabilities	<u>\$ 4,072,646</u>	<u>\$ 136,153</u>	<u>\$ 11,333</u>	<u>\$ 186,530</u>	<u>\$ 194,336</u>	<u>\$ 175,425</u>	<u>\$ 4,776,423</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2002**

	<u>July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2002</u>
City Tax Fund				
Assets				
Cash and cash equivalents	\$ 25,282	\$ 37,956,200	\$ 37,964,416	\$ 17,066
Taxes receivable	3,389,872	38,622,195	37,956,487	4,055,580
Total assets	<u>\$ 3,415,154</u>	<u>\$ 76,578,395</u>	<u>\$ 75,920,903</u>	<u>\$ 4,072,646</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 3,378,124	\$ 76,540,933	\$ 75,883,802	\$ 4,035,255
Due to other funds	37,030	37,462	37,101	37,391
Total liabilities	<u>\$ 3,415,154</u>	<u>\$ 76,578,395</u>	<u>\$ 75,920,903</u>	<u>\$ 4,072,646</u>
Payee Account Fund				
Assets				
Cash and cash equivalents	\$ 278,865	\$ 872,184	\$ 1,014,896	\$ 136,153
Total assets	<u>\$ 278,865</u>	<u>\$ 872,184</u>	<u>\$ 1,014,896</u>	<u>\$ 136,153</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 278,865	\$ 872,184	\$ 1,014,896	\$ 136,153
Total liabilities	<u>\$ 278,865</u>	<u>\$ 872,184</u>	<u>\$ 1,014,896</u>	<u>\$ 136,153</u>
Inmate Payee Fund				
Assets				
Cash and cash equivalents	\$ 18,646	\$ 663,103	\$ 670,416	\$ 11,333
Total assets	<u>\$ 18,646</u>	<u>\$ 663,103</u>	<u>\$ 670,416</u>	<u>\$ 11,333</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 18,646	\$ 663,103	\$ 670,416	\$ 11,333
Total liabilities	<u>\$ 18,646</u>	<u>\$ 663,103</u>	<u>\$ 670,416</u>	<u>\$ 11,333</u>
Intergovernmental Custodial Fund				
Assets				
Cash and cash equivalents	\$ 218,105	\$ 763,247	\$ 794,822	\$ 186,530
Total assets	<u>\$ 218,105</u>	<u>\$ 763,247</u>	<u>\$ 794,822</u>	<u>\$ 186,530</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 218,105	\$ 763,247	\$ 794,822	\$ 186,530
Total liabilities	<u>\$ 218,105</u>	<u>\$ 763,247</u>	<u>\$ 794,822</u>	<u>\$ 186,530</u>
Stormwater Utility Fund				
Assets				
Cash and cash equivalents	\$ 87,582	\$ 1,982,215	\$ 1,977,787	\$ 92,010
Taxes receivable	77,006	1,995,282	1,969,962	102,326
Total assets	<u>\$ 164,588</u>	<u>\$ 3,977,497</u>	<u>\$ 3,947,749</u>	<u>\$ 194,336</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 164,588	\$ 3,977,497	\$ 3,947,749	\$ 194,336
Total liabilities	<u>\$ 164,588</u>	<u>\$ 3,977,497</u>	<u>\$ 3,947,749</u>	<u>\$ 194,336</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2002

Convention Visitors Bureau

Assets

Cash and cash equivalents	\$ 50,833	\$ 775,282	\$ 650,690	\$ 175,425
Total assets	\$ 50,833	\$ 775,282	\$ 650,690	\$ 175,425

Liabilities

Accounts payable and accrued liabilities	\$ 50,833	\$ 775,282	\$ 650,690	\$ 175,425
Total liabilities	\$ 50,833	\$ 775,282	\$ 650,690	\$ 175,425

TOTAL - ALL AGENCY FUNDS

Assets

Cash and cash equivalents	\$ 679,313	\$ 43,012,231	\$ 43,073,027	\$ 618,517
Taxes receivable	3,466,878	40,617,477	39,926,449	4,157,906
Total assets	\$ 4,146,191	\$ 83,629,708	\$ 82,999,476	\$ 4,776,423

Liabilities

Accounts payable and accrued liabilities	\$ 4,109,161	83,592,246	82,962,375	\$ 4,739,032
Due to other funds	37,030	37,462	37,101	37,391
Total liabilities	\$ 4,146,191	\$ 83,629,708	\$ 82,999,476	\$ 4,776,423

COUNTY OF CUMBERLAND, NORTH CAROLINA
 Combining Statement of Fiduciary Assets and Liabilities
 Agency Fund - City Tax Fund
 June 30, 2002

	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	Totals
Assets										
Cash and cash equivalents	\$ 2,370	\$ -	\$ 549	\$ 137	\$ 5,370	\$ 242	\$ 4,892	\$ 2,804	\$ 702	\$ 17,066
Taxes receivable	3,587,956	5,144	1,472	1,543	198,243	1,398	239,819	14,764	5,221	4,055,560
Total assets	<u>\$ 3,590,326</u>	<u>\$ 5,144</u>	<u>\$ 2,021</u>	<u>\$ 1,680</u>	<u>\$ 203,613</u>	<u>\$ 1,640</u>	<u>\$ 244,711</u>	<u>\$ 17,588</u>	<u>\$ 5,923</u>	<u>\$ 4,072,646</u>
Liabilities										
Accounts payable and accrued liabilities	\$ 3,590,326	\$ (32,247)	\$ 2,021	\$ 1,680	\$ 203,613	\$ 1,640	\$ 244,711	\$ 17,588	\$ 5,923	\$ 4,035,255
Due to other funds	-	37,391	-	-	-	-	-	-	-	37,391
Total liabilities	<u>\$ 3,590,326</u>	<u>\$ 5,144</u>	<u>\$ 2,021</u>	<u>\$ 1,680</u>	<u>\$ 203,613</u>	<u>\$ 1,640</u>	<u>\$ 244,711</u>	<u>\$ 17,588</u>	<u>\$ 5,923</u>	<u>\$ 4,072,646</u>

**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, 2002

Assets	
Current assets	
Cash and cash equivalents	\$ 274,042
Accounts receivable	<u>8,111</u>
Total current assets	<u>282,153</u>
Noncurrent assets	
Restricted:	
Cash and cash equivalents	375,984
Accounts receivable	83,093
Capital assets, net of accumulated depreciation	<u>6,246,974</u>
Total noncurrent assets	<u>6,706,051</u>
Total assets	<u>6,988,204</u>
Liabilities and net assets	
Current liabilities	
Accounts payable and accrued liabilities	<u>321,928</u>
Total current liabilities	<u>321,928</u>
Noncurrent liabilities	
Long-term debt	<u>3,904,000</u>
Total noncurrent liabilities	<u>3,904,000</u>
Total liabilities	<u>4,225,928</u>
Net assets	
Invested in capital assets, net of related debt	2,342,973
Unrestricted	<u>419,303</u>
Total net assets	<u>\$ 2,762,276</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, 2002

Operating revenues	
Charges for services	\$ 15,209
Total operating revenues	<u>15,209</u>
Operating expenses	
Salaries and employee benefits	2,583
Miscellaneous	<u>214</u>
Total operating expenses	<u>2,797</u>
Operating income (loss)	<u>12,412</u>
Nonoperating revenue (expense)	
Miscellaneous	9,631
Interest expense	<u>(9,526)</u>
Total nonoperating revenue (expense)	<u>105</u>
Income (loss) before transfers and contributions	12,517
Transfers from primary government	73,847
Capital contributions	<u>2,396,874</u>
Change in net assets	2,483,238
Total net assets - beginning	<u>279,038</u>
Total net assets - ending	<u>\$ 2,762,276</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
 Eastover Sanitary District
 Statement of Cash Flows
 Year Ended June 30, 2002

Operating activities	
Cash received from customers	\$ 53,151
Cash paid to employees	(2,583)
Cash paid for goods and services	<u>187,570</u>
Net cash provided by (used in) operating activities	<u>238,138</u>
Noncapital financing activities	
Transfers from primary government	<u>73,847</u>
Net cash provided (used) by noncapital financing activities	<u>73,847</u>
Capital and related financing activities	
Acquisition and construction of capital assets	(5,144,914)
Proceeds from grant	2,396,874
Proceeds from issuance of long-term debt	3,904,000
Principal paid on long-term debt	(4,417,740)
Interest paid on bonds	(9,526)
Other miscellaneous transactions	<u>9,631</u>
Net cash provided (used) by capital and related financing activities	<u>(3,261,675)</u>
Investing activities	
Proceeds from sale of investments	<u>3,477,372</u>
Net cash provided (used) in investing activities	<u>3,477,372</u>
Net increase in cash and cash equivalents/investments	<u>527,662</u>
Cash and cash equivalents/investments Beginning of year	<u>122,344</u>
End of year	<u>\$ 650,026</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 12,412
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(8,036)
(Increase) decrease in other receivables	45,978
Increase (decrease) in compensated absences payable	<u>187,784</u>
Total adjustments	<u>225,726</u>
Net cash provided by (used in) operating activities	<u>\$ 238,138</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Eastover Sanitary District Fund
Year Ended June 30, 2002

	2002		Variance Positive (Negative)	2001
	Budget	Actual		
Operating revenues				
Charges for services	\$ -	\$ 15,209	\$ 15,209	\$ 96,526
Total operating revenues	-	15,209	15,209	96,526
Nonoperating revenues and other financing sources				
Miscellaneous	-	9,631	9,631	-
Transfers in	144,263	144,263	-	-
Total Nonoperating revenues and other	144,263	153,894	9,631	-
Appropriated fund balance	8,262	-	(8,262)	-
Total revenues, other financing sources and fund balance appropriations	\$ 152,525	\$ 169,103	\$ 16,578	\$ 96,526
Operating expenditures				
Salaries and employee benefits	\$ 2,584	\$ 2,583	\$ 1	\$ -
Miscellaneous	132,152	214	131,938	-
Total operating expenditures	134,736	2,797	131,939	-
Nonoperating expenditures				
Interest expense	9,527	9,526	1	-
Total nonoperating expenditures	9,527	9,526	1	-
Other expenditures and financing uses				
Transfers out	8,262	8,262	-	45,139
Total other expenditures and financing uses	8,262	8,262	-	45,139
Total expenditures and other financing uses	\$ 152,525	\$ 20,585	\$ 131,940	\$ 45,139
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 169,103		
Total expenditures and other financing uses		20,585		
		148,518		
Net transfers		(136,001)		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets		\$ 12,517		

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, 2002

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental revenue	\$ 663,053	\$ 113,480	\$ -	\$ 549,574	\$ 663,054
Interest earned on investments	46,273	-	-	51,986	51,986
Miscellaneous	17,865	-	-	101,525	101,525
Total revenues	<u>727,191</u>	<u>113,480</u>	<u>-</u>	<u>703,085</u>	<u>816,565</u>
Expenditures					
Capital outlay					
Water and sewer	6,689,242	-	-	6,400,485	6,400,485
Total expenditures	<u>6,689,242</u>	<u>-</u>	<u>-</u>	<u>6,400,485</u>	<u>6,400,485</u>
Revenues over (under) expenditures	<u>(5,962,051)</u>	<u>113,480</u>	<u>-</u>	<u>(5,697,400)</u>	<u>(5,583,920)</u>
Other financing sources (uses)					
Proceeds of refunding bonds	3,908,803	-	-	-	-
Capital contributions (USDA)	1,926,000	-	-	1,847,300	1,847,300
Transfers in	127,248	45,139	-	82,109	127,248
Transfers out	(218,111)	-	-	(144,263)	(144,263)
Appropriated fund balance	218,111	-	-	-	-
Total other financing sources	<u>5,962,051</u>	<u>45,139</u>	<u>-</u>	<u>1,785,146</u>	<u>1,830,285</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 158,619</u>	<u>\$ -</u>	<u>(3,912,254)</u>	<u>\$ (3,753,635)</u>
Fund balance					
Beginning of year - July 1				<u>158,619</u>	
End of year - June 30				<u>\$ (3,753,635)</u>	

SUPPLEMENTAL FINANCIAL DATA

COUNTY OF CUMBERLAND, NORTH CAROLINA
 Schedule of Current Tax Levy
 June 30, 2002

	County-wide			Total Levy		
	Total Property Valuation	Rate	Amount of Levy		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy						
County wide	\$ 12,842,338,757	0.00925	\$ 118,791,634			
Late listing penalties		0.10000	<u>125,875</u>	\$ 118,917,509	\$ 103,243,468	\$ 15,674,041
Discoveries						
County wide	110,757,971	0.00925	1,024,512			
Late listing penalties		0.10000	<u>115,721</u>	1,140,233	758,843	381,390
Abatements						
County wide	208,336,410	0.00925	1,927,112			
Late listing penalties		0.10000	<u>25,202</u>	<u>1,952,314</u>	<u>324,285</u>	<u>1,628,029</u>
Adjusted tax levy				118,105,428	103,678,026	14,427,402
Uncollected taxes at June 30, 2002				<u>(5,575,328)</u>	<u>(2,822,734)</u>	<u>(2,752,594)</u>
Current year's taxes collected				<u>\$ 112,530,100</u>	<u>\$ 100,855,292</u>	<u>\$ 11,674,808</u>
Percent of current year's taxes collected				<u>95.28%</u>	<u>97.28%</u>	<u>80.92%</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

June 30, 2002

Fiscal Year	Uncollected Balance July 1, 2001	Additions	Collections and Credits	Uncollected Balance June 30, 2002
2001 -2002	\$ -	\$ 118,105,428	\$ 112,530,100	\$ 5,575,328
Prior years	11,165,172	-	3,808,148	7,357,024
	<u>\$ 11,165,172</u>	<u>\$ 118,105,428</u>	<u>\$ 116,338,248</u>	12,932,352
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,844,424)</u>
				<u>\$ 5,087,928</u>

RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES

Collections and credits per above	\$ 116,338,248
Interest	774,921
Processing fees	64,465
Other	(269,426)
Discounts	<u>(1,226,517)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 115,681,690</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Transfers (continued)

Year Ended June 30, 2002

Transfers From/To Other Funds	Transfers	
	In	Out
General Fund		
Special Revenue Fund		
County School Fund	\$ 4,482,060	\$
Prepared Food and Beverage Fund	36,462	
Workforce Development Administration		1,742
Federal Forfeiture - Justice	500,000	
Industrial Development Fund		556,104
Property Revaluation Fund		309,506
Juvenile Crime Prevention		147,435
County Community Development		3,773
Community Development Home		100,077
Transportation Funds		
Elderly Handicapped Transportation Fund		6,030
Internal Service Fund		
Group Insurance Fund		605,455
Workers' Compensation Fund	51,815	
General Litigation Fund		218,905
Enterprise Fund		
Cumberland County Crown Center		2,911,205
Special Revenue Fund		
Prepared Food and Beverage Fund		
General Fund		36,462
Enterprise Fund		
Cumberland County Crown Center		3,150,159
County School Fund		
General Fund		4,482,060
Workforce Development Administration		
General Fund	1,742	
Federal Forfeiture - Justice		
General Fund		500,000
Industrial Development Fund		
General Fund	556,104	
Property Revaluation Fund		
General Fund	309,506	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Transfers (concluded)

Year Ended June 30, 2002

	Transfers	
	In	Out
Special Revenue Fund (continued)		
Recreation Fund		
Capital Project Fund		
Eastover Water Project	\$	\$ 800,000
Juvenile Crime Prevention		
General Fund	147,435	
County Community Development		
General Fund	3,773	
Community Development Home		
General Fund	100,077	
Handicapped and Elderly Transportation		
General Fund	6,030	
Capital Project Funds		
1998 School Bond Projects		
Special Revenue Fund		
Recreation Fund	800,000	
Enterprise Fund		
Cumberland County Crwon Center		
General Fund	2,911,205	
Special Revenue Fund		
Prepared Food and Beverage Fund	3,150,159	
Internal Service Fund		
Workers' Compensation Fund		
General Fund		51,815
General Litigation Fund		
General Fund	218,905	
Group Insurance Fund		
General Fund	605,455	
	<u> </u>	<u> </u>
Total transfers - other funds	<u>\$ 13,880,728</u>	<u>\$ 13,880,728</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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STATISTICAL SECTION

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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Table 1

COUNTY OF CUMBERLAND, NORTH CAROLINA
 General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years
 (Amounts Expressed in Thousands)
 Unaudited

June 30,	General Government	Public Safety	Transportation	Environmental Production	Economic and Physical Development	Human Service	Cultural and Recreation	Education	Capital Outlay	Debt Service	Total
1993	\$ 10,563	\$ 26,265	\$ 357		\$ 3,933	\$ 51,632	\$ 6,670	\$ 38,749	\$ 6,483	\$ 2,731	\$ 147,383
1994	10,232	27,600	464		4,688	56,722	6,702	39,963	24,546	6,315	177,232
1995	10,972	25,466			7,928	66,753	6,869	46,034	24,503	5,957	194,482
1996	11,338	25,526			7,611	69,392	7,725	48,480	9,813	6,837	186,722
1997	13,004	27,837			10,754	74,509	8,571	46,411	7,927	7,589	196,602
1998	13,414	30,054			8,479	76,363	10,329	48,415	31,568	8,825	227,447
1999	15,470	32,232			12,195	84,325	10,256	56,763	81,712	16,662	309,815
2000	17,214	34,722			10,836	93,199	11,065	64,840	63,758	22,082	317,716
2001	16,716	35,347			9,300	96,391	10,895	70,145	53,044	24,260	316,098
2002	14,434	33,042			9,092	94,277	9,654	82,556	16,249	22,364	281,668

Note (1) Includes all General, Special Revenue, Capital Project and Permanent Funds.

COUNTY OF CUMBERLAND, NORTH CAROLINA

General Governmental Revenues by Source (1)
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
Unaudited

June 30,	Taxes	Unrestricted Inter-Governmental	Restricted Inter-Governmental	Licenses and Permits	Sales and Services	Interest Earned on Investments	Proceeds from Capital Leases	Miscellaneous	Total
1993	\$ 94,266	\$ 5,366	\$ 30,727	\$ 1,761	\$ 10,964	\$ 1,763		\$ 1,875	\$ 146,722
1994	105,062	5,151	37,986	3,048	10,838	2,281	968	1,016	166,350
1995	113,740	4,482	40,233	2,566	9,974	3,378	295	601	175,269
1996	119,604	4,521	46,639	2,689	11,508	3,803		1,081	189,845
1997	127,634	4,996	48,810	2,429	13,025	4,768	3,330	1,876	206,868
1998	132,876	5,514	59,081	2,528	13,489	7,098	2,520	2,595	225,701
1999	148,123	4,220	89,784	2,641	16,776	8,385	2,734	5,762	278,425
2000	154,675	4,162	76,092	2,398	15,345	12,731		6,375	271,778
2001	164,570	4,077	68,264	2,561	15,515	10,757		6,939	272,683
2002	167,260	3,047	76,445	2,848	18,885	3,418		5,748	277,651

Note (1) Revenues include all General, Special Revenue, Capital Project, and Permanent Funds operating revenues and lease purchase proceeds reported as a financing source.

Table 2A

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
Unaudited

June 30,	Property Tax	Sales Tax	Intangibles Tax	Motel Tourism Tax	Real Estate Transfer Tax	Dog and Cat Registration Tax	Prepared Food and Beverage Tax	Total
1993	\$ 62,278	\$ 28,306	\$ 1,831	\$ 467	\$ 1,250	\$ 134		\$ 94,266
1994	70,067	30,678	1,854	485	681	121	1,176	105,062
1995	74,905	33,125	1,984	522	590	146	2,468	113,740
1996	79,232	34,470	1,966	555	607	142	2,632	119,604
1997	87,054	34,796	1,968	606	598	163	2,449	127,634
1998	92,142	35,162	1,955		600	166	2,851	132,876
1999	105,396	37,002	1,960		637	156	2,972	148,123
2000	110,634	38,235	1,986		573	153	3,094	154,675
2001	120,090	38,585	1,977		586	149	3,183	164,570
2002	124,364	36,844	2,000		662	190	3,200	167,260

Table 3

COUNTY OF CUMBERLAND, NORTH CAROLINA

Property Tax Levies and Collections (1)
 Last Ten Fiscal Years
 (Amounts Expressed in Thousands)
 Unaudited

June 30,	Total Adjusted Levy	Current Tax Collection	Percent of Levy Collected	Delinquent Tax Collection	Total Tax Collection	Percent of Total Tax Collections to Adjusted Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Adjust Tax Levy
1993	\$ 62,588	\$ 60,487	96.64%	\$ 1,548	\$ 62,035	99.12%	\$ 5,105	8.16%
1994	71,184	68,335	96.00%	1,872	70,207	98.63%	6,083	8.55%
1995	75,256	72,380	96.18%	2,426	74,806	99.40%	6,533	8.68%
1996	79,735	76,698	96.18%	2,425	79,113	99.22%	7,155	8.97%
1997	89,615	85,397	95.29%	2,032	87,429	97.56%	8,451	9.43%
1998	93,460	89,637	95.91%	3,081	92,718	99.21%	8,779	9.39%
1999	98,460	94,720	96.20%	3,204	97,924	99.46%	9,315	9.46%
2000	102,931	99,453	96.62%	3,820	103,273	100.33%	8,973	8.72%
2001	113,020	108,502	96.00%	2,325	110,827	98.06%	11,165	9.88%
2002	118,105	112,530	95.29%	3,808	116,338	98.50%	12,932	10.95%

Note (1) Includes only the General Fund.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
Unaudited

June 30,	Real Property		Personal Property		Exempt Property		Public Service (3)		Total		Rate of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1993	\$ 6,381,267	\$ 6,381,267	\$ 1,446,270	\$ 1,446,270	\$ 309,278	\$ 309,278	\$ 248,220	\$ 248,220	\$ 7,766,479	\$ 7,766,479	100.00
1994	6,549,358	6,818,697	1,793,707	1,867,472	305,052	317,597	242,662	252,641	8,280,675	8,621,213	96.05
1995	7,354,193	7,802,857	1,790,084	1,899,293	644,865	684,207	262,243	278,242	8,761,655	9,296,185	94.25
1996	7,744,337	8,553,498	1,843,594	2,036,220	731,847	808,313	264,752	292,414	9,120,836	10,073,819	90.54
1997	9,256,162	9,256,162	2,199,190	2,199,190	888,176	888,176	280,420	280,420	10,847,596	10,847,596	100.00
1998	9,657,453	9,657,453	2,243,185	2,243,185	893,552	893,552	295,334	295,334	11,302,420	11,302,420	100.00
1999	10,049,812	10,262,240	2,324,845	2,373,987	989,476	1,010,391	300,831	307,190	11,686,012	11,933,026	97.93
2000	10,520,476	10,864,893	2,475,285	2,556,320	1,079,812	1,115,163	316,779	327,150	12,232,728	12,633,200	96.83
2001	10,737,544	11,205,953	2,614,139	2,728,177	1,164,207	1,214,994	328,454	342,782	12,515,930	13,061,918	95.82
2002	11,052,096	11,921,148	2,585,109	2,788,382	1,234,469	1,331,538	342,024	368,918	12,744,760	13,746,910	92.71

Note (1) Revaluation in calendar year 1996.

Note (2) Exemption for 1995 and after includes Real and Personal property. Prior to 1995 only amounts for real property are listed.

Note (3) Public service companies' property includes real and personal property of utilities, railroads and airlines, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

Note (4) 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.

Table 5

COUNTY OF CUMBERLAND, NORTH CAROLINA

Property Tax Rates – Direct and Overlapping Governments
 Last Ten Fiscal Years
 (Per \$100 of Assessed Value)
 Unaudited

June 30,	Taxes Levied By Cumberland County			
	County Wide Rate	County Recreation Rate	Various Fire Protection Districts (1)	Special Fire Service District (2)
1993	0.725	0.020	.098 to .10	0.005
1994	0.790	0.020	0.10	0.005
1995	0.790	0.020	0.10	0.005
1996	0.790	0.050	0.10	0.005
1997	0.750	0.050	0.10	0.005
1998	0.750	0.050	0.10	0.005
1999	0.840	0.050	0.10	0.005
2000	0.840	0.050	0.10	0.005
2001	0.900	0.050	0.10	0.005
2002	0.925	0.050	0.10	0.005

June 30,	Overlapping Taxes Levied By Municipalities								
	Town of Stedman	Town of Falcon	Town of Wade	Town of Spring Lake (3)	Town of Hope Mills	Town of Godwin	Town of Linden (3)	City of Fayetteville (3)	Fayetteville Revitalization District
1993	0.410	0.150	0.210	0.500	0.380	0.150	0.150	0.560	0.085
1994	0.410	0.150	0.210	0.500	0.380	0.150	0.150	0.560	0.085
1995	0.410	0.150	0.210	0.550	0.430	0.150	0.150	0.575	0.085
1996	0.410	0.150	0.210	0.550	0.430	0.150	0.150	0.575	0.085
1997	0.370	0.150	0.210	0.550	0.380	0.150	0.150	0.495	0.063
1998	0.370	0.150	0.210	0.550	0.380	0.150	0.150	0.495	0.063
1999	0.370	0.150	0.210	0.550	0.380	0.170	0.150	0.510	0.100
2000	0.370	0.150	0.210	0.550	0.380	0.170	0.150	0.510	0.100
2001	0.370	0.150	0.235	0.550	0.410	0.170	0.150	0.530	0.100
2002	0.370	0.150	0.235	0.660	0.410	0.170	0.150	0.530	0.100

Note (1) Cumberland County has seventeen fire districts.

Note (2) Set up in fiscal year 1990 to assist fire departments with limited resources available for funding.

Note (3) Municipalities that do not pay recreation tax.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Principal Taxpayers
(Amounts Expressed in Thousands)
Unaudited

June 30, 2002

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Carolina Telephone and Telegraph	Telephone	\$ 123,511	0.97%
Kelly Springfield	Tire Manufacturer	119,962	0.94%
Black and Decker	Power Tool Manufacturer	97,244	0.76%
Dupont	Textile	89,201	0.70%
Cumberland Associates	Retail Mall	79,844	0.63%
Wal-Mart	Retail/Distribution	77,969	0.61%
Carolina Power and Light	Electrical Utility	66,562	0.52%
Purolator	Auto Filter Manufacturer	61,824	0.49%
N.C. Natural Gas Corporation	Gas Utility	48,966	0.38%
Monsanto	Chemical/Agriculture	42,805	0.34%
Totals		\$ 807,888	6.34%

Table 7

COUNTY OF CUMBERLAND, NORTH CAROLINA

Special Assessment Billings and Collections
 Last Ten Fiscal Years
 (Amounts Expressed in Thousands)
 Unaudited

June 30,	Special Assessment Billings	Special Assessments Collected	Ratio of Annual Collections to Assessments
1993	\$ 291	\$ 245	84.19%
1994	554	200	36.10%
1995	222	186	83.78%
1996	140	221	157.86%
1997	1,257	723	57.52%
1998	569	358	62.92%
1999	324	294	90.74%
2000	167	345	206.59%
2001	88	94	106.82%
2002	71	24	33.80%

COUNTY OF CUMBERLAND, NORTH CAROLINA

Computation of Legal Debt Margin
(Amounts Expressed in Thousands)
Unaudited

June 30, 2002

<hr/>	
Assessed valuations	
Assessed value	\$ 12,744,760
Plus: exempt real property	<u>1,234,469</u>
Total assessed value	<u><u>\$ 13,979,229</u></u>
Debt limitation - 8% of total assessed value	<u>\$ 1,118,338</u>
Debt applicable to limitation:	
Gross debt:	
Total bonded debt	257,178
Authorized and unissued debt	<u>21,480</u>
	278,658
Less: Statutory deductions:	
Authorized and unissued debt	21,480
Special assessment revenue bonds	<u>141,403</u>
	162,883
Total debt applicable to limitation	<u>115,775</u>
Legal debt margin	<u><u>\$ 1,002,563</u></u>

Table 9

COUNTY OF CUMBERLAND, NORTH CAROLINA

Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
Unaudited

June 30,	Population Estimate (1)	Taxable Property Assessed Value (2)	Debt Limit	Debt Applicable to Debt Limit	Legal Debt Margin	Percent - Debt Applicable to Debt Limit of Taxable Property Assessed Value	Bond Debt Outstanding and Authorized but Unissued Debt Per Capita (3)
1993	283	\$ 7,766,479	\$ 646,061	\$ 42,209	\$ 603,852	0.55%	149.15
1994	288	8,280,675	686,859	45,655	641,204	0.55%	158.52
1995	291	8,761,655	752,522	55,180	697,342	0.63%	189.62
1996	293	9,120,836	788,215	52,185	736,030	0.57%	178.10
1997	294	10,847,596	938,862	55,500	883,362	0.51%	188.78
1998	294	11,302,420	975,678	112,235	863,443	0.99%	381.75
1999	295	11,686,012	1,014,039	106,120	907,919	0.91%	359.73
2000	292	12,232,728	1,065,003	130,055	934,948	1.06%	445.39
2001	291	12,515,930	1,094,411	122,915	971,496	0.98%	496.20
2002	304	12,744,760	1,118,338	115,775	1,002,563	0.91%	451.50

Note (1) Population estimate was provided by Census Bureau.

Note (2) Amounts from Schedule of Assessed and Estimated Actual Value of Property Schedule.

Note (3) 2002 and 2001 include amounts authorized but unissued of \$21,480.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Fund Type Expenditures Last Ten Fiscal Years (Amounts Expressed in Thousands) Unaudited

Table with 7 columns: June 30, Principal, Interest (1), Total Debt Service, Total General Governmental Fund Type Expenditures (2), Service to General Governmental Fund Type Expenditures. Rows for years 1993-2002.

Note (1) Excludes bond issuance and other costs.

Note (2) Includes General, Special Revenue, Capital Project, and Permanent Funds.

Table 11

COUNTY OF CUMBERLAND, NORTH CAROLINA

Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 Unaudited

June 30, 2002

Jurisdiction	Net General Obligation Bonded Debt Outstanding (1)	Percentage Applicable to Cumberland County	Amount Applicable to Cumberland County
Godwin	\$ 82,300	0.02%	\$ 17
Fayetteville	55,390,000	27.77%	15,381,803
Spring Lake	75,000	1.80%	1,350
Wade	192,500	0.11%	212
Stedman	935,400	0.15%	1,403
Linden	213,000	0.03%	64
Subtotal	<u>56,888,200</u>		<u>15,384,849</u>
Cumberland County	<u>115,775,000</u>	100.00%	<u>115,775,000</u>
Total	<u>\$ 172,663,200</u>		<u>\$ 131,159,849</u>

Note (1) Provided by North Carolina Local Government Commission.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Demographic Statistics
Last Ten Fiscal Years
Unaudited

<u>June 30,</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (3)</u>
1993	283	\$ 16,403	N/A	47,662	7.13%
1994	288	17,252	28.07	47,894	4.70%
1995	291	18,289	28.26	49,000	5.71%
1996	293	19,556	28.22	50,768	5.00%
1997	294	20,219	28.75	50,870	4.60%
1998	294	N/A	29.07	50,965	4.40%
1999	295	N/A	29.35	51,615	4.20%
2000	292	N/A	N/A	51,349	4.50%
2001	291	N/A	N/A	51,243	5.20%
2002	304	N/A	N/A	50,008	6.80%

Note (1) Population estimate was provided by the Census Bureau. Amounts also expressed in thousands.

Note (2) North Carolina Department of Cultural Resources, State Library, Government and Business Service Branch.

Note (3) North Carolina Employment Security Commission.

Table 13

COUNTY OF CUMBERLAND, NORTH CAROLINA
Property Value, Construction and Bank Deposits
Last Ten Fiscal Years
Unaudited

June 30,	Property Value (1)*				Commercial Construction (1)		Residential Construction (1)		Bank Deposits (2)
	Commercial	Residential	Exemption	Total	Number of Units	Value*	Number of Units	Value*	
1993	\$ 1,148,628	\$ 5,232,639	\$ 198,086	\$ 6,183,181	41	\$ 9,337	1702	\$ 102,997	\$ 1,249,897
1994	1,178,885	5,370,473	180,742	6,368,616	73	33,665	1902	115,030	1,245,277
1995	1,176,671	6,177,522	639,658	6,714,535	79	32,850	1065	77,375	1,293,782
1996	1,726,190	7,394,646	731,847	8,388,989	60	20,043	1116	83,076	1,331,119
1997	3,286,016	8,449,757	888,177	10,847,596	63	22,414	626	51,564	1,467,346
1998	3,528,295	8,667,677	893,552	11,302,420	71	41,138	608	48,632	1,488,189
1999	3,675,891	8,999,597	989,476	11,686,012	45	20,608	745	60,754	1,527,831
2000	3,860,636	9,451,904	1,079,812	12,232,728	56	25,147	524	51,762	1,585,200
2001	3,967,240	9,712,897	1,164,207	12,515,930	35	10,372	651	66,078	1,695,685
2002	3,984,080	9,995,149	1,234,469	12,744,760	49	36,736	707	81,595	N/A

Note (1) Cumberland County Planning Department and North Carolina Department of Labor Research and Statistics Division.

Note (2) FDIC – The FDIC reports deposits on fiscal year basis ending June 30. The bank deposit for 2002 will not be available until August 2003.

* Amounts expressed in thousands.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Miscellaneous Statistics (continued)
Unaudited

June 30, 2002

Date of Incorporation	1754
Form of Government	Commission/Manager
Population	303,892
Area in Square Miles	661
Miles of Streets	
Paved	1,221
Unpaved	59
Parks and Recreation (Municipalities Excluded)	
Parks	2
Park acreage	174
Baseball stadiums	1
Recreation centers	4
Softball fields	13
Tennis courts	10
Baseball fields	1
Picnic shelters	4
Concession stands w/ restrooms	5
Fire protection (Municipalities Excluded)	
Number of stations	17
Number of fire personnel	610
Number of calls answered	13,516
Number of inspections conducted	2,254
Permits issued	550
Complaints investigated	38
Sherriff Protection (Municipalities Excluded)	
Number of stations	5
Number of personnel and deputies	602
Hospitals	
Number of county hospitals	2
Number of beds	909

Table 14

COUNTY OF CUMBERLAND, NORTH CAROLINA

Miscellaneous Statistics (concluded)
Unaudited

June 30, 2002

Civic Center	
Number of event days	378
Attendance	487,813
Library	
Main Library	1
Branches	6
Bookmobiles	1
Law Library	1
Number of books	503,799
Facilities and Services not Included in the Reporting Entity	
Education	
Number of elementary schools	53
Number of middle schools	15
Number of senior high schools	10
Number of special schools (alternative schools)	3
Number of evening academies	1
Number of year-round classical (6-10)	1
Number of community colleges	1
Number of universities/colleges	2
Hospitals not Operated by County	
Veteran's Affairs Medical Center	2
Number of beds	164
Womack Army Community Hospital	
Number of beds	200

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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COMPLIANCE SECTION

- * Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards
- * 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.
- * 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
- * Corrective Action Plan
- * Summary Schedule of Prior Audit Findings
- * Schedule of Expenditures of Federal and State Awards

COMPLIANCE SECTION

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 basic financial statements of the County of Cumberland, North Carolina, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 16, 2002. We did not audit the financial statements of the Cumberland County ABC Board or the Cumberland County Hospital System, Inc. 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 Cumberland County ABC Board or the Cumberland County Hospital System, Inc., 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.

Compliance

As part of obtaining reasonable assurance about whether the County of Cumberland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Cumberland's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of the County of Cumberland in a separate letter dated December 16, 2002.

This report is intended 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, LLP

Fayetteville, North Carolina
December 16, 2002



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, 2002. The County of Cumberland'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 of Cumberland's management. Our responsibility is to express an opinion on the County of Cumberland'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 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 of Cumberland'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 on the County of Cumberland's compliance with those requirements.

In our opinion, the County of Cumberland 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, 2002.

Internal Control Over Compliance

The management of the County of Cumberland 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 of Cumberland's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended 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, Bokawt & Holland, LLP

Fayetteville, North Carolina
December 16, 2002

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
 Year Ended June 30, 2002

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
- Reportable condition(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
- Reportable condition(s) identified
that are not considered to be
material weaknesses Yes None reported

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:

CFDA Numbers Names of Federal Program or Cluster

Food Stamp Cluster:

- 10.551 Food Stamp Program - Noncash
- 10.561 State Administrative Matching Grants for the Food Stamp Program

Subsidized Child Care Cluster:

- 93.558 Temporary Assistance for Needy Families (TANF)
- 93.575 Child Care Development Fund – Discretionary
- 93.596 Child Care Development Fund – Mandatory / Match
- 93.667 Social Services Block Grant
- N/A TANF - MOE
- N/A State Appropriations
- N/A Smart Start

93.778 Medical Assistance Program

14.235 Supportive Housing Program

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
 Year Ended June 30, 2002

Substance Abuse Cluster:

- 93.959 Block Grant for Prevention and Treatment of Substance Abuse
- N/A State Appropriations – Child
- N/A State Appropriations – Adults

Infants and Toddlers with Disabilities Cluster:

- 84.181 Special Education – Grants for Infants and Families with Disabilities
- N/A State Appropriations

Mental Health Cluster:

- 93.958 Block Grants for Community Mental Health Services
- 84.181 Social Services Block Grant
- N/A State Appropriations – Child
- N/A State Appropriations – Adults
- N/A State Appropriations – Other

Foster Care and Adoption Cluster:

- 93.658 Title IV-E Foster Care/Core Training/HIV
- 93.659 Adoption Assistance – Direct Benefit Payments

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program are included in the list of major federal programs (Infants and Toddlers with Disabilities Cluster, Mental Health Cluster, and Foster Care and Adoption Cluster).

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

Auditee qualified as low-risk auditee? Yes No

State Awards

Internal control over major State programs:

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

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 No

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended June 30, 2002

Identification of major State programs:

Program Name

State/County Special Assistance for Adults – Direct Benefit Payments
Smart Start (Direct Service Providers) (Read to Me/Motherread/Mental Health/Healthy Families)
Juvenile Crime Prevention Program
Crisis Housing Assistance Funds
Public School Building Capital Fund
Public School Bond Fund
Comprehensive Treatment Services Program (At Risk Children)
Mental Retardation/Mental Illness
Developmental Disability Services – Child (tested under Mental Health Crosscutting)
Developmental Disability Services – Adult (tested under Mental Health Crosscutting)

II. Financial Statement Findings

None reportable.

III. Federal Award Findings and Questioned Costs

None reportable.

IV. State Award Findings and Questioned Costs

None reportable.

COUNTY OF CUMBERLAND, NORTH CAROLINA
CORRECTIVE ACTION PLAN (concluded)
Year Ended June 30, 2002

Section II - Financial Statement Findings

None reportable.

Section III - Federal Award Findings and Questioned Costs

None reportable.

Section IV - State Award Findings and Questioned Costs

None reportable.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2002

Finding: 01-1

Status: Completed.

Finding: 01-2

Status: Completed.

Finding: 01-3

Status: Completed.

Finding: 01-4

Status: Completed.

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Consumer Service</u>					
Passed-through N.C. Dept. of Agriculture:					
Food Distribution	10.550		\$ 24,759		
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		25,233,313		
State Administrative Matching Grants for the Food Stamp Program	10.561		1,757,426		1,757,426
Total Food Stamp Cluster			26,990,739		1,757,426
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		1,359,556		
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		7,505,182		
Division of Health Services:					
Child Nutrition Cluster:					
Summer Food Service Program for Children	10.559		1,490		
Total U.S. Dept. of Agriculture			35,881,726		1,757,426
<u>U.S. Department of Housing and Urban Development</u>					
<u>Community Planning and Development</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Department of Administration:					
Emergency Shelter Grants Program	14.231		10,240		
Direct Program:					
Community Development Block Grants/Entitlement Grants	14.218		1,845,172		
Emergency Shelter Grants Program	14.231		43,610		42,890
Supportive Housing Program	14.235		426,819		3,151
HOME Investment Partnerships Program	14.239		930,168		301,973
Total U.S. Dept. of Housing and Urban Development			3,256,009		348,014
<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:					
Juvenile Justice and Delinquency Prevention	16.540		55,184		
Direct Program:					
Local Law Enforcement Block Grants Program	16.592		185,477		9,206
<u>Office of Community Oriented Policing Services</u>					
Direct Program:					
Public Safety Partnerships and Community Policing Grants	16.710		2,438		3,577
Total U.S. Dept. of Justice			243,099		12,783

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	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 the N.C. Dept. of Health and Human Services:					
Division of Aging:					
Senior Community Service Employment Program	17.235		\$ 275,422	\$	\$ 40,623
Passed-through the N.C. Department of Commerce:					
Division of Employment and Training:					
Workforce Investment Act	17.255		1,071,193		
Total U.S. Dept. of Labor			1,346,615		40,623
<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		129,821		64,751
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants	20.505		43,174	3,242	3,602
Total U.S. Dept. of Transportation			172,995	3,242	68,353
<u>U.S. Department of the Treasury</u>					
<u>Bureau of Alcohol, Tobacco & Firearms</u>					
Direct Program:					
Gang Resistance Education and Training	21.053		37,759		
<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		20,573		119,000
<u>U.S. Department of Education</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Mental Health, Developmental Disabilities and Substance Abuse Services					
<u>Infants and Toddlers with Disabilities Cluster:</u>					
Special Education - Grants for Infants and Families With Disabilities	84.181		181,947		
State Appropriations		1390-536948		551,402	
Total Infants and Toddlers with Disabilities Cluster			181,947	551,402	
Governors Substance Abuse and Violence Prevention Program	84.186		16,812		
Total U.S. Department of Education			198,759	551,402	
<u>U.S. Dept. of Health & Human Services</u>					
<u>Administration on Aging</u>					
<u>Division of Social Services:</u>					
Passed-through Mid-Carolina Council of Governments:					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III B Grants for Supportive Services and Senior Centers	93.044		107,503	71,669	

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<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		\$ 6,061,785	\$	\$ 5,638,534
WorkFirst/TANF - Direct					
Benefit Payments	93.558		7,032,196	(1,043)	26,547
Family Support Payments - Direct Benefit Payments	93.560		(27,843)	(7,592)	(7,692)
N.C. Child Support Enforcement Section	93.563		17,938		9,241
Refugee and Entrant Assistance -State Administered Progr	93.566		1,486		
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568		23,036		
Crisis Intervention Program	93.568		306,284		
Energy Assistance Payments-Direct Benefit Payments	93.568		443,621		
Adoption Incentive	93.603		2,364		
Adoption Subsidy - Direct Benefit Payments	93.645		125,506	173,250	68,687
Permanency Planning - Families for Kids	93.645		160,426	35,338	119,669
SSBG - Other Services and Training	93.667		1,408,445	136,106	494,807
LINKS (formerly Independent Living Grant)	93.674		92,247	23,062	113
Child Care and Development Fund-Administration	93.596		638,526		40,471
<u>Foster Care and Adoption Cluster:</u>					
Title IV-E Foster Care	93.658		2,085,593	980,755	939,325
Core Training	93.658		(215)	10,043	2,252
Adoption Assistance - Direct Benefit Payments	93.659		474,911	148,611	148,611
Title IV-E Foster Care HIV	93.658		9,833	6,107	
Total Foster Care and Adoption Cluster			2,570,122	1,145,516	1,090,188
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		57,669	20,900	11,224
Division of Child Development:					
<u>Subsidized Child Care Cluster:</u>					
Smart Start				1,715,150	
State Appropriations				630,490	
TANF - MOE				1,912,295	
TANF	93.558		1,564,359		
Child Care Development Fund - Discretionary	93.575		5,860,966		
Child Care Development Fund - Mandatory	93.596		2,971,868		
Child Care Development Fund - Match	93.596		2,078,899	20,756	
Social Services Block Grant	93.667		103,000		
Total Subsidized Child Care Cluster			12,579,092	4,278,691	
<u>Substance Abuse and Mental Health Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
Project for Assist. in Transition From					
Homelessness (PATH)	93.150		32,660		
COOR Prevention Program - State Incentive Grant	93.230		72,928		
TANF-Work/Substance Abuse Initiative	93.558		107,573		
Perinatal and Maternal Substance Abuse Initiative	93.959		135,571		
Substance Abuse Training	93.959		1,250		
Treatment Alternatives for Women	93.959		94,473		
Treatment Alternatives to Street Crime	93.959		472,454	98,562	
Mental Health Cluster:					
Block Grants for Community Mental Health Services	93.958		104,100		
Social Services Block Grant	93.667		21,109		
State Appropriations - Child				426,047	
- Adults				1,970,093	
- Other				5,090	
Total Mental Health Cluster			125,209	2,401,230	

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Developmental Disabilities Waiting List Cluster:</u>					
State Appropriations - DD Waiting List		1390	\$	\$ 177,170	\$
SSBG - Developmental Disabilities Waiting List Funds	93.667		26,055		
Total Developmental Disabilities Waiting List Cluster			26,055	177,170	
Developmental Disability Services - Adult	93.667		141,834		
Developmental Disability Services - Child	93.667		8,447		
<u>Substance Abuse Cluster:</u>					
Block Grant for Prevention and Treatment of Substance Abuse	93.959		223,352		
State Appropriations - Child				207,108	
- Adults				763,575	
- Other					
Total Substance Abuse Cluster			223,352	970,683	
<u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Administration:					
Medical Assistance Program	93.778		76,173		
Direct Benefit Payments:					
Medical Assistance Program	93.778		113,843,149	59,556,120	10,068,446
Division of Aging:					
Medical Assistance Program	93.778		34,590		
Division of Social Services:					
Medical Assistance Program Administration	93.778		2,329,350	333,664	2,038,582
Health Choice	93.767		109,982	12,726	27,633
<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	41,209		47
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5452, 5465	94,282		21,075
Statewide Health Promotion Program	93.991	5503	52,394	55,020	515,698
Investigations and Technical Assistance	93.283	5685	44,260		
<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	158,371		126,170
TANF	93.558		44,414		
Maternal and Child Health Services Block Grant	93.994		525,506	225,982	1,918,734
Child Care Coordination	93.994	5318	139,934		281,916
Total U.S. Dept. of Health and Human Services			150,535,823	69,707,054	22,616,260
<u>Other Federal Programs</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Medicaid At-Risk			476,514	21,410	12,917
Total Federal awards			192,169,872	70,283,108	24,975,376

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	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			\$	\$ 2,246,466	\$ 2,246,466
State Foster Care Benefits Program				188,132	182,114
CP&L Energy Program				50,016	
Temporary Assistance for Needy Families Incentives				18,384	
AFDC Incentives				3,515	
Adult Protective Services				47,929	24,020
Smart Start Administration				269,792	18,367
Family Violence Prevention Grant				30,625	6,250
Division of Child Development:					
Smart Start Read to Me				269,366	
Smart Start Motherread				65,765	
Smart Start - Mental Health				302,843	
Smart Start - Healthy Families				456,856	72,724
Division of Public Health:					
Environmental Health	4751			6,000	1,293,708
Community Health State Aid to Counties	4110			179,770	2,680,960
CSHS/Neurology	5322			44,021	3,720
Epilepsy	5555			11,627	
TB Medical Services	4554			5,525	
Communicable Disease	4510			26,400	513,782
Childhood Lead Poisoning				3,011	
Intensive Home Visiting	5310			23,126	
Food and Lodging	4752			15,907	
Women's Preventive Health				39,436	
Tuberculosis	4551			84,026	67,897
HIV/STD		4536		25,000	23,855
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
Developmental Disability Services - Child				312,614	
Developmental Disability Services - Adult				838,027	
Mental Retardation / Mental Illness				1,222,098	
Comprehensive Treatment					
Services Program (At Risk Children)				550,940	
Domiciliary Care				88,172	
Treatment Alternatives for Women				168,886	
DD Service Funds				35,000	
Total N. C. Department of Health and Human Services				7,629,275	7,133,863
<u>N.C. Dept. of Environment & Natural Resources</u>					
Division of Water and Soil Conservation:					
Agriculture Cost Share Program				18,909	19,785
Soil and Water District Projects				4,000	36,777
Fish and Wildlife Project				5,000	
Total N.C. Department of Environment & Natural Resources				27,909	56,562
<u>N.C. Department of Agriculture</u>					
Division of Social Services:					
Food Stamp Sales Tax				241,505	
<u>N.C. Department of Veteran's Affairs</u>					
Veteran's Services Grant				2,000	126,014

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Office of the Governor</u>					
Public School Building Capital Fund			\$	\$ 2,000,000	\$ 2,482,060
Juvenile Crime Prevention Program				931,914	385,351
Total Office of Governor				2,931,914	2,867,411
<u>N.C. Dept. of Public Instruction</u>					
Jobs Training Partnership Act				113,176	
Public School Bond Fund				13,783,008	
Total N.C. Department of Public Instruction				13,896,184	
<u>N.C. Dept. of Crime Control and Public Safety</u>					
Crisis Housing Assistance Funds				335,876	
Governor's Crime Commission: Drug Control and System Improvement Grant				43,937	14,645
Total N.C. Dept. of Crime Control and Public Safety				379,813	14,645
<u>N.C. Dept. of Cultural Resources</u>					
State Aid to Public Libraries				269,796	5,689,442
<u>N.C. Dept. of Transportation</u>					
Rural Operating Assistance Program Cluster:					
Elderly and Disabled Transportation Assistance Program (E&DTAP)				129,713	4,209
Work First Transitional/Employment Trans. Assistance				41,966	
Total Rural Operating Assistance Program Cluster				171,679	4,209
Human Service Transportation Program				25,969	12,560
Governor's Highway Safety Program				2,000	
Total N.C. Department of Transportation				199,648	16,769
<u>N.C. Dept. of Administration</u>					
Domestic Violence Program				43,500	8,700
<u>N.C. Department of Environment and Natural Resources</u>					
Division of Waste Management: Scrap Tire Program				276,638	
<u>N.C. Dept. of Corrections</u>					
Criminal Justice Partnership Program				200,086	108
Total State awards				26,098,268	15,913,514
Total Federal and State awards			\$ 192,169,872	\$ 96,381,376	\$ 40,888,890

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2002

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. 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</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Public School Bond Fund	N/A	\$	\$ 13,783,008
Supportive Housing Program	14.235	396,214	

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Financial Statements and Schedules

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CONTINUING DISCLOSURE REQUIREMENTS

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 seventh month following the end of the County's fiscal year.

Cumberland County Hospital Systems, Inc., a component unit of the County, is also required to make continuing disclosures related to certain debt obligations. The Hospital's fiscal year end is September 30. Disclosures for the year ended September 30, 2002 have not yet been compiled and are not due until April 30, 2003. Continuing disclosures for the year ended September 30, 2001 are currently on file with the Nationally Recognized Municipal Securities Information Repositories.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2002

AVAILABLE SOURCES OF PAYMENT OF INSTALLMENT DEBT

General. The County may pay the Installment Payments from any source of funds available to it in each year and appropriated therefore during the term of the Agreement.

General Fund Revenues. The County's General Fund revenues for the fiscal year ended June 30, 2002 were approximately \$211 million. General Fund revenues are derived from various sources, including property taxes (which account for approximately 51.9% of General Fund revenues), sales taxes and intergovernmental revenues. The County's property tax was \$0.90 per \$100 of assessed value for fiscal year 2001 and \$0.925 per \$100 of assessed value beginning in fiscal year 2002. A rate of \$.01 per \$100 of assessed value presently generates approximately \$1,213,603 annually. The State Constitution permits counties to impose property taxes of up to \$1.50 per \$100 of assessed value for certain purposes, including civic center facilities, without the requirement of a voter referendum. In fiscal years 1999, 2000, 2001 and 2002, the County transferred \$650,000, \$695,000, \$650,000 and \$533,000 respectively, from the General Fund to pay operating expenses of the Cumberland County Crown Center. In fiscal year 2002, the County transferred \$2,378,205 from the General Fund to pay debt service on the Crown Coliseum. For FY2003, the County budgeted transfers from the General Fund in the amounts of \$533,000 for Crown Center operating expenses and \$2,599,158 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 on the 1998 Refunding Certificates 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, 2002 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2007:

Fiscal Year Ended June 30 (1)	Historical Receipts (2)
1998	\$ 2,821,000
1999	2,939,000
2000	2,984,000
2001	3,140,000
2002	3,162,000
Fiscal Year Ended June 30	Forecasted Receipts (3)
2003	\$ 3,201,000
2004	3,241,000
2005	3,281,000
2006	3,322,000
2007	3,363,000

- (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 \$30,000 to \$36,500 per year.
- (3) Forecasted receipts assume 1.25% annual growth in tax revenue and 2% growth in the cost of collection.

COUNTY OF CUMBERLAND, NORTH CAROLINA
 Continuing Disclosure Information (Unaudited)
 June 30, 2002

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 increases to 5% and on January 1, 2005, the authorized rate caps out at 6%. The legislation also created the Cumberland Tourism Development Authority ("CTDA"). The legislation did not change the percentage of the Occupancy Tax 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 Commission may use the proceeds of the Occupancy Tax received by it only to finance renovations and expansions of the Cumberland County Civic Center, and, with the permission of the Board of County Commissioners, to finance construction of new convention-oriented or multipurpose facilities. The Board of County Commissioners has approved the Project as a permitted use of such amounts. Set forth below are the historical receipts of the Commission from the Occupancy Tax, net of administrative expenses, for the five fiscal years ended June 30, 2002 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2007:

<u>Fiscal Year Ended June 30</u>	<u>Historical Receipts (1)</u>
1998	\$ 587,000
1999	593,000
2000	621,000
2001	600,000
2002	634,000
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (2)</u>
2003	\$ 634,000
2004	612,000
2005	618,000
2006	624,000
2007	630,000

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee. FY2002 amount increased significantly due to large presence of military reservists related to war on terror.
- (2) FY 2003 expected to remain strong. Subsequent years assume 1% annual growth rate from base year (FY 2001) 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 will be 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

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2002

proceeds of the Occupancy Tax and the Food and Beverage Tax have not been pledged directly or indirectly as security for the 1998 Certificates and the registered owners of the 1998 Certificates have no lien on or claim against such proceeds, whether or not a Default occurs under the Agreement, 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 during the term of the Agreement. The General Assembly and the Board of County Commissioners are 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

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 \$1,002,563,000 as of June 30, 2002.

Outstanding General Obligation Debt

	Principal Outstanding as of			
	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002
General Obligation Bonds				
School	\$ 90,340,000	\$ 115,195,000	\$ 109,005,000	\$ 102,815,000
Community College Facilities	4,960,000	4,660,000	4,310,000	3,960,000
Library Facilities	10,800,000	10,200,000	9,600,000	9,000,000
Other	20,000			
Total G.O. Debt Outstanding	\$ 106,120,000	\$ 130,055,000	\$ 122,915,000	\$ 115,775,000

Note: Outstanding debt above does not include \$141,403,000 in hospital facilities revenue bonds as these bonds are payable solely from the net revenues of certain County-owned health care facilities primarily consisting of Cape Fear Valley Medical Center and Cumberland Hospital.

General Obligation Debt Ratios

At July 1	Total G.O. Debt	Assessed Valuation	Ratio of G.O. Debt To Assessed Valuation	Population (1)	Total G.O. Debt Per Capita
1998	\$ 112,235,000	\$11,302,420,000	0.99%	300,266	\$ 373.79
1999	106,120,000	11,686,012,000	0.91%	300,603	353.02
2000	130,055,000	12,232,728,000	1.06%	302,528	429.89
2001	122,915,000	12,515,930,000	0.98%	301,098	408.22
2002	115,775,000	12,744,760,000	0.91%	303,892	380.97

(1) North Carolina Office of State Budget & Management – State Demographics Section – Revised July 2002.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2002

General Obligation Debt Service Requirements and Maturity Schedule

Cumberland County						
FY Ending June 30	Schools		Libraries		Community College	
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2003	6,190,000	11,452,970	600,000	1,042,200	350,000	584,735
2004	6,165,000	11,105,870	600,000	1,013,400	350,000	564,610
2005	6,150,000	10,788,055	600,000	984,600	350,000	544,485
2006	6,135,000	10,470,930	600,000	955,800	350,000	524,360
2007	6,115,000	10,149,495	600,000	926,400	350,000	504,060
2008	6,195,000	9,928,980	600,000	897,000	350,000	483,760
2009	6,170,000	9,598,885	600,000	867,600	350,000	463,110
2010	6,145,000	9,269,940	600,000	838,200	350,000	442,110
2011	6,120,000	8,938,965	600,000	808,800	350,000	420,760
2012	6,205,000	8,715,830	600,000	779,400	350,000	399,410
2013	6,050,000	8,244,535	600,000	750,000	460,000	488,060
2014	6,275,000	8,152,110	900,000	1,020,000		
2015	6,275,000	7,819,360	900,000	975,000		
2016	6,575,000	7,796,510	600,000	630,000		
2017	7,105,000	7,988,660				
2018	4,400,000	4,914,410				
2019	4,400,000	4,663,610				
2020	145,000	153,410				
Bal @ 6/30/02	<u>\$ 102,815,000</u>	<u>\$ 150,152,525</u>	<u>\$ 9,000,000</u>	<u>\$ 12,488,400</u>	<u>\$ 3,960,000</u>	<u>\$ 5,419,460</u>

General Obligation Bonds Authorized and Unissued

Purpose	Date Approved	Authorized and Unissued
Schools	October 7, 1997	\$ 14,875,000 (1)
School Refunding	February 16, 1998	<u>6,605,000 (2)</u>
		<u>\$ 21,480,000</u>

(1) The County issued the \$14,875,000 G.O. School Bonds on July 30, 2002.

(2) The County does not intend to issue the balance of the School Refunding Bonds.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2002

Other Long-Term Commitments

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY2003 Principal and Interest Requirements	Balance June 30, 2002
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	1,365,105	5,693,781
Lease Purchase – Courthouse Renovation	2,200,000	\$186,663 payable semi- annually in arrears for 5 years ending November 1, 2003; payable from the General Fund	373,326	533,786
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	2,953,430	33,480,000
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. Balance at 6/30/02 is shown net of amortization of refunding gain (\$4,652,493).	2,952,573	46,312,507
Promissory Note – Sigma Construction	400,000	\$80,000 payable annually in arrears ending July 15, 2003; payable from Enterprise Fund (1)	160,000	240,000

(1) Sigma Construction is currently in bankruptcy. In FY 2002, per recommendation of the County attorney, the County withheld the scheduled \$80,000 payment and asserted its right to offset damages arising from imperfect warranty repairs by Sigma and/or its agent. The dispute is being negotiated.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2002

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY2003 Principal and Interest Requirements	Balance June 30, 2002
Promissory Note – Industrial Park – Alphin Land #1	885,939	\$250,016 payable annually on March 1 for 3 years with a final payment of \$249,103 due in February 1, 2003; payable from General Fund	249,103	238,111
Promissory Note – Industrial Park – Alphin Land #2	238,125	\$86,839 payable annually on February 1 for 3 years beginning in 2003; payable from the General Fund	86,839	238,125
Promissory Note – Industrial Park - Clark Land	300,000	\$69,292 payable annually on February 26 for 4 years with a final payment of \$69,066 due on February 1, 2004; payable from the General Fund	69,292	128,843
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	3,682,815	47,305,000
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 Funds	230,573	1,200,000
Promissory Note – Mental Health portion of Hospital Bond 1993	<u>2,013,338</u>	Principal payable annually and interest payable semi-annually in arrears ending October 1, 2014. Total annual principal and interest payments range from \$96,183 to \$193,913; payable from Mental Health Funds	<u>193,396</u>	<u>1,711,354</u>
	<u>\$ 203,771,183</u>		<u>\$ 12,316,452</u>	<u>\$ 137,081,507</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2002

The County's payment obligations under the installment financing arrangements described above at June 30, 2002, are as follows:

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Civic Center</u> <u>Certificates</u> <u>Debt Service (1)</u>	<u>DSS</u> <u>Certificates</u> <u>Debt Service</u>	<u>Jail/ WC</u> <u>Certificates</u> <u>Debt Service</u>	<u>Other</u> <u>Agreements</u> <u>Debt Service (2)</u>	<u>Total</u> <u>Non G.O.</u> <u>Debt</u>
2003	4,317,678	2,953,430	3,682,815	1,362,529	12,316,452
2004	4,549,650	2,954,150	4,120,195	835,360	12,459,355
2005	4,664,143	2,951,725	4,531,290	489,019	12,636,177
2006	4,786,050	2,955,085	4,583,990	391,116	12,716,241
2007	4,911,550	2,954,770	4,469,870	380,279	12,716,469
2008	5,039,175	2,955,570	4,358,495	369,546	12,722,786
2009	5,168,175	2,956,288	4,232,120	274,560	12,631,143
2010	5,307,550	2,951,660	3,806,420	259,819	12,325,449
2011	5,441,425	2,956,190	3,697,750	192,052	12,287,417
2012	3,546,485	2,954,365	3,596,000	191,514	10,288,364
2013	3,544,898	2,955,760	3,489,000	191,547	10,181,205
2014	3,546,750	2,956,015	3,377,000	191,421	10,071,186
2015	3,542,375	2,951,100	3,265,250	190,784	9,949,509
2016	3,540,000	2,955,006	3,153,750		9,648,756
2017	3,542,125	2,952,350	3,037,500		9,531,975
2018	3,548,250	2,953,519	2,923,531		9,425,300
2019	3,543,250		2,809,281		6,352,531
2020	3,546,875		2,694,750		6,241,625
2021	3,543,750		2,574,938		6,118,688
2022	3,548,500		2,453,113		6,001,613
2023	3,545,750		2,336,812		5,882,562
2024	3,545,250		2,220,775		5,766,025
2025	3,546,498				3,546,498
	93,816,152	47,266,983	75,414,645	5,319,546	221,817,326
Amortization					
Refund Gain	(4,652,493)				(4,652,493)
	\$ 89,163,659	\$ 47,266,983	\$ 75,414,645	\$ 5,319,546	\$ 217,164,833

- (1) Partially paid from food and beverage and occupancy taxes. (Coliseum Series 1995A and 1998 Refunding)
(2) Includes note to Cape Fear Valley Hospital for Mental Health's portion of Series 1993 Bonds. (Principal of \$1,711,354 and interest of \$615,546)

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 under the Agreement or any such financing arrangement, 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.

Debt Outlook

On July 30, 2002, the County issued the final \$14,875,000 installment of the \$98,000,000 General Obligation School Bonds previously authorized by referendum. The County may also refinance certain of its outstanding hospital facility revenue bonds and finance improvements to certain County-owned health care facilities through the issuance of additional hospital facility revenue bonds. Such revenue bonds are not secured by a pledge of the taxing power of the County.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2002

TAX INFORMATION

General Information

	<u>Fiscal Year Ended or Ending June 30,</u>		
	<u>2001</u>	<u>2002</u>	<u>2003⁽³⁾</u>
	(Amounts in thousands)		
Assessment Ratio ⁽¹⁾	100%	100%	100%
Real Property	\$ 9,581,793	\$ 9,835,370	\$ 9,669,341
Personal Property	1,061,986	872,875	1,109,892
Vehicles	1,543,697	1,694,491	1,973,083
Public Service Companies ⁽²⁾	<u>328,454</u>	<u>342,024</u>	<u>319,378</u>
Total Assessed Valuation	\$ 12,515,930	\$ 12,744,760	\$ 13,071,694
Rate per \$100	<u>.90</u>	<u>.925</u>	<u>.925</u>
County-wide Levy	<u>\$ 112,643</u>	<u>\$ 117,889</u>	<u>\$ 120,913</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) Estimated as of October 31, 2002 for the fiscal year ending June 30, 2003.

In addition to the County-wide levy, the following table lists the levies by the County on behalf of a recreation district and 20 special fire districts for the fiscal years ended June 30.

	<u>2001</u>	<u>2002</u>	<u>2003⁽¹⁾</u>
County-wide	\$ 112,643,370	\$ 117,889,030	\$ 120,913,170
Recreation District	3,070,337	3,048,090	2,852,222
Special Fire Districts	<u>5,650,624</u>	<u>5,840,798</u>	<u>5,819,969</u>
Total Levy	<u>\$ 121,364,331</u>	<u>\$ 126,777,918</u>	<u>\$ 129,585,361</u>

Levy is a projection based on assessed valuation.

- (1) Estimated as of October 31, 2002 for the fiscal year ending June 30, 2003.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2002

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>
1998	\$ 3,081,000	\$ 89,637,000	95.91%
1999	3,204,000	94,720,000	96.20
2000	3,820,000	99,453,000	96.62
2001	2,325,000	108,503,000	96.00
2002	3,808,148	112,530,000	95.28

The figures in the preceding table include property tax revenues deposited in the General Fund and the Special Revenue Funds.

Ten Largest Taxpayers for Fiscal Year 2001-02

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001 Assessed Valuation*</u>	<u>% of Total Assessed Valuation</u>
Carolina Telephone and Telegraph	Telephone Utility	\$ 123,511	0.97%
Kelly Springfield	Tire Manufacturer	119,962	0.94
Black and Decker	Power Tool Manufacturer	97,244	0.76
Dupont	Textile	89,201	0.70
Cumberland Associates	Retail Mall	79,844	0.63
Wal-Mart	Retail/Distribution	77,969	0.61
Carolina Power & Light	Electric Utility	66,562	0.52
Purolator	Auto Filter Manufacturer	61,824	0.49
N.C. Natural Gas	Gas Utility	48,966	0.38
Monsanto	Chemical/Agricultural	42,805	0.34
TOTAL		<u>\$ 807,888</u>	<u>6.34%</u>

* Amounts expressed in thousands.

COUNTY OF CUMBERLAND, NORTH CAROLINA
 Compiled Budget - Annually Budgeted Funds
 For the Fiscal Year Ending June 30, 2003
 (Unaudited)

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	117,703,666	8,565,467	4,308,136
Other taxes	31,895,792	12,194,505	613,775
Unrestricted intergovernmental	3,790,952	203,309	
Restricted intergovernmental	52,782,657	9,906,480	240,000
Licenses and permits	2,903,246		11,388
Sales and services	17,790,690	559,014	4,188,886
Interest earned on investments	1,638,710	115,158	100,000
Miscellaneous	5,266,004	37,500	4,600
Total estimated revenues	233,771,717	31,581,433	9,466,785
Appropriations:			
General government	15,558,071	605,643	
Public safety	27,511,834	5,984,287	
Economic and physical development	3,166,039	9,775,262	
Human services	104,060,373	1,524,260	
Cultural and recreation	6,367,733	3,870,686	
Education	63,425,962	6,667,440	
Salaries and employee benefits			3,426,067
Other supplies			1,057,346
Repairs and maintenance			1,170,459
Contracted services			1,715,801
Utilities			960,400
Administrative costs			947,686
Landfill closure and postclosure			661,228
Tax Distribution fee			18,413
Contingency			554,794
Capital outlay			1,316,122
Debt service:			
Principal retirement	11,539,574	150,000	1,655,000
Interest and fees	10,638,141	80,573	2,742,678
Total appropriations	242,267,727	28,658,151	16,225,994
Estimated revenues over (under) appropriations	(8,496,010)	2,923,282	(6,759,209)
Other financing sources (uses):			
Operating transfers from other funds:			
General Fund		1,423,802	3,132,158
Special Revenue Fund	4,369,019		3,223,412
Capital Projects Fund		73,848	
Enterprise Funds	235,419		
Internal Service Fund	52,828		
Operating transfers to other funds:			
General Fund		(4,369,019)	(235,419)
Special Revenue Fund	(1,423,802)		
Capital Projects Fund		(130,000)	
Enterprise Fund	(3,132,158)	(3,223,412)	
Internal Service Fund	(366,697)		
Proceeds of general long term debt			
Residual equity transfer			
Appropriated fund balances	8,761,401	3,301,499	639,058
Total other financing sources	8,496,010	(2,923,282)	6,759,209
Estimated revenues and other sources over appropriations and other uses	0	0	0

Compiled by the staff of the Unit of Government finance department from the FY2003 adopted budget ordinance at July 1, 2002.