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CUMBERLAND
★ COUNTY ★
NORTH CAROLINA

BOARD OF COMMISSIONERS

CANDICE WHITE
Clerk to the Board

KELLIE BEAM
Deputy Clerk

MEMORANDUM

TO: Finance Committee Members (Commissioners Edge, Faircloth and King)

FROM: Candice H. White, Clerk to the Board

DATE: July 31, 2014

SUBJECT: Finance Committee Meeting – Thursday, August 7, 2014

There will be a regular meeting of the Finance Committee on Thursday, August 7, 2014 at 9:30 AM in Room 564 of the Cumberland County Courthouse located at 117 Dick Street, Fayetteville, NC.

AGENDA

1. Approval of Minutes – May 8, 2014 Special Meeting (**Pg. 2**)
2. Presentation on Wounded Warrior Center, A Living Monument by Rick Houpp, YMCA CEO/President (**Pg. 10**)
3. Approval of the Kelly Hills Wholesale Sewer and Operation and Maintenance Agreement (**Pg. 13**)
4. Update on Employee Wellness Clinic (**Pg. 26**)
5. Update on Legislative Action Regarding Sales Taxing Authority for Counties (**No Materials**)
6. Monthly Financial Report (**Pg. 27**)
7. Other Matters of Business (**No Materials**)

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

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CUMBERLAND COUNTY FINANCE COMMITTEE
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
MAY 8, 2014 - 9:30 AM
SPECIAL MEETING MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman
Commissioner Kenneth Edge
Commissioner Billy King

OTHER COMMISSIONERS
PRESENT: Commissioner Jeannette Council
Commissioner Ed Melvin

OTHERS: Amy Cannon, Interim County Manager
James Lawson, Assistant County Manager
Quentin McPhatter, Assistant County Manager
Rick Moorefield, County Attorney
Melissa Cardinali, Finance Director
Vicki Evans, Accounting Manager
Sally Shutt, Chief Public Information Director
Buck Wilson, Health Department Director
Rodney Jenkins, Health Department Assistant Director
Kendra Manning, Employee Wellness Coordinator
Mark Browder, Mark III Brokerage Services
Jeffrey Brown, Engineering and Infrastructure Director
Candice White, Clerk to the Board
Press

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – APRIL 3, 2014 REGULAR MEETING

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

Commissioner Faircloth asked if there were additions to the agenda. Amy Cannon, Interim County Manager, requested the addition of a closed session for an Attorney/Client Matter. Consensus of the committee was to add the closed session as Item 2. and renumber the remaining items accordingly.

2. CLOSED SESSION FOR ATTORNEY/CLIENT MATTERS PURSUANT TO NCGS 143-318.11(A)(3)

MOTION: Commissioner Faircloth moved to go into closed session for Attorney/Client Matter(s) pursuant to NCGS §143-318.11(a)(3).

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SECOND: Commissioner Edge
VOTE: UNANIMOUS (3-0)

MOTION: Commissioner Faircloth moved to reconvene in open session.
SECOND: Commissioner Edge
VOTE: UNANIMOUS (3-0)

3. UPDATE ON CLINIC AND WELLNESS PROPOSAL

Mark Browder, Mark III Brokerage Services, provided the following as an update on the Clinic and Wellness Request for Proposals (RFP).

Below are vendors who responded to the Clinic and Wellness RFP:

- Cumberland County Health Department
- Novant Health
- Better Care Wellness
- Carolinas HealthCare System
- UNC Department of Family Medicine

Below are vendors who did not respond:

- Vidant Health
- Target Care
- Rival Health
- Cape Fear Valley
- First Health
- Doctors Direct Health Care

Next Steps:

- Responses are being reviewed.
- Mark III staff are convening on May 9th to start the spread sheeting process and develop follow up questions concerning the responses.
- Cumberland County leadership and Mark III will be meeting the week of May 27th to narrow down the finalists.
- Finalists' presentations will be conducted the week of June 9th.

Employee Health Improvement Initiative - 2014-2015 Incentive Plan Qualifications:

- To qualify for the Discounted Rates, the employee must participate in the biometrics, and;
- Meet 3 out of the 4 moderate control categories.

Risk Factor	Moderate Control
Waist Circumference	Abd Circ <40" Male Or 35" Female
<i>Alternate method to qualify</i>	<i>Or improve by 5%</i>
Blood Pressure	<140/90 mmHg

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<i>Alternate method to qualify</i>	<i>Or improve lose 10/5 mmHg</i>
Cholesterol Ratio	5.5
<i>Alternate method to qualify</i>	<i>Or improve by 10%</i>
Glucose	<199mg/dL (non-fasting)
<i>Alternate method to qualify</i>	<i>Not applicable</i>

Mr. Browder stated based on feedback, the glucose standard is being modified from fasting to non-fasting levels. Mr. Browder stated the Health Department was comfortable setting the level just below the diabetic threshold which is still consistent with guidelines. In response to a question posed by Commissioner Keefe, Mr. Browder reported the pure cost per month per employee for all claims for the current year is \$604.74. Mr. Browder stated this figure changes every month.

Ms. Cannon stated based on the schedule Mr. Browder laid out, a wrap up and proposal will be brought back to the August meeting of the Finance Committee. Chairman Council asked to be updated following the May 27th meeting of senior staff and Mark III. Mr. Browder stated presentations from finalists will be in June and are critical to the decision making process.

4. BULLARD CIRCLE UPDATE

Ms. Cannon recognized Jeffrey Brown, Engineering and Infrastructure Director, who reviewed the background information, recommendations and Bullard Circle survey results as recorded below. Mr. Brown stated seventy-five surveys were mailed and forty-six were received; five surveys were returned with options #1 and #2 checked. Mr. Brown also stated the majority of the surveys indicated the community was interested in and would connect to a water system. Mr. Brown further stated most indicated the best option and the quickest way to get the water system in place would be through a special assessment process.

BACKGROUND:

As you are already aware, the Bullard Circle community has drinking water wells that contain arsenic levels that exceed the State's drinking water standards. A public meeting was held on March 20th to further define the issues with the water supply wells to the citizens as well as to answer questions and gather feedback. Staff was directed by the Board of Commissioners on March 25th to develop a plan within the next 30 days that would supply the citizens within the Bullard Circle community with public water. A community survey was developed and mailed to each property owner within the impacted area on March 27th. The survey results indicated that the majority of the people that responded to the survey would like public water and would prefer to pay for it through a special assessment process.

At the current time, staff has determined that the quickest way to get public water to the community would be for the County to fund the project on the front end and have the citizens repay the cost of construction through a special assessment process. This approach has previously been used in other cases.

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On April 9th, County Management sent a letter to Steve Blanchard requesting that PWC participate in the cost of this project based on their policy of participating in rural areas where contamination has been identified. Mr. Blanchard responded back in writing the following day stating that his recommendation would be for PWC to participate at 25% of the cost of installing a public water system. However, the City Manager informed County Management the same day that the City Council has not made a formal decision on whether or not annexation would be required in this situation. The City of Fayetteville has a policy that states that in order for PWC to extend public utilities to a parcel then the property owner has to petition to be annexed by the City of Fayetteville. Based on the feedback received at the public meeting, it does not appear that the citizens would be willing to petition for annexation in exchange for public water. County Management has sent a letter to the City Manager requesting that City Council waive the annexation requirement.

At the current time, there are two different approaches that the County can take in order to provide water to this community. Each option is described below.

Option #1

The County has formally requested that the City of Fayetteville waive its annexation policy, which would then allow PWC to participate up to 25% of the project. This item will be discussed at the City Council Work Session on Monday, May 5th. The County then in turn could participate up to 25% leaving the remaining portion (50%) to be paid by the property owners through the use of a special assessment. The County Commissioners have the ability to set the interest rate along with the number of years of the assessment. Upon completion of the project, PWC would own and maintain the water system and the residents would be charged outside city rates.

Option #2

The County could create a water and sewer district for the community and then install a public water system. The County could be a bulk water purchaser from PWC and the County would own and maintain the water system. The County would establish the rate structure, bill the residents and collect the monthly usage fees. This scenario would mirror what the County is currently doing within the Southpoint Water System. The question to be answered is what would be the cost contribution by the County as that will determine the amount that the property owners would be responsible for paying back through the use of a special assessment.

The biggest obstacle with either option is the fact that there are several private streets where water mains will have to be extended in order to reach all the impacted residents. The County Attorney's office is currently working to determine ownership of these streets. It appears that the only way to adequately and legally obtain a utility easement along these street corridors is to condemn the property. This process could take up to four months.

RECOMMENDATION/PROPOSED ACTION:

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The Engineering and Infrastructure Director and County Management recommend to the Finance Committee that the preferred option would be for PWC to participate in the project and for PWC to own and operate the water system once installation is complete.

It is also recommended that a Request for Qualifications (RFQ) be issued now to move forward with the selection of a full service engineering firm that can provide the necessary surveying and engineering needed for the project. The surveying component is the most critical as to the fact that a legal description will be needed in order to move forward with condemnation.

Bullard Circle Survey Results

75 Surveys Mailed 3-27-14

47 Surveys Received as of 5-9-14

5 Surveys were returned with both options 1 & 2 checked. They also checked "Yes" for connection.

These surveys are not calculated in the totals due to the selection of multiple options

22 Residences with contamination

Results of All Surveys Returned

Options			Percent	
Option 1	Create a Water & Sewer District	10	21%	
Option 2	Special Assessment	27	57%	
Option 3	Nothing	10	21%	
Would You Connect?				
Yes	31		66%	
No	12		26%	
NA	4		9%	(NA, did not answer)

Results of all Surveys Returned with Arsenic >.010

Options			Percent	
Option 1	Create Water & Sewer District	3	20%	
Option 2	Special Assessment	10	67%	
Option 3	Nothing	2	13%	
Would You Connect?				
Yes	13		87%	
No	2		13%	
NA	0		0%	(NA, did not answer)

Mr. Brown stated at the May 5, 2014 work session of the Fayetteville City Council, there was a vote of five to four to waive the annexation requirement and place the matter on the City Council's May 27, 2014 consent agenda; one City Council member was absent from the work session.

Mr. Brown stated his recommendation and the recommendation of County Management is that the best option would be for the city to waive the annexation and allow PWC to

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participate in the project. Mr. Brown stated homeowners would be responsible for 50% of the total cost of a project. Mr. Brown stated the Board of Commissioners would have the opportunity to assess the interest rate and number of years. Mr. Brown responded to questions and stated the county's participation would be up to 25% and PWC would participate at 25% of the cost of installing a public water system. Mr. Brown stated the county would front the project costs and homeowners would pay the county back through the assessment process over a period of years. Discussion followed.

Mr. Brown stated from a timing standpoint, it would be advantageous for the county to issue a Request for Qualifications (RFQ) while the city is making its decision in order to move forward with the selection of a full service engineering firm that can provide the necessary surveying and engineering needed for the project. Consensus was to hold off on the RFQ.

5. MONTHLY FINANCIAL REPORT

A. SALES TAX UPDATE

BACKGROUND:

Over the past couple of months, the Finance Committee has been advised of anticipated reductions in sales tax distributions for Fiscal Year 2013-14. Collections continue to run approximately 4.4% behind FY13 collections which could result in a \$2,400,000 deficit compared with budget. Meanwhile, the majority of the State is enjoying a slight increase in sales tax collections.

In an effort to fully understand the situation in Cumberland County, the county reached out to the NCACC, another North Carolina county that is home to the military (Onslow), and to military officials. Through these efforts, the county has surmised that - the future is not bleak but the county must proceed with caution in order to weather changes over the next decade.

The current sales tax picture for FY14 has been dramatically shaped by the multi-faceted impact of civilian furloughs, sequestration, fewer troop deployments to combat zones, the Federal shutdown and extremely bad weather.

While Fort Bragg has reached an all-time high of assigned troops, a reduction of around 2,000 troops over the next 2 years will bring the post closer to personnel levels similar to two years ago. Fort Bragg units have unique capabilities that will likely assist in providing some protection for the post's future. However, sequestration will be back in Fiscal Year 2016 and remains a player in the economic picture through 2021. There is also an impending BRAC discussion that will likely have an impact in FY17 to both the military and civilian work forces.

The combination of these potential events leads to an outlook for sales tax featuring peaks and valleys over the next five to 10 years.

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Ms. Cannon stated it has been reported over the past several months that the county's sales tax has been extremely disappointing and the reason has been questioned because other jurisdictions in the state have seen increases in sales tax. Ms. Cannon stated research was conducted and the results of that effort will pose considerations for the remainder of the fiscal year as well as the upcoming recommended budget. Ms. Cannon stated a more detailed presentation will be provided during the budget presentation.

Ms. Cannon called on Melissa Cardinali, Finance Director, who reviewed the background information as recorded above. Ms. Cardinali stated the State has experienced about a 4% increase in its taxable sales from the prior year and Cumberland County is basically flat as of today. Ms. Cardinali stated January and February appear to have seen the impact of Amazon internet sales and this has prevented the county from showing a deeper decline in sales tax. Ms. Cardinali stated after reaching out to other military counties and after talking with Colonel Jeffrey M. Sanborn, Fort Bragg Garrison Commander, the message to keep in mind is that even though the future for sales tax is not bleak, the county needs to proceed cautiously over the next five to ten years. Ms. Cardinali spoke to the economic impact of sequestration, furloughs, federal shutdown and threat of a January shutdown and inclement weather. Ms. Cardinali stated the good news is that Ft. Bragg believes that it is a unique installation and that this will provide some protection and possible gain during the next BRAC. Ms. Cardinali stated she wants to ensure the Finance Committee that the county has a handle on the impacts and will weather future sales tax ups and downs because there is no anticipation of a real incline upwards. Ms. Cardinali responded to questions. Ms. Cannon stated the county's two largest sources of revenue are property and sales taxes, and the county depends on natural growth in those two areas to help it with new initiatives and mandates. Ms. Cannon stated the lack thereof presents challenges in balancing the recommended budget.

B. REVIEW OF FINANCIAL REPORT

BACKGROUND:

The financial report is included as of March 31, 2014. Highlights include:

- Revenues
 - Ad valorem taxes: collections continue at a pace consistent with the prior fiscal year.
 - Sales taxes: collections are currently 4.4% behind fiscal year 2012-13. At the existing pace revenue will likely be \$2,400,000 less than budget. We did not see the expected positive impact from internet sales beginning with the April distribution. It appears sales tax revenue continues to feel the effects of last year's sequestration as well as the federal shutdown in the fall of 2013.
 - Pet registration fees: 88.7% of budget has been collected – the same level for the March time period in FY13.

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- Expenditures
 - Expenditures remain in line with budget and show no unusual patterns.

- Crown Coliseum
 - Financial statements as presented to the CCCC Board are included.

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information purposes only.

Ms. Cardinali referenced the financial report as provided and stated Crown Coliseum financial statements as presented to the Civic Center Commission are also included and will continue to be included each month.

6. DISCUSSION OF COUNTY GOVERNMENT EFFICIENCY STUDY

Commissioner Faircloth stated he initiated the idea of a county government efficiency study and the current interim situation may be a good time to see whether county government is running efficiently and operating at optimum levels across all county departments. Commissioner Faircloth stated commissioners do not have a sense of the day to day operations of the county and his feeling has been that during the recession time period, the county purposefully attempted to be an economic engine for the county. Commissioner Faircloth stated those employment levels may have been maintained and a consultant can make an objective study of the county's operations either all at once or in sections.

Commissioner King stated he did not have a problem looking at county operations and efficiency as long as the cost was reasonable. Commissioner Edge stated the North Carolina Association of County Commissioners (NCACC) knows of one North Carolina resident that performs efficiency studies and the depth of the study determines the costs of the study. Commissioner Edge stated he supports the idea and suggested that the appropriate time may be after the new county manager is in place. Ms. Cannon stated she would like to take the opportunity during the budget presentation to update the board of commissioners on county-wide technology initiatives that she believes will pay off over a couple of years. Ms. Cannon stated operational efficiencies through technology are guiding items in the recommended budget. Commissioner Keefe stated he endorses an efficiency study. Chairman Council stated an efficiency study was not a bad idea but she does not feel it should be conducted at the present time. A brief discussion followed. Consensus was to give the matter further thought and discussion.

7. OTHER MATTERS OF BUSINESS

Ms. Cardinali introduced Vicki Evans as the newly hired Accounting Manager.

There being no further business, the meeting adjourned at 11:00 a.m.

JEANNETTE M. COUNCIL
Chairman

KENNETH S. EDGE
Vice Chairman

CHARLES E. EVANS
W. MARSHALL FAIRCLOTH
JIMMY KEEFE
BILLY R. KING
EDWARD G. MELVIN



CUMBERLAND
COUNTY
NORTH CAROLINA

BOARD OF COMMISSIONERS

ITEM NO. 2.

CANDICE WHITE
Clerk to the Board

KELLIE BEAM
Deputy Clerk

MEMORANDUM FOR FINANCE COMMITTEE MEETING
THURSDAY, AUGUST 7, 2014

TO: Finance Committee Members (Commissioners Edge, Faircloth and King)

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

DATE: August 1, 2014

SUBJECT: Presentation on Wounded Warrior Center, A Living Monument

Rick Houp, CEO of the YMCA of the Sandhills, will attend the August 7, 2014 meeting of the Finance Committee to provide a presentation on the Wounded Warrior Center, A Living Monument. Information summaries of the Wounded Warrior Center as provided by Mr. Houp are attached.

WWC Information Summary

Wounded Warrior Center, A Living Monument

Mission: "To pay honor, promote healing, provide community to the Wounded Warrior".

Planned Facility: 110,000 square foot Aquatic and wellness center, museum.

Cost: \$20,000,000-\$22,000,000. To be raised through partnerships

Operation: Supported through the sale of memberships to the general public
(Free to ALL Wounded Warriors of any decade)

Location: TBA based on visibility, access and rooftops established by Seer Company

Federal ID: Received

501(c) 3 Status: Applied for through the Hutchens Law Firm, expected late fall.

Board:

Rick Houpp, CEO YMCA of the Sandhills, Interim WWC Director

Charles Broadwell, Publisher Fayetteville Observer

George Breece, Prosthetic Lobbyist

Ron Matthews, Family Foods

Retired Maj. General Rodney Anderson

Retired General Jay Gotthard

Captain Ivan Castro, Special Forces/Motivational Speaker, FT Bragg

Bill Hurly, Former Mayor, Fayetteville

Sandy Saunders, Retired Pastor

Melissa Aguirre Health and Wellness Expert, Traumatic Brain Injury

Kathy Foxen, Member at large

Non-Board Member Advisors Col. Sanborn Ft Bragg, The office of Tammy
Ductworth U.S. Representative, Wounded Warrior.

The Wounded Warrior Center, a Living Monument is to be a Nationally recognized monument that pays tribute to EVERY wounded warrior who fought in any of our Nations' wars. The Center is a combined museum with a 9-11 feature, education center, wellness facility and aquatic center.

It's purpose..... "To pay honor, promote healing and provide community to the wounded warrior.

It's function..... To give back to our military community by building a facility where both the military and community would come together for wellness and recreation. To provide a home for Cumberland County area swim teams.

The Center would be its own non-profit with a governing board comprised of local and national members.

The facility would be 100,000 square feet and have the following

- A museum with electric boards telling the story of EVERY wounded warrior
- 3 indoor pools including a 10-lane competition pool with seating for 500
- A 120 seat auditorium and theater
- 10,000 square foot fitness center with traditional and specialized fitness/rehab
- A chapel
- 6 Meeting rooms and a 3,500 conference room
- 4 group exercise and specialized use class rooms
- 4 military service offices including counseling, prosthetic research, support groups
- A grand lobby with a Starbucks type coffee lounge
- 8 Offices

The cost \$20,000,000-22,000,000 (NOT including the cost of land).

Funding would come from combined partnerships with the County, our School system, the City, FT Bragg, PWC and the State. The ask 1.5 million from each organization for two years for a total of \$3,000,000. Total contributed \$18,000,000. The balance would come from private and corporate donors.

With each government/agency taking a smaller piece of the pie we can together greatly enhance the quality of life for our community, our military, our wounded soldiers.

Operational Costs. Annual Budget \$2,500,000.

Funding for budgeted supported by paid membership and program fees. (All Wounded Warriors will receive free membership and greatly discounted programs). FYI. The YMCA now does \$1,750,000 in membership revenue alone.

Site Location: Since membership will drive the support of this facility a site would be chosen that has the greatest amount of traffic and roof tops. A private firm would be selected to choose the top 3 sites in our county/community



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

**ENGINEERING & INFRASTRUCTURE DEPARTMENT
PUBLIC UTILITIES DIVISION**

**MEMO FOR THE AGENDA OF THE AUGUST 7, 2014
MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE MEMBERS
FROM: JEFFERY BROWN, E & I DIRECTOR
THROUGH: AMY H. CANNON, COUNTY MANAGER
DATE: JULY 25, 2014

**SUBJECT: APPROVAL OF THE KELLY HILLS WHOLESALE SEWER &
OPERATION & MAINTENANCE AGREEMENT**

Requested by: AMY HALL, ADMINISTRATIVE PROGRAM OFFICER

Presenter(s): JEFFERY BROWN, E & I DIRECTOR

Estimate of Committee Time Needed: 10 MINUTES

BACKGROUND:

The Public Utilities Division is in the process of taking over the billing for the Kelly Hills/Slocomb Road Water and Sewer District from PWC. The first step in moving forward is to execute a new interlocal agreement between PWC and Kelly Hills for the sewer treatment and operation and maintenance of the system. The execution of the new agreement will replace the existing agreement. Cumberland County currently has \$800,975 in available Facility Investment Fee (FIF) credits with \$633,745 of those credits expiring in October 2015. As part of this agreement, the County will purchase additional capacity with a portion of the FIF credits. An additional 67,570 gallons will be purchased at a price of \$2.98/gpd for a total price of \$201,358.60. This will bring the total purchased capacity of the system to 100,000 gpd. The entire system has a capacity of 150,000 gpd.

RECOMMENDATION/PROPOSED ACTION:

The Engineering and Infrastructure Director and County Management recommend that the Finance Committee recommend to the Kelly Hills/Slocomb Road Governing Board to:

1. Approve the wholesale sewer and operation and maintenance agreement between PWC and Kelly Hills following review and approval of the County Attorney.
2. Approve the use of available PWC FIF credits to purchase additional capacity.

**STATE OF NORTH CAROLINA
COUNTY OF CUMBERLAND
SANITARY SEWER WHOLESAL AGREEMENT**

THIS AGREEMENT made and entered into this ____ day of _____ 2014 by and between the City of Fayetteville acting by and through its Public Works Commission of the City of Fayetteville (hereinafter referred to as "Commission" or "PWC") and the County of Cumberland, a North Carolina body politic acting by and through its Kelly Hills/Slocomb Road Water & Sewer District, (hereinafter referred to as "Kelly Hills").

WITNESSETH

THAT, WHEREAS, Kelly Hills owns and operates a wastewater collection system, as described in Exhibit B, that currently serves approximately 115 customers in the Kelly Hills/Slocomb Road area; and,

WHEREAS, Commission owns and operates wastewater treatment facilities (the "Municipal Wastewater System") and provides wholesale wastewater treatment services; and,

WHEREAS, Kelly Hills wishes to contract with Commission for PWC to furnish wholesale wastewater treatment service to Kelly Hills for the treatment of Kelly Hills wastewater; and ,

WHEREAS, Commission agrees to furnish wastewater treatment service pursuant to the terms of this agreement; and,

WHEREAS, Kelly Hills wishes to contract with Commission for PWC to provide operation and maintenance services to Kelly Hills for the Kelly Hills Sanitary Sewer system; and,

WHEREAS, Commission agrees to furnish operation and maintenance services to Kelly Hills for the Kelly Hills Sanitary Sewer system pursuant to the terms of this agreement; and,

WHEREAS, both parties recognize the Commission must implement and enforce a pretreatment program to control wastewater discharges from Significant Industrial Users("SIUs") under 40 CFR Part 403 or other dischargers who require issuance of SIU or local permits.

NOW THEREFORE, Commission and Kelly Hills agree to the following terms and conditions:

1. Discharge Points:

As of the Effective Date, wastewater from Kelly Hills existing sanitary sewer collection system will be discharged into the Commission's Municipal Wastewater System at the existing entry point listed in this Section 1 and thence treated at Commission's plants as deemed appropriate. Existing entry point is PWC Lift station at 355 Bethune Drive. Kelly Hills shall not discharge into Commission's Municipal Wastewater System at any other entry point without prior written approval from the Commission. Exhibit A shows the approved discharge points.

2. Flow Measurement:

Within one hundred and twenty (120) business days from the Effective Date of this agreement, Commission shall install at Kelly Hills' expense a flow measurement device at the Kelly Hills approach main where Kelly Hills discharges wastewater into the Commission's Municipal Wastewater System. Commission at its expense, shall be responsible for maintenance and calibration of the flow measurement device and calibration shall be done annually and shall operate within the accuracy tolerances as

specified by the manufacturer. Commission shall provide Kelly Hills a copy of the calibration records of the flow measurement device.

3. Basic Operations and Maintenance

A. The cost of basic operation and maintenance of the sanitary sewer collection system is built into the sanitary sewer rate being charged to Kelly Hills. Basic operation and maintenance includes:

1. Rights-of-way and/or easement maintenance to allow for accessibility to the sanitary sewer collection system.
2. Cleaning of at least 10% of the sanitary sewer collection system each year.
3. A general observation of the entire sanitary sewer collection system throughout the course of every year.
4. Semiannual inspections of all high priority lines (i.e. aerial, sub-waterway crossing, line contacting surface waters, siphon, line positioned parallel to stream banks subject to eroding, or line designated as high priority in a permit if applicable).
5. Point repair to a damaged or broken sanitary sewer main pipe, not to include replacement of multiple pipe joints.
6. Point repair to a damaged or broken sanitary sewer lateral or cleanout, not to include outright renewal of entire lateral.
7. Cleaning and rodding of clogged sanitary sewer mains and laterals.
8. Repair of manholes to include resetting of manhole ring and cover, not to include adjustments to or replacement of manhole or ring and cover; not to include repairs warranted to address I&I or corrosion issues.

B. Other extraordinary work required or requested by Kelly Hills will be NU billed at the appropriate rate to include applicable overtime and overhead for labor, equipment and materials (to include an amount for all direct and indirect charges) plus 10%. Examples of extraordinary work are: SSO remediation and post cleaning and inspection, work consider as a capital improvement under Financial Accounting Standards Board (FASB) standards, replacement of multiple joints of sanitary sewer pipe, renewal of a sanitary sewer lateral, installation of a new sanitary sewer lateral, elder valve installation, smokedye testing and CCTV inspection. Kelly Hills shall have the right to install themselves or to hire a contractor(s) to perform this work to PWC standards.

C. The Commission shall at its discretion exercise the right to decline or subcontract any work required or requested by Kelly Hills that would conflict with the Commission's responsibilities and requirements for the operation and maintenance of the Commissions' sanitary sewer collection system.

D. Commission will provide other services, upon request, but which will be billed separately and not included in the Wholesale Sewer Rate. A partial list of the other services that may be available to Kelly Hills include the following:

1. Promote participation agreements with other benefitted parties;
2. Participation and administration of utility extension contracts;

3. Right-of-way acquisition for land and easement requirements to be secured in the name of Kelly Hills within the limits permitted by law but not to include actions in eminent domain;
 4. Inspection services during construction;
 5. Miscellaneous services such as GIS mapping as requested.
- E. Other services requested by Kelly Hills will be NU billed at the appropriate rate to include applicable overtime and overhead for labor, equipment and materials (to include an amount for all direct and indirect charges) plus 10%.
4. Upsizing Mains
Commission will be responsible for the cost associated with upsizing mains within the delineated Kelly Hills service as may be deemed necessary in order to meet Commission's existing and future sanitary sewer needs which would not be otherwise required for the sanitary sewer collection system being installed by Kelly Hills pursuant to this Agreement.
5. Ownership of Sewer Lines
 - A. All sanitary sewer lines installed within the boundaries of the Kelly Hills Sanitary Sewer District shall be owned and operated by Kelly Hills subject to Commission's right to upsize such mains at its expense and to transmit sanitary sewer through such mains to areas beyond the Kelly Hills area.
 - B. Commission shall own and operate the lift station located at 355 Bethune Drive, Fayetteville, NC and the associated force main.
6. Rights-of-way and encroachments
Kelly Hills will acquire all rights-of-way and/or encroachments as may be needed for construction and maintenance of the sanitary sewer collection system as referenced herein.
7. Extension of Mains Outside Kelly Hills Service Area
Commission reserves the right to extend or continue sanitary sewer mains from such mains as initially constructed by Kelly Hills to points outside of the delineated Kelly Hills service area. Future connections or main extensions that occur outside of the delineated Kelly Hills area are not subject to this Agreement and shall be the property of Commission unless the Kelly Hills boundary is expanded by law to serve development of contiguous properties. If such extensions occur, then the Commission shall install a flow measurement device at its expense to measure all flow being generated by customers outside of the Kelly Hills Service Area. A map of showing the boundaries of the Kelly Hills service is show as Exhibit B.
8. Extension of Mains Within Kelly Hills Service Area The further extension of or connection to mains within the delineated Kelly Hills service area will be pursuant to applicable extension and connection policies and procedures of Kelly Hills in effect at the time a request for service is made.
9. Compliance with Commission Policies and Procedures
Kelly Hills may by resolution adopt a policy whereby future customers and/or extenders of sanitary sewer infrastructure in the Kelly Hills service area will be subject to the then current applicable Commission Policies and Procedures to simplify the application process for customers with the understanding that such customers remain responsible to Kelly Hills for compliance with such policies and procedures.

10. Notification of Excessive Inflow/Infiltration

Upon notification by Commission that volumes of Kelly Hills wastewater entering Commission's lines, based on flow measuring data, exceed one hundred twenty-five percent (125%) of the average volume of sewer measured at the Discharge Point during any consecutive three-month billing period, Kelly Hills shall initiate an infiltration/inflow study to be conducted or supervised by a professional consulting engineer. Such study will provide Kelly Hills with recommendations designed to reduce infiltration/inflow to acceptable levels as delineated by the United States Environmental Protection Agency. Said study shall be made during the fiscal year immediately following notification. Corrective measures shall be taken by Kelly Hills upon receipt of and based on said infiltration/inflow study. Kelly Hills shall be responsible for all costs associated with any required infiltration/inflow study and corrective measures. Results of any infiltration/inflow study and proposed corrective measures shall be sent to Commission for review and approval.
11. New Laterals
 - A. At Kelly Hills request, Commission will install new laterals in the Kelly Hills Sanitary Sewer District at Kelly Hills expense. Commission will NU bill Kelly Hills for such laterals at the appropriate rate to include applicable overtime and overhead for labor, equipment and materials (to include an amount for all direct and indirect charges) plus 10%.
 - B. Kelly Hills, at its sole discretion, may install or contract for the installation of new laterals in the Kelly Hills Sanitary Sewer District.
 - C. All new laterals will be designed and built to the PWC standards in effect at the time of the design and construction.
12. Monthly Billing:
 - A. As of the Effective Date, the flow measuring device at the Kelly Hills connective main will be read, as nearly as practical, at regular monthly intervals. The period of time between device readings shall not be less than twenty-seven (27) days and not more than thirty-three (33) days. If Commission is unable to read the flow measuring device, for any reason, the wastewater flow shall be estimated by Commission on the basis of Kelly Hills wastewater flow for the preceding three billing periods for which readings were obtained. Bills rendered on the basis of such estimates shall be as valid as if made from actual device readings and appropriate adjustment of Kelly Hills bill shall be made at first actual reading of the flow measuring device subsequent to such estimate.
 - B. The term "month" or "monthly" refers to the interval(s) transpiring between the previous meter reading date and the current meter reading date, and bills shall be rendered accordingly.
 - C. The Commission will submit bills to Kelly Hills on a monthly basis for the prior month's sewer treatment service.
 - D. If at the time of this Agreement's Effective Date, the flow measurement device at Kelly Hills approach main is not installed, the parties agree that billing shall continue under the existing arrangement, as specified in the Kelly Hills/Slocomb Road Water & Sewer District Sanitary Sewer Service Agreement as amended October 24, 2005 until such time that the flow measurement device is installed and calibrated.
 - E. The Commission will, annually, or such time as shall be determined by Commission, perform a rate analysis to determine the rates which are applicable to

serving Commission's various classes of water and sanitary sewer service. Among those classes of service will be wholesale sanitary sewer service classes, a class which includes Kelly Hills.

F. Commission will use audited balance sheets, income statements, comparable wholesale market rate data, and return on investment financial information as the basis for determining the rates applicable to this Agreement. Commission may at its option, adjust audited financial data for changes to such financial data known or reasonably expected to occur during the period in which the billing rate will be in effect.

G. Commission will provide at least 30 days' notice to Kelly Hills of any rate changes.

H. The initial Wholesale Sewer Rate to be charged to Kelly Hills, including the cost of O&M, is \$ 4.1267 per 1,000 gallons, or \$.0041267 per gallon, the rate effective January 1, 2014. This cost includes the cost of basic operation and maintenance of the sanitary sewer collection system as described in paragraph 3.

13. Capacity Charges

A. Commission shall receive and treat up to 100,000 gallons per day of Kelly Hills wastewater, representing the projected average daily usage generated from sources within the Kelly Hills Sanitary Sewer District. Kelly Hills has purchased 32,430 gallons per day sanitary sewer treatment capacity using \$ 92,640 of FIF credits. Upon execution of this agreement Kelly Hills will purchase an additional 67,570 gallons per day of sanitary sewer treatment capacity using \$ 201,358.60 of their existing FIF credits that expire in October 2015.

Kelly Hills has the option, in the future, to purchase any or all of the remaining 50,000 gallons per day force main capacity at the then current FIF charge. Such purchases will be made in increments of at least 5% of the then current contract capacity.

B. Kelly Hills shall, advise Commission of any anticipated growth in number of connections to its sanitary sewer system, population served and anticipated volume of wastewater as Kelly Hills becomes aware of such growth.. Commission does not anticipate any restriction on annual increase in flow from Kelly Hills, if within limits of the contract demand of 100,000 gallons per day. However, flow limits may be imposed if a regulatory agency having jurisdiction over Commission's treatment facilities requires restriction on flow increases on Commission's system.

C. Commission shall notify Kelly Hills if the measured average daily usage in gallons per day of wastewater reaches 80% of the contract demand.

D. If the measured average daily usage in gallons per day of wastewater from Kelly Hills exceeds 90% of the contract demand, Kelly Hills shall purchase additional contract demand at the current Commission capacity rate in increments of at least 5% of the existing contract demand.

14. Surcharges for Carbonaceous Biochemical Oxygen Demand (CBOD) and Suspended Solids (SS) and Total Kjeldhal Nitrogen (TKN):

A. A surcharge for CBOD, Suspended Solids or NH₃ will be applied to those customers of Kelly Hills who are issued SIU or local permits ("Industrial Users"). These surcharges will be determined in accordance with the Commission Rate Schedule "Sanitary Sewer Surcharges" currently indexed as 620.05. Such surcharge billing will be determined by testing samples of wastewater from each Industrial Users' discharge at

Commission's laboratories pursuant to standard test requirements and procedures of the State and Federal governments. Commission shall bill surcharges directly to the Industrial Users. The additional costs to treat wastewater in excess of limits stated above are determined by the Commission and published annually. The Commission will, from time-to-time, review and revise the surcharge applicable to Industrial Users based on testing.

B. Kelly Hills shall terminate sewer service to any Industrial User upon notice from the Commission that said Industrial User has failed to pay surcharges pursuant to Sections 5 or 7 or any additional fees or penalties under the City of Fayetteville's Sewer Use Ordinance.

15. Sewer Use Ordinance Requirement:

A. The Sanitary Sewer Ordinance of the City of Fayetteville, as amended from time-to-time, shall be applicable to all Kelly Hills customers whose wastewater is discharged to Commission's Municipal Wastewater System.

B. Kelly Hills shall be responsible for regulation of all customers who discharge wastewater through Kelly Hills system to the Commission's Municipal Wastewater System. Kelly Hills shall be responsible for enforcement of the requirements of the City of Fayetteville's Sanitary Sewer Ordinance.

16. Sewer Use Ordinance, and Pretreatment Requirements and Costs:

A. The Sanitary Sewer Use Ordinance of the City of Fayetteville and subsequent revisions of such Ordinance to include pretreatment requirements and cost, both incorporated herein by reference, shall be applicable to the effluent of Kelly Hills' sanitary sewer being discharged into the Commission's sanitary sewer system.

B. Kelly Hills hereby designates Commission as the agent of Kelly Hills for the purposes of implementation and enforcement of the pretreatment requirements of Kelly Hills for industrial users located in Kelly Hills' jurisdiction. Commission hereby accepts the designation of agent of Kelly Hills' jurisdiction for purposes of implementation and enforcement of the pretreatment requirements. If Commission determines the pretreatment requirements are not enforceable by Commission, then Kelly Hills shall provide timely enforcement. Kelly Hills shall continue to enforce all other provisions of the City's Sanitary Sewer Use Ordinance.

C. Commission, on behalf of and as an agent for Kelly Hills', agrees to perform technical and administrative duties necessary to implement and enforce the pretreatment requirements, including but not limited to the following:

1. Updating industrial waste survey no less than once every five (5) years;
2. Providing technical services such as sampling and analysis;
3. Permitting of Significant Industrial Users (SIU's);
4. Conducting inspection and compliance monitoring at permitted SIU's and certain commercial users; and
5. Performing enforcement activities.

In addition, Kelly Hills authorizes the Commission, as its agent, to take emergency action to stop or prevent any discharge which presents or may present an imminent danger to the health or welfare of humans, reasonably appears to threaten the environment, threatens to interfere with the operation of Commission's sanitary sewer treatment system (including the collection system and its workers' safety), or which could pass through the treatment plant and threaten the integrity of the publicly owned treatment works receiving stream.

- D. Kelly Hills, as with other Commission customers, shall be responsible for additional cost associated with treatment of sanitary sewer in excess of published limits as determined by Commission. Such pretreatment surcharge billing will be determined by testing of samples of sanitary sewer from the Kelly Hills sanitary sewer collection system at Commission's laboratories pursuant to standard test requirements and procedures of the State and Federal governments. The pretreatment surcharge procedure as it applies to commercial industrial customers is described in Commission's Rates and Policies Manual and is incorporated herein by reference.
- E. Kelly Hills shall pay Commission for actual costs incurred by Commission, including all reasonably allocated overhead costs, implementing and enforcing pretreatment requirements on behalf of Kelly Hills'. Commission shall bill Kelly Hills monthly for pretreatment costs incurred by Commission in implementing and enforcing Kelly Hills' pretreatment requirements, which shall be payable within 30 days of date of invoice.
17. Corrosion Control:
Kelly Hills shall be responsible for ensuring compliance with hydrogen sulfide discharge limits at the point(s) of discharge to the Commission's Municipal Wastewater System. The discharge of dissolved sulfide by Kelly Hills to Commission's Municipal Wastewater System at the discharge point(s) identified in Section 1 of this Agreement, are limited to the following: a daily average of 5mg/l in solution and/or 10 ppm in atmosphere and a maximum of 10 mg/l in solution and/or 30 ppm in atmosphere per day. PWC, at its own expense, shall perform all testing and as needed shall coordinate with Kelly Hills. Kelly Hills, at its own expense, shall be responsible for the addition of any chemicals or additional treatment necessary to comply with the hydrogen sulfide limit. Any addition of chemicals to control hydrogen sulfide shall be coordinated with Commission prior to introduction into the system.
18. Indemnity and Responsibilities:
Kelly Hills assumes responsibility for and shall indemnify (or defend at Commission's sole option) Commission, its successors and assigns, and hold it harmless against all injuries, liabilities, claims, damages, losses, costs and expenses, including reasonable attorney's fees and costs, personal injury or property damage, arising out of or related to 1) the construction, maintenance and operation of Kelly Hills sanitary sewer system, 2) Kelly Hill's discharge into the Commission's Municipal Wastewater System, 3) this Agreement, or 4) fines or penalties by any Federal, State or local agency or body.. Kelly Hills will not indemnify PWC for intentional or negligent acts solely attributable to PWC, its employees, agents, or contractors.
19. Suspension or Termination of Sanitary Wastewater Treatment Service:
Commission, in addition to all other legal remedies, may either terminate this Agreement or suspend sanitary sewer treatment service to Kelly Hills for:
- a) Any material default or breach of this Agreement by Kelly Hills; Fraudulent or unauthorized use of the sanitary sewer treatment service or discharge of sanitary sewer in such manner as to circumvent Commission's meter(s) serving Kelly Hills; or,
 - b) Failure to pay monthly sanitary sewer bills when due and payable.
 - c) No such termination or suspension, however, will be made by Commission without thirty (30) days written notice delivered to Kelly Hills personally or by mail, within which time Kelly Hills may cure any

such alleged default or breach or commence in good faith to cure any such default or breach which cannot reasonably be cured within thirty (30) days, except that only seven (7) days' notice need be given under subsection (b) above.

- d) Commission's suspension of sanitary sewer service or termination of this Agreement upon any authorized grounds shall not relieve Kelly Hills of:
 - 1) Liability for the payment of sanitary sewer treatment service to the date of suspension or termination of this Agreement; nor
 - 2) Liability for any actual damages sustained by Commission.

20. Payment:

Monthly bills are payable within thirty (30) days from date thereof at P.O. Box 1089, Fayetteville, North Carolina, 28302, or its successors. A late payment charge in accordance with PWC's Schedule of Deposits, Fees, and Charges shall be applicable to all bills rendered pursuant to this Agreement except when notified within fifteen (15) days by Kelly Hills in writing of an invoice dispute, but Kelly Hills shall pay the undisputed amount pursuant to this contract.

21. Term of Agreement:

The term of this Agreement is for twenty (20) years from _____, 2014 until _____, 2034 (the "Initial Term"). This Agreement shall automatically renew at the end of the Initial Term for a period of one (1) year, and shall automatically renew each year thereafter for a period of one year, unless terminated pursuant to the terms of Paragraph 10, or by either party by giving not less than one (1) year written notice to the other party, or upon mutual consent of both parties. Either party may terminate this Agreement during the Initial Term by giving the other party one (1) year written notice.

22. Prior Agreements: This Sanitary Sewer Wholesale Agreement shall replace the Sanitary Sewer Service Agreement by and between the City of Fayetteville acting by and through its Public Works Commission of the City of Fayetteville and the Kelly Hills /Slocomb Road Sanitary Sewer District dated April 19, 2004 and amended October 24, 2005.

23. Continuity of Service:

Commission does not guarantee continuous utility service, but shall use reasonable diligence in providing uninterrupted services. Having used such reasonable diligence, Commission shall not be liable to Kelly Hills or its customers for failure to provide continuous services. The performance of Commission's obligations under this Agreement shall be excused during such times and to the extent such performance is prevented by reason of any event beyond the control of Commission, including without limitation, flood, earthquake, storm, lightning, fire, explosion, war, riot, civil disturbances, terrorist act, strikes, sabotage, or act of God.

24. Dispute Resolution:

Commission and Kelly Hills will attempt in good faith to resolve any dispute or claim arising out of or in relation to this Agreement through direct negotiations between Commission and Kelly Hills' staff. If the dispute is not settled through such negotiations, then Commission and Kelly Hills agree to attend voluntary mediation prior to initiating formal legal proceedings. Said voluntary mediation shall be initiated by either party giving notice of the same, and shall be concluded within 30 days of such notice. Said voluntary mediation shall be conducted pursuant to the North Carolina Rules

Implementing Statewide Mediated Settlement Conferences in Superior Court Civil Actions in effect at the time said notice is given. The requirements of this Section 25 shall not apply to emergency situations where the dispute involves potential harm to the Commission's Municipal Wastewater System.

25. Amendment Proceedings:

This Agreement may be amended, changed, modified, altered, or assigned only by written consent of Commission and Kelly Hills.

26. Notices:

All notices hereunder, other than monthly invoices and payment of the same, shall be sent to the following addresses using regular mail unless otherwise specified in writing:

Commission: General Manager
 Public Works Commission
 P.O. Box 1089
 Fayetteville, NC 28302

Kelly Hills: Chairman, Board of Governors
 Kelly Hills/Slocomb Road Water and Sewer District
 P. O. Box 1829
 Fayetteville, NC 28302-1829

27. Binding Effect:

This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and assigns.

28. Entire Agreement:

This Agreement contains the entire Agreement of the parties and there are no representations, inducements, or other provisions other than those expressed in writing.

29. Kelly Hills acknowledges that, in carrying out the terms of this agreement, PWC will disclose certain confidential customer information to Kelly Hills (the "Confidential Information"). Kelly Hills agrees not to disclose the Confidential Information to third parties, except as may be reasonably necessary to carry out the terms of this Agreement. Kelly Hills will advise PWC of any such disclosure prior to disclosure and obtain PWC's consent. In the event Kelly Hills inadvertently discloses Confidential Information, Kelly Hills will immediately notify PWC of such inadvertent disclosure and will take all appropriate actions to prevent further dissemination or disclosure of the Confidential Information.

29. Governing Law:

This Agreement shall be governed by the laws of the State of North Carolina.

30. Severability:

It is hereby declared to be the intention of Commission and Kelly Hills that the paragraphs, sentences, clauses, and phrases of this Agreement are severable. If one or more paragraphs, sections, sentences, clauses, or phrases shall be declared void, invalid, or otherwise unenforceable for any reason by valid and final judgment or decree of any court of competent jurisdiction, such judgment or decree shall not affect the remaining provisions of this Agreement and the same shall continue to be fully effective and enforceable on the basis that said remaining provisions would have been agreed to by

Commission and Kelly Hills without the incorporation of such void, invalid, or otherwise unenforceable paragraph, section, sentence, clause, or phrase.

31. Effective Date:

The Effective Date, as that term is used in this Agreement, shall be the date that the Agreement is fully executed by both parties.

IN WITNESS WHEREOF, the parties hereto, through their duly authorized officers, have executed this contract as to the date and year first above written.

PUBLIC WORKS COMMISSION
OF THE CITY OF FAYETTEVILLE

By: _____
Michael G. Lallier, Chairman

ATTEST:

Lynne Greene, Secretary

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

J. Dwight Miller
PWC Chief Financial Officer

KELLY HILLS/SLOCOMB ROAD WATER AND SEWER DISTRICT

By: _____
Jeannette M. Council, Chair

ATTEST:

Candice White, Clerk to the Board

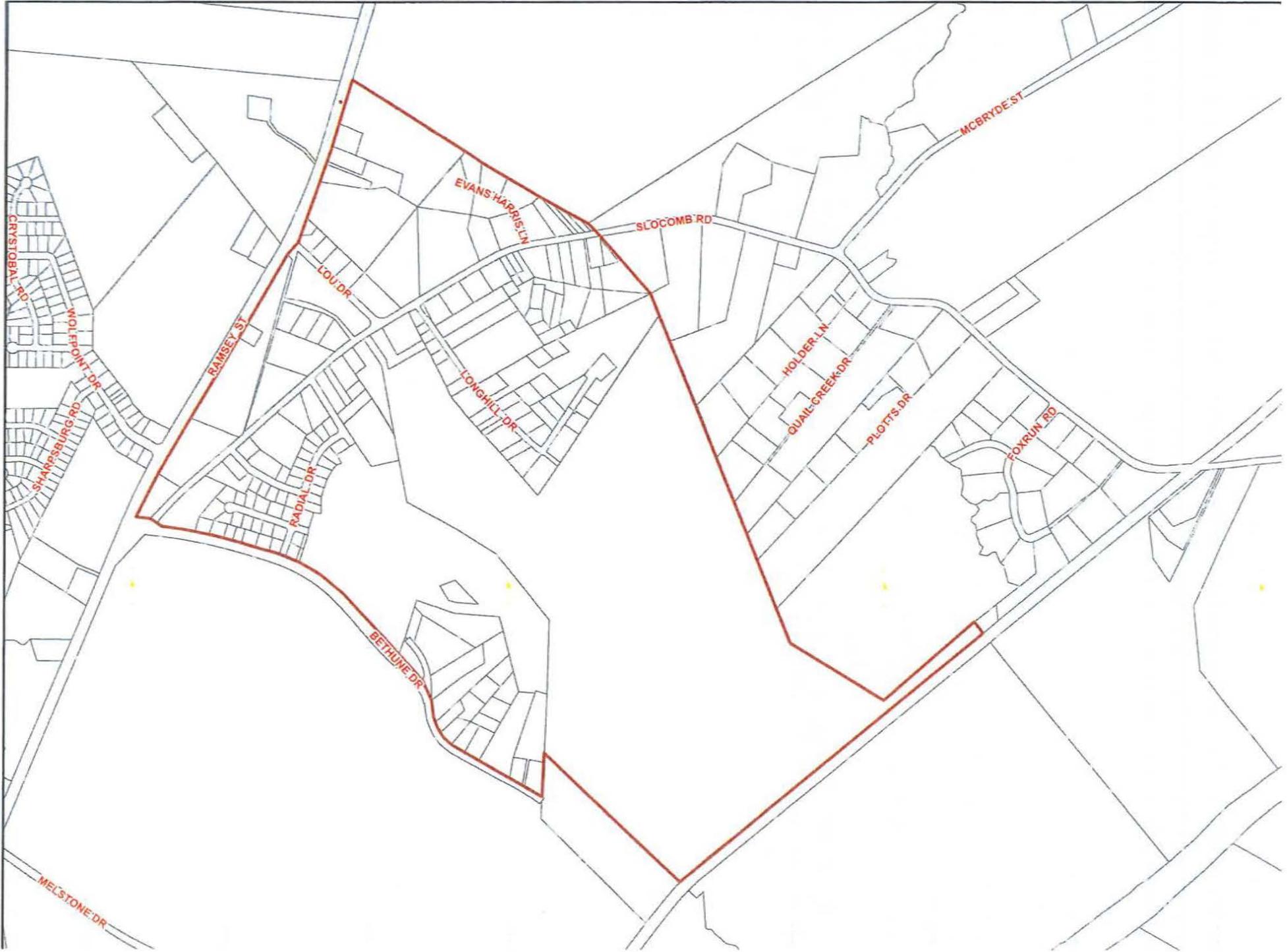
This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Kelly Hills/Slocomb Road Water and Sewer District
Attorney Finance Manager

Exhibit A – Kelly Hills Discharge Points

The approved discharge point(s) for Kelly Hills are:

1. The flow measurement device at the Kelly Hills force main.



MELISSA C. CARDINALI
Finance Director

VICKI EVANS
Accounting Manager



FINANCE OFFICE

4th Floor, New Courthouse • PO Box 1829 • Fayetteville, North Carolina 28302-1829
(910) 678-7753 • Fax (910) 323-6120

**MEMO FOR THE AGENDA OF THE
AUGUST 7, 2014 MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE
FROM: MELISSA C. CARDINALI, ASSISTANT COUNTY MANAGER
DATE: JULY 29, 2014
SUBJECT: EMPLOYEE WELLNESS CLINIC UPDATE

Requested by: Amy Cannon, County Manager
Presenter(s): Melissa C. Cardinali, Assistant County Manager

Estimated of Committee Time Needed: 5 Minutes

BACKGROUND

At the May 8, 2014 Finance Committee meeting, Mark Browder of Mark III Employee Benefits presented an update on the employee clinic. At that time, Mr. Browder was instructed by the Committee to seek requests for proposals for the operation of the employee clinic. We anticipated the results would be available for the August Finance Committee meeting.

In June the vendors were asked to present their proposals. At that time it was decided that additional clarification was needed in order to make the most informed and best decision for the County.

Due to scheduling difficulties, the management team was unable to meet with Mark III until August. Therefore, we anticipate Mark Browder attending the September 4 Finance Committee meeting with a recommendation regarding the clinic.

RECOMMENDATION

No action needed. Item is for information only.

Celebrating Our Past...Embracing Our Future



FINANCE OFFICE

4th Floor, Room No. 451, Courthouse • PO Box 1829 • Fayetteville, North Carolina 28302-1829
(910) 678-7753 • Fax (910) 323-6120

**MEMO FOR THE AGENDA OF THE
AUGUST 7, 2014 MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE
FROM: MELISSA C. CARDINALI, ASSISTANT COUNTY MANAGER
DATE: JULY 29, 2014 *nee*
SUBJECT: MONTHLY FINANCIAL REPORT – AS OF 6/30/14

Presenter(s): Melissa C. Cardinali, Assistant County Manager

Estimated of Committee Time Needed: 5 Minutes

BACKGROUND

The financial report is included as of June 30, 2014. Highlights include:

- Revenues
 - Ad valorem taxes: collections are just above budget for the year. Another strong year of consistent collections by our tax department.
 - Sales taxes: collections remain behind fiscal year 2012-13 to date. However, the July 2014 distribution was consistent with the July 2013 distribution.
- Expenditures
 - Expenditures for all departments remain in line with previous years and show no unusual patterns.
- Crown Coliseum
 - Financial statements as presented to the CCCC Board are included.

RECOMMENDATION

No action needed – for information purposes only.

Celebrating Our Past...Embracing Our Future

GENERAL FUND SUMMARY OF OBLIGATIONS

GENERAL FUND	FY2014							FY2013						
	Actual					Budget	%	Actual					Budget	%
	Jul-Mar	April	May	June	Total			Jul-Mar	April	May	June	Total		
General Administration	12,359,905	1,058,140	1,615,659	1,042,101	16,075,805	18,094,899	88.84%	11,614,647	920,409	1,046,732	1,422,816	15,004,604	16,727,341	89.70%
Buildings & Grounds	5,349,987	265,329	441,299	427,907	6,484,522	6,951,770	93.28%	4,580,801	397,241	254,619	482,660	5,715,321	6,294,995	90.79%
General Government														
Debt Service	33,312,544	150	5,490,214	1,456,157	40,259,065	40,260,648	100.00%	17,810,802	25,174	5,910,958	1,569,556	25,316,490	25,316,493	100.00%
General Government Other	3,412,395	537,797	324,598	318,481	4,593,272	5,845,658	78.58%	9,417,419	84,516	140,714	2,891,536	12,534,185	13,993,212	89.57%
Total General Government	36,724,939	537,947	5,814,812	1,774,638	44,852,336	46,106,306	97.28%	27,228,221	109,690	6,051,672	4,461,092	37,850,675	39,309,705	96.29%
Law Enforcement														
Sheriff	22,042,573	2,114,990	2,862,255	1,956,923	28,976,741	29,779,695	97.30%	19,777,168	1,860,308	2,030,812	2,791,735	26,460,023	26,944,083	98.20%
Jail	11,367,005	1,194,780	1,803,957	1,228,538	15,594,280	16,296,022	95.69%	9,472,989	1,122,769	952,251	1,347,576	12,895,585	13,304,584	96.93%
Total Law Enforcement	33,409,578	3,309,770	4,666,212	3,185,460	44,571,020	46,075,717	96.73%	29,250,157	2,983,077	2,983,063	4,139,311	39,355,608	40,248,667	97.78%
Public Safety	5,332,905	549,351	737,616	607,972	7,227,844	7,598,955	95.12%	4,998,310	473,564	826,997	750,712	7,049,583	7,537,885	93.52%
Health														
Mental Health Clinic								2,208,970	149,697	164,878	286,711	2,810,256	3,425,609	82.04%
Health All Other	15,877,901	1,554,699	2,059,918	1,344,389	20,836,907	22,553,218	92.39%	14,138,876	1,367,358	1,286,064	1,909,467	18,701,765	20,418,119	91.59%
Total Health Department	15,877,901	1,554,699	2,059,918	1,344,389	20,836,907	22,553,218	92.39%	16,347,846	1,517,055	1,450,942	2,196,178	21,512,021	23,843,728	90.22%
Mental Health														
Mental Health Dept (LME)								10,083,566	475,341	172,802	46,018	10,777,727	12,059,495	89.37%
MCO								1,265,436	234,950	232,079	432,627	2,165,092	2,282,691	94.85%
Mental Health Other (County)	7,185,722	1,890,450	75,668	(1,527,913)	7,623,927	9,675,389	78.80%	1,238,498	24,575	255,819	75,267	1,594,159	1,666,182	95.68%
Social Services														
Social Services	26,781,609	3,461,014	3,745,238	2,677,508	36,665,369	39,443,346	92.96%	25,417,187	3,222,674	2,917,863	3,793,189	35,350,913	37,227,537	94.96%
Other DSS Programs	17,391,534	2,371,878	2,431,917	2,481,683	24,677,012	27,603,752	89.40%	16,207,007	2,144,219	2,300,585	2,186,220	22,838,031	27,581,854	82.80%
Total Social Services	44,173,143	5,832,892	6,177,155	5,159,191	61,342,381	67,047,098	91.49%	41,624,194	5,366,893	5,218,448	5,979,409	58,188,944	64,809,391	89.78%
Human Services														
Child Support Enforcement	3,381,956	356,710	513,724	328,246	4,580,636	4,712,156	97.21%	3,049,463	294,707	292,985	431,874	4,069,029	4,393,724	92.61%
Other HS Programs	302,093	31,014	42,076	22,754	397,937	407,287	97.70%	257,270	29,126	47,731	24,174	358,301	364,458	98.31%
Total Human Services	3,684,049	387,724	555,800	351,000	4,978,573	5,119,443	97.25%	3,306,733	323,833	340,716	456,048	4,427,330	4,758,182	93.05%
Library														
Library	7,716,037	775,908	1,162,021	766,201	10,420,167	10,805,937	96.43%	7,472,013	664,747	707,362	959,466	9,803,588	10,314,723	95.04%
Library Other	534,015	36,212	57,572	10,426	638,225	703,101	90.77%	227,845	21,751	154,000	34,686	438,282	638,795	68.61%
Total Library	8,250,052	812,120	1,219,593	776,627	11,058,392	11,509,038	96.08%	7,699,858	686,498	861,362	994,152	10,241,870	10,953,518	93.50%
Culture & Recreation	382,930	58,108	49,881	72,174	563,093	565,025	99.66%	362,665	67,255	(5,317)	15,981	440,584	476,658	92.43%
Economic Development	5,442,036	449,856	511,423	363,990	6,767,304	8,284,288	81.69%	4,666,314	373,991	366,264	644,030	6,050,599	7,851,232	77.07%
Subtotal	178,173,147	16,706,386	23,925,036	13,577,536	232,382,104	249,581,146	93.11%	163,028,748	13,694,847	19,568,300	21,588,407	218,779,958	238,819,670	91.61%
Education														
County School Current Exp	57,165,507	6,351,723	6,351,723	6,351,723	76,220,676	76,220,676	100.00%	57,165,507	6,351,723	6,351,723	6,351,723	76,220,676	76,220,676	100.00%
Goodyear Incentive	261,207	0	0	0	261,207	261,207	100.00%	258,604	0	0	0	258,604	278,012	93.02%
Sales Tax Equalization	0	0	0	0	0	746,777	0.00%	0	0	0	0	0	775,000	0.00%
FTCC Current Expense	7,164,297	796,033	796,033	796,041	9,552,404	9,552,404	100.00%	6,872,472	763,608	763,608	763,608	9,163,296	9,163,305	100.00%
FTCC PEG	0	47,397	0	0	47,397	46,000	103.04%	0	64,392	0	0	64,392	0	0.00%
FTCC Capital Outlay	282,871	0	0	143,668	426,539	1,064,458	40.07%	1,212,667	1,291,295	0	683,113	3,187,075	4,647,831	68.57%
Total Education	64,873,882	7,195,153	7,147,756	7,291,432	86,508,223	87,891,522	98.43%	65,509,250	8,471,018	7,115,331	7,798,444	88,894,043	91,084,824	97.59%
Total General Fund	243,047,029	23,901,539	31,072,792	20,868,968	318,890,328	337,472,668	94.49%	228,537,998	22,165,865	26,683,631	29,386,851	307,674,000	329,904,494	93.26%

CUMBERLAND COUNTY REVENUE SUMMARY

GENERAL FUND	FY2014								FY2013								
	Actual					Budget	%	Actual					Budget	%			
	Jul-Mar	April	May	June	Total			Jul-Mar	April	May	June	Total					
Category 10: Ad Valorem Tax																	
Real, Personal, Public - Current	147,577,965	1,039,219	705,725	554,273	149,877,182	147,855,162	101.37%	143,442,971	1,137,172	840,150	627,154	146,047,447	144,802,240	100.86%			
Motor Vehicles - Current	7,183,335	(139,410)	1,356,159	1,389,870	9,789,954	12,694,193	77.12%	9,022,139	1,850,468	523,197	990,138	12,385,942	11,572,666	107.03%			
Motor Vehicle - Tax & Tag	5,701,086	1,698,374	201,386	186,762	7,787,608	3,000,000	259.59%	0	0	0	0	0	0	0.00%			
Prior Years & Other	4,950,916	303,544	221,926	233,339	5,709,725	5,384,025	106.05%	4,120,233	237,381	972,442	156,997	5,487,053	5,121,372	107.14%			
Total	165,413,302	2,901,727	2,485,196	2,364,244	173,164,469	168,933,380	102.50%	156,585,343	3,225,021	2,335,789	1,774,289	163,920,442	161,496,278	101.50%			
Category 20: Other Taxes																	
Sales Tax (1¢ + Art 40 + 42+ 44+ 46)	18,355,571	2,559,269	3,308,259	3,268,564	27,491,663	39,384,123	69.80%	18,655,143	2,908,559	3,331,468	3,983,128	28,878,298	36,554,775	79.00%			
Pet Registration Fees	219,335	21,120	28,902	19,892	289,249	493,042	58.67%	318,402	17,813	13,634	23,076	372,925	350,202	106.49%			
Sales Tax Video & Telecommunications	419,890	0	0	137,617	557,477	597,324	93.33%	442,290	0	0	142,265	584,555	617,700	94.63%			
Other Taxes	569,019	60,431	458,566	96,572	1,184,588	1,047,519	113.09%	631,130	64,763	414,318	78,705	1,188,916	1,291,550	92.05%			
Total	19,563,785	2,640,820	3,795,727	3,522,646	29,522,978	41,522,008	71.10%	20,046,965	2,991,135	3,759,420	4,227,174	31,024,694	38,814,227	79.93%			
Category 30: Unrestricted Intergovernmental																	
ABC Store 3.5%	426,896	0	0	0	426,896	795,056	53.69%	419,942	200,701	0	0	620,643	795,056	78.06%			
ABC Store Profit	1,005,541	753,518	0	0	1,759,059	1,113,192	158.02%	769,184	498,005	0	0	1,267,189	1,113,192	113.83%			
Fay Sales Tax Equalization-Original	1,009,194	0	0	492,892	1,502,086	2,079,581	72.23%	518,626	0	487,381	0	1,006,007	1,903,317	52.86%			
Fay Sales Tax Equalization	2,055,437	0	0	1,003,879	3,059,316	4,253,266	71.93%	1,060,436	0	996,694	0	2,057,130	4,020,973	51.16%			
Wade Sales Tax Equalization	486	0	0	237	723	1,001	72.19%	250	0	234	0	484	916	52.84%			
Eastover Sales Tax Equalization	0	0	0	0	0	0	0.00%	83,131	0	0	44,393	127,524	157,269	81.09%			
Stedman Sales Tax Equalization	66	0	0	33	99	137	72.17%	34	0	32	0	66	125	52.80%			
Spring Lake Sales Tax Equalization	73,112	0	0	0	73,112	321,401	22.75%	0	75,336	80,154	83,034	238,524	288,037	82.81%			
Godwin Sales Tax Equalization	520	0	0	534	1,054	2,173	48.52%	542	0	509	561	1,612	1,989	81.05%			
Other	1,309,181	133,325	59,226	94,526	1,596,258	1,982,556	80.52%	1,000,236	285,659	96,903	79,478	1,462,276	1,726,472	84.70%			
Total	5,880,433	886,843	59,226	1,592,101	8,418,603	10,548,363	79.81%	3,852,381	1,059,701	1,661,907	207,466	6,781,455	10,007,346	67.76%			
Category 40: Restricted Intergovernmental																	
Health	3,381,793	393,917	483,347	759,186	5,018,244	5,787,048	86.72%	3,359,426	347,907	488,708	407,012	4,603,053	5,927,527	77.66%			
Mental Health Consolidation	230,373	57,347	21,485	8,525	317,730	453,258	70.10%	8,137,243	(75,979)	269,688	228,870	8,204,683	8,204,683	103.95%			
Social Services	24,303,955	6,063,308	4,544,144	1,980,420	36,891,827	44,971,911	82.03%	23,730,412	5,322,775	3,709,669	1,804,847	34,567,703	43,801,966	78.92%			
Library	744,955	49,120	62,173	56,386	912,634	762,178	119.74%	471,349	62,721	43,170	74,957	652,197	792,856	82.26%			
Child Support Enforcement	1,999,996	476,281	442,890	431,230	3,350,397	3,322,840	100.83%	1,124,944	1,367,466	301,467	58,092	2,851,968	3,141,266	90.79%			
Other	1,072,406	453,711	63,924	134,242	1,724,283	3,665,229	47.04%	1,831,764	221,960	107,269	161,891	2,322,884	3,256,372	71.33%			
Total	31,733,477	7,493,684	5,617,964	3,369,990	48,215,115	58,962,464	81.77%	38,655,136	7,246,850	4,919,952	2,735,669	53,557,607	65,154,670	82.20%			
Category 50: Licenses & Permits																	
Register of Deeds	1,194,526	129,310	132,043	140,183	1,596,062	1,529,150	104.38%	1,342,772	167,019	168,730	160,190	1,838,711	1,642,875	111.92%			
Inspections	471,734	78,322	71,342	73,795	695,193	555,000	125.26%	542,167	67,341	74,744	79,901	764,153	449,000	170.19%			
Other	0	0	0	0	0	0	0.00%	25,663	0	0	0	25,663	158,888	16.15%			
Total	1,666,260	78,322	203,385	213,978	2,291,255	2,084,150	109.94%	1,910,602	234,360	243,474	240,091	2,628,527	2,250,763	116.78%			
Category 60: Sales & Service																	
Animal Control	189,069	17,172	21,793	23,283	251,317	213,014	117.98%	190,259	23,111	21,774	19,783	254,927	180,253	141.43%			
Mental Health	0	0	0	0	0	0	0.00%	3,156,320	(428,107)	0	24,602	2,752,815	3,107,892	88.57%			
Health Department	3,575,751	323,144	293,849	374,448	4,567,192	4,645,273	98.32%	3,853,021	395,353	359,674	348,472	4,956,520	4,118,576	120.35%			
Mental Health Clinic	0	0	0	0	0	0	0.00%	233,933	6,114	7,911	42,633	290,591	3,425,609	8.48%			
Library Fees	183,445	17,682	15,497	18,797	235,421	363,452	64.77%	228,427	20,411	18,014	23,437	290,289	345,150	84.11%			
Sheriff Fees	1,826,025	698,118	361,780	245,487	3,131,410	3,413,955	91.72%	2,599,461	211,659	181,566	90,913	3,083,599	2,797,917	110.21%			
Social Services Fees	44,453	4,450	10,615	22,809	82,327	123,138	66.86%	61,608	8,250	8,343	7,121	85,322	120,376	70.88%			
Other	663,137	21,573	66,324	72,589	823,623	964,850	85.36%	292,969	246,261	85,964	176,817	80,011	1,049,122	76.45%			
Total	6,481,879	1,082,139	769,858	757,412	9,091,289	9,723,682	93.50%	10,615,997	483,051	683,246	733,778	12,516,074	15,144,895	82.64%			
Category 70: Miscellaneous																	
Interest Income	125,010	8,426	9,450	31,318	174,204	110,000	158.37%	123,244	43,503	15,723	9,416	191,886	125,000	153.51%			
CFV/MC	3,645,004	0	0	0	3,645,004	3,615,271	100.82%	3,615,271	0	0	0	3,615,271	3,248,440	111.29%			
Other	639,904	97,293	107,163	599,298	1,443,658	452,852	318.79%	699,772	41,370	64,972	119,541	925,655	763,307	121.27%			
Total	4,409,918	105,719	116,613	630,616	5,262,866	4,178,123	125.96%	4,438,287	84,873	80,695	128,957	4,732,812	4,136,747	114.41%			
Subtotal Category 10-70	235,149,054	15,189,255	13,047,968	12,450,988	275,966,576	295,952,170	93.25%	236,104,711	15,324,991	13,684,483	10,047,424	275,161,611	297,004,926	92.65%			
Category 90: Other Financing Sources																	
Sale of Land & Buildings	96,563	16,083	32,291	21,058	165,995	32,805	506.00%	34,405	8,846	0	349	43,600	0	0.00%			
Gain/Loss	0	0	0	0	0	0	0.00%	0	0	0	0	0	0	0.00%			
Sale of Fixed Assets/Cash Proceeds	0	0	0	0	0	0	0.00%	96,440	41,276	6,010	0	143,726	79,033	181.86%			
Transfers	1,091,582	3,866,480	(41,395)	2,545,106	7,461,773	7,720,021	96.65%	4,846,725	1,207,102	1,651,551	644,939	8,350,317	8,850,272	94.35%			
Installment /Purchase Revenue	0	0	0	0	0	0	0.00%	3,198,130	0	0	0	3,198,130	3,198,130	100.00%			
Proceeds General Longterm Debt	15,280,101	0	0	0	15,280,101	15,280,102	100.00%	0	0	0	0	0	0	0.00%			
Fund Balance - Former Health	0	0	0	0	0	0	0.00%	0	0	0	0	0	0	0.00%			
Fund Balance - Communications	0	0	0	0	0	0	0.00%	0	0	0	0	0	1,203,825	0.00%			
Fund Balance Maintenance/Renovations	0	0	0	0	0	301,311	0.00%	0	0	0	0	0	175,648	0.00%			
Fund Balance - Health	0	0	0	0	0	768,490	0.00%	0	0	0	0	0	634,645	0.00%			
Fund Balance - Special	0	0	0	0	0	2,422,378	0.00%	0	0	0	0	0	2,566,982	0.00%			
Fund Balance - Mental Health Transfer	0	0	0	0	0	3,326,808	0.00%	0	0	0	0	0	1,798,216	0.00%			
Fund Balance -Economic Incentives	0	0	0	0	0	672,774	0.00%	0	0	0	0	0	666,815	0.00%			
Fund Balance - Water & Sewer	0	0	0	0	0	451,200	0.00%	0	0	0	0	0	1,015,852	0.00%			
Fund Balance Appropriated	0	0	0	0	0	10,54											



**CROWN COMPLEX
FINANCIAL STATEMENTS
JUNE 30, 2014**

A handwritten signature in black ink, appearing to read "Mustafa Baran", written over a horizontal line.

Director of Finance

A handwritten signature in black ink, appearing to read "R. H. H.", written over a horizontal line.

General Manager

**GLOBAL
SPECTRUM**
a subsidiary of COMCAST SPECTRUM

CROWN COMPLEX
BALANCE SHEET
June 2014

ASSETS:

CURRENT ASSETS:

Operating Account	\$ 858,060	
Event Account	2,328,110	
Box Office Change Fund	5,000	
Cash and Cash Equivalents	<u> </u>	\$ 3,191,170
AR-County	12,103	
AR-Sales Tax Receivable	8,747	
AR-Other Global Facilities	2,053	
Accounts Receivable	<u> </u>	22,903
Prepaid Expenses		<u>15,719</u>

TOTAL ASSETS **\$ 3,229,791**

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts Payable Trade		\$ 375,133
Deferred Rebate Revenue	7,706	
Ticket On Consignment	(60,681)	
Deferred Ticket Sales	519,246	
Deferred Ticket Revenue	<u> </u>	466,271
Contract Deposits	9,708	
County Payable	2,484,314	
Accrued Expenses	7,708	
Accrued Payroll	62,989	
Accrued PTO Liability	15,956	
Credit Card Fees Liability	383	
Other Deductions Payable	3,696	
Accrued Commissions	1,604	
FSA Payable	3,066	
Deferred Suite and Signage Revenue	16,237	
Accrued Liabilities and Revenue	<u> </u>	2,605,660
Event Liabilities		<u>(217,273)</u>
Total Liabilities		<u>3,229,791</u>

EQUITY

Funding/Working Capital	1,428,346
Retained Earnings- Current Year	<u>(1,428,346)</u>
Total Equity	<u>0</u>

TOTAL LIABILITIES AND EQUITY **\$ 3,229,791**

**THE CROWN COMPLEX
 BALANCE SHEET COMMENTS
 FOR EIGHT MONTHS ENDING JUNE 2014**

ACCOUNTS RECEIVABLE

<u>AGED RECEIVABLES:</u>	<u>AMOUNT</u>	<u>%</u>	<u>6-30-14</u>
CURRENT	\$ 22,903	100.0%	-
OVER 30 DAYS	-	0.0%	-
OVER 60 DAYS	-	0.0%	-
OVER 90 DAYS*	-	0.0%	-
OVER 120 DAYS*	-	0.0%	-
TOTAL: \$	22,903	100.0%	-

PREPAID EXPENSES

Prepaid expenses	15,719
	15,719

* RECEIVABLES INCLUDED IN OVER 90 & 120 DAY CATEGORY:

<u>CUSTOMER</u>	<u>INV. DATE</u>	<u>AMOUNT</u>	<u>COMMENT</u>
		0	
TOTAL		0	

ACCOUNTS PAYABLE

<u>AGED PAYABLES:</u>	<u>AMOUNT</u>	<u>%</u>	<u>PAYMENTS THROUGH 6-30-14</u>
CURRENT	\$ 375,133	100.0%	
OVER 30 DAYS	-	0.0%	
OVER 60 DAYS	-	0.0%	
OVER 90 DAYS*	-	0.0%	
OVER 120 DAYS*	-	0.0%	
TOTAL: \$	375,133	100.0%	

ACCRUED LIABILITIES	\$	2,589,424	(Includes accrued payroll, vacation pay and working capital due back to County)
ACCRUED EVENT LIABILITIES	\$	248,998	
DEFERRED SUITES AND SIGNAGE REVENUE	\$	16,237	

* PAYABLES INCLUDED IN OVER 90 DAY CATEGORY:

<u>VENDOR</u>	<u>INV. DATE</u>	<u>AMOUNT</u>	<u>PAYMENTS THROUGH 2-28-14</u>
		0	
TOTAL		0	

CROWN COMPLEX
CONSOLIDATED INCOME STATEMENT
For the Eight Months Ending June 2014

	PERIOD TO DATE			YEAR TO DATE		
	Actual	Curr Budget	Budget Variance	Actual	Curr Budget	Budget Variance
Number of Events	22	22	-	203	203	-
Total Paid General	3,905	3,905	-	226,772	226,772	-
Turnstile Attendance- General	51,715	51,715	-	377,371	377,371	-
RENTAL INCOME						
GROSS TICKET REVENUE	\$ 147,121	\$ 147,121	\$ -	\$ 3,786,950	\$ 3,786,950	\$ -
OTHER REVENUE	168,104	168,104	-	734,737	733,094	1,643
LESS: TAXES	-	-	-	(107,250)	(107,250)	-
NET REVENUE AFTER TAXES	315,224	315,224	-	4,414,438	4,412,795	1,643
TENANT CHARGES	(231,381)	(231,381)	-	(3,613,278)	(3,613,278)	(0)
NET RENTAL INCOME	83,843	83,843	-	801,160	799,517	1,643
NET SERVICE INCOME / (LOSS)	(3,123)	(3,123)	-	(53,684)	(52,238)	(1,446)
DIRECT EVENT INCOME	80,720	80,720	-	747,476	747,279	197
SUITE TICKET REVENUE	1,748	1,748	-	7,887	7,887	-
SURCHARGE REVENUE	3,625	3,625	-	245,897	245,897	-
TICKET REBATE REVENUE	5,722	5,722	-	111,912	111,912	-
TOTAL SURCHARGE/REBATE/PRESHOW	11,095	11,095	-	365,696	365,696	-
ANCILLARY INCOME						
CONCESSIONS	13,456	13,456	-	306,915	306,915	-
CATERING	12,223	12,223	-	55,602	55,602	-
NOVELTY	154	154	-	10,497	10,497	-
TOTAL ANCILLARY INCOME	25,833	25,833	-	373,014	373,014	-
EVENT OPERATING INCOME	117,648	117,648	-	1,486,186	1,485,989	197
SIGNAGE INCOME	2,392	942	1,450	12,888	10,334	2,554
SUITE INCOME	1,042	2,455	(1,413)	19,461	22,974	(3,513)
TOTAL SIGNAGE AND SUITES INCOME	3,433	3,397	36	32,349	33,308	(959)
OTHER INCOME						
MISC INCOME	14,854	15,000	(146)	104,980	76,287	28,693
TOTAL OTHER INCOME	14,854	15,000	(146)	104,980	76,287	28,693
INDIRECT EXPENSES:						
EXECUTIVE	51,650	59,934	8,284	232,843	264,863	32,020
MARKETING & SALES	36,038	40,271	4,233	267,957	250,675	(17,282)
FINANCE	22,781	22,357	(424)	105,388	111,825	6,437
EVENT SERVICES	20,494	16,996	(3,498)	158,971	155,925	(3,045)
OPERATIONS	258,195	175,325	(82,870)	1,327,179	1,453,942	126,763
BOX OFFICE	12,872	11,712	(1,160)	90,057	91,754	1,698
OVERHEAD	158,047	96,019	(62,028)	869,466	1,624,945	755,478
TOTAL INDIRECT EXPENSES	560,076	422,614	(137,462)	3,051,861	3,953,929	902,069
NET OPERATING INCOME (LOSS)	\$ (424,139)	\$ (286,569)	\$ (137,571)	\$ (1,428,346)	\$ (2,358,346)	\$ 930,000

CROWN COMPLEX
CONSOLIDATED INCOME STATEMENT
For the Eight Months Ending June 2014

	PERIOD TO DATE			YEAR TO DATE		
	Actual	Curr Budget	Budget Variance	Actual	Curr Budget	Budget Variance
GROSS REVENUE RECAP:						
GROSS TICKET REVENUE	\$ 148,868	\$ 148,868	-	\$ 3,797,356	\$ 3,797,356	-
GROSS OTHER EVENT REVENUE	168,104	168,104	-	734,737	733,094	1,643
GROSS SURCHARGE REVENUE	7,246	7,246	-	293,808	293,808	-
GROSS TICKET REBATE REVENUE	6,724	6,724	-	122,535	122,535	-
GROSS CONCESSIONS REVENUE	42,235	42,235	-	888,919	888,919	-
GROSS CATERING REVENUE	49,579	49,579	-	223,884	223,884	-
GROSS NOVELTY REVENUE	384	384	-	22,027	22,027	-
GROSS ADVERTISING REVENUE	2,392	942	1,450	12,888	10,334	2,554
GROSS SUITE INCOME	1,042	2,455	(1,413)	19,461	22,974	(3,513)
GROSS MISC REVENUE	14,854	15,000	(146)	104,980	76,287	28,693
TOTAL GROSS REVENUE	\$ 441,428	\$ 441,538	(109)	\$ 6,238,499	\$ 6,209,218	29,281

**THE CROWN COMPLEX
FINANCIAL STATEMENT COMMENTS
FOR JUNE 2014**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FAV(UNFAV) VARIANCE</u>
NO OF EVENTS	22	22	-
ATTENDANCE	51,715	51,715	-
DIRECT EVENT INCOME	\$ 80,720	\$ 80,720	-
SUITE TICKET REVENUE	1,748	1,748	-
SURCHARGE REVENUE	3,625	3,625	-
TICKET REBATE	5,722	5,722	-
CONCESSIONS	13,456	13,456	-
CATERING	12,223	12,223	-
NOVELTIES	154	154	-
TOTAL EVENT INCOME	<u>117,648</u>	<u>117,648</u>	-
SIGNAGE INCOME	2,392	942	1,450
SUITE INCOME	1,042	2,455	(1,413)
TOTAL ADVERTISING INCOME	<u>3,434</u>	<u>3,397</u>	-
MISCELLANEOUS INCOME	14,854	15,000	(146)
INDIRECT EXPENSES	560,076	422,614	(137,462)
NET INCOME (LOSS)	<u>\$ (424,140)</u>	<u>\$ (286,569)</u>	<u>(137,571)</u>

EVENT INCOME:

	<u>FAV(UNFAV) VARIANCE</u>	<u>COMMENTS</u>
Rogue Roller Derby		
Cape Fear Heroes Playoff Game		
Gun and Knife Show		
Charlotte Blume Festival of Dance		
Elite Dance Competition		
CCS Child Nutrition Banquet		
CCS Custodian Banquet		
Hardaway/McGowan Wedding Reception		
Special Forces Graduation		
Cumberland School of Dance		
Dixon Wedding Reception		
Ladies Night Out		
173rd ABE Convention		
THSCC Novice Autocross School		
Hot Rods to High Heels		
Charlie Wilson		
CCS Graduations		
NC Dream Team Wrestling		
	<u>-</u>	

Actual numbers equal budget numbers due to County budget figures being based on gross revenue and Global Spectrum actual numbers are based on net revenue.
See Rolling Forecast Sheet

ADVERTISING INCOME:

	<u>FAV(UNFAV) VARIANCE</u>	<u>COMMENTS</u>
SIGNAGE INCOME	\$ 1,450	Miscellaneous revenue for production of signs for new clients
SUITE INCOME	(1,413)	Suite contract ended
	<u>\$ 37</u>	

OTHER INCOME (MISC):

	<u>FAV(UNFAV) VARIANCE</u>	<u>COMMENTS</u>
MISCELLANEOUS INCOME	\$ (146)	
	<u>\$ (146)</u>	

INDIRECT EXPENSES:

	<u>FAV(UNFAV) VARIANCE</u>	<u>COMMENTS</u>
EXECUTIVE	\$ 8,284	Travel and employee benefits less than budget
EVENT SERVICES	(3,498)	Salaries and employee benefits more than budget
FINANCE	(424)	
OPERATIONS	(82,870)	Additional projects/repairs done at year end
MARKETING	4,233	New advertising contracts not budgeted
BOX OFFICE	(1,160)	
OVERHEAD	(62,028)	Transition expenses added this month
	<u>\$ (137,463)</u>	

**THE CROWN COMPLEX
FINANCIAL STATEMENT COMMENTS
FOR EIGHT MONTHS ENDING JUNE 2014**

	ACTUAL	BUDGET	FAV(UNFAV) VARIANCE
NO OF EVENTS	203	203	-
ATTENDANCE	377,371	377,371	-
DIRECT EVENT INCOME	\$ 747,476	\$ 747,279	197
SUITE TICKET REVENUE	7,887	7,887	-
SURCHARGE REVENUE	245,897	245,897	-
TICKET REBATE	111,912	111,912	-
CONCESSIONS	306,915	306,915	-
CATERING	55,602	55,602	-
NOVELTIES	10,497	10,497	-
TOTAL EVENT INCOME	<u>1,486,186</u>	<u>1,485,989</u>	197
SIGNAGE INCOME	12,888	10,334	2,554
SUITE INCOME	19,461	22,974	(3,513)
TOTAL ADVERTISING INCOME	<u>32,349</u>	<u>33,308</u>	
MISCELLANEOUS INCOME	104,980	76,287	28,693
INDIRECT EXPENSES	3,051,861	3,953,929	902,068
NET INCOME (LOSS)	<u>\$ (1,428,346)</u>	<u>\$ (2,358,345)</u>	929,999

EVENT INCOME:

	FAV(UNFAV) VARIANCE	COMMENTS
Graduations		Actual numbers equal budget numbers due to County budget figures being based on gross revenue and Global Spectrum actual numbers are based on net revenue. See Rolling Forecast Sheet
Trade Shows		
Dance Recitals		
Dance Competitions		
Roller Derby		
Military		
Parking Lot Events		
Major Concerts		
Wrestling		
Meetings		

ADVERTISING INCOME:

	FAV(UNFAV) VARIANCE	COMMENTS
ADVERTISING INCOME	\$ 2,554	Additional income for installation and production of new signage clients. H&H contract, budgeted but not renewed yet.
SUITE INCOME	(3,513)	
	<u>\$ (959)</u>	

OTHER INCOME (MISC):

	FAV(UNFAV) VARIANCE	COMMENTS
MISCELLANEOUS INCOME	\$ 28,693	Reimbursements for County share of utilities were not budgeted
	<u>\$ 28,693</u>	

INDIRECT EXPENSES:

	FAV(UNFAV) VARIANCE	COMMENTS
EXECUTIVE	\$ 32,020	Subscriptions and travel less than budget
EVENT SERVICES	(3,045)	
FINANCE	6,437	Travel and professional development less than budget
OPERATIONS	126,763	Utilities under budget and only half of floor project paid so far
MARKETING	(17,282)	Advertising and new computer programs not budgeted
BOX OFFICE	1,698	Part time wages under budget
OVERHEAD	755,478	Utilities under budget and miscellaneous projects under budget
	<u>\$ 902,069</u>	

**CROWN COMPLEX
ROLLING FORECAST
FYE 06/30/14**

	COUNTY July-Oct 2013	ACTUAL Nov-June 2014	TOTAL COUNTY/GS FY 2014	COUNTY BUDGET FYE 06/30/14	FAV(UNFAV) VARIANCE
# OF EVENTS		203	203		203
GROSS REVENUE		4,414,438	\$ 4,414,438		4,414,438
TENANT CHARGES		(3,613,278)	(3,613,278)		(3,613,278)
NET RENTAL INCOME	\$ 409,595	\$ 801,160	1,210,755	\$ 2,425,750	(1,214,995)
SERVICE INCOME		(53,684)	(53,684)		(53,684)
SURCHARGE REVENUE		245,897	245,897		245,897
CONVENIENCE FEE REVENUE		111,912	111,912		111,912
SUITE REVENUE		7,887	7,887		7,887
ANCILLARY INCOME		373,014	373,014		373,014
TOTAL EVENT INCOME	\$ 409,595	\$ 1,486,186	\$ 1,895,781	\$ 2,425,750	\$ (529,969)
PREMIUM / OTHER INCOME	-	137,329	137,329	-	137,329
INDIRECT EXPENSES	2,405,111	3,051,861	5,456,972	6,444,362	987,390
NET INCOME (LOSS)	\$ (1,995,516) (a)	\$ (1,428,346) (b)	\$ (3,423,862) (b)	\$ (4,018,612) (a)	\$ 594,750 (c)
COUNTY ADJUSTMENTS	-	64,000	-	64,000	-
ADJUSTED NET INCOME (LOSS)	\$ (1,995,516)	\$ (1,492,346)	\$ (3,487,862)	\$ (4,082,612)	\$ 594,750

incentive fee will be direct
- billed from GS Corporate

See calculation on
page 6

- * Above information does not include any food and beverage tax allocations.
- ** Above information does not include any capital outlay.

(a) The fiscal year 2014 County budget for revenue is reflective of gross revenue and does not include any event related expenses such as security, contract services, etc. All County expenses to include event expenses were reported in the expense line. Reporting income in this manner causes inflated revenue reports (gross numbers) and inflated expenses as event related expenses were not charged to the event.

(b) Global Spectrum actual revenue is reported as net revenue, which is gross revenue less all event related expenses.

(c) Due to the different accounting methods used to report revenue and expenses, the following will be reflected in our finances:

- * Actual revenue numbers, reported as net, will show a variance of approximately (\$529,969) and \$137,329 vs the County revenue budget, which has been reported as gross.
- * Actual expense numbers do not include any event related expenses, which have been settled directly to each event. Recording expenses in this manner will show a variance of approximately \$987,390 vs the County budget, which included all expenses.


Director of Finance


General Manager