



Cumberland County North Carolina

*Comprehensive Annual
Financial Report*

Fiscal Year Ended June 30, 2017



CUMBERLAND
COUNTY
NORTH CAROLINA

Comprehensive Annual Financial Report

For the Year Ended June 30, 2017

Prepared by:

Cumberland County Finance Department

Vicki Evans, Finance Director
Bob Tucker, CPA, Accounting Supervisor
Ivonne Mendez, Accounting Supervisor
Kelly Autry, Accountant/Systems Administrator
Todd Hathaway, CPA, Finance Accountant
Krystle Mize, Finance Accountant
Carol St. Louis, Investments Officer
Tonya McKinney, Administrative Coordinator
Amanda Bullard, Purchasing Manager
Kimberly Williams, Purchasing
Renee Mitchell, Accounts Receivable
Carmella Baggett, Accounts Payable
Stacey Merritt, Accounts Payable
Melissa Kampe, Payroll
Tina Young, Payroll

Acknowledgements:

Tammy Gillis, Director of Internal Audit and Wellness Services
Renee Gleaton, Internal Auditor

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VICKI EVANS
Finance Director



ROBERT TUCKER
Accounting Supervisor

IVONNE MENDEZ
Accounting Supervisor

FINANCE OFFICE

November 30, 2017

The Honorable Glenn B. Adams, Chairman
The Honorable Charles Evans, Vice Chairman
The Honorable Michael Boose
The Honorable Dr. Jeannette M. Council
The Honorable W. Marshall Faircloth
The Honorable Jimmy Keefe
The Honorable Larry L. Lancaster, 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, 2017. The basic financial statements contained herein have been audited by the independent certified public accounting firm of Cherry Bekaert LLP and that firm's unmodified opinion is included in the Financial Section of this report.

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

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

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County is required to undergo an annual single audit in conformity with the provision of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the State Single Audit Implementation

Act. Information related to this single audit, including: the independent auditor's internal control and compliance reports on the basic financial statements and major federal and state programs; Schedule of Findings and Questioned Costs; Corrective Action Plan; Schedule of Prior Audit Findings; and Schedule of Expenditures of Federal and State Awards are presented in the compliance section of this report.

The financial reporting entity includes all funds of the County of Cumberland, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the primary government. The Cumberland County Alcohol Beverage Control Board, the Eastover Sanitary District, the Fayetteville and Cumberland County Economic Development Corporation, the Tourism Development Authority and the Fayetteville Area Convention and Visitors Bureau are reported as discretely presented component units.

GENERAL INFORMATION

The County of Cumberland originated as a settlement by the Highland Scots in the Upper Cape Fear Valley between 1729 and 1736. The area became a vital link to other major settlements with the establishment of a receiving and distribution center on the Cape Fear River in 1730. The settlement was known as Campbellton. In 1754, the Colonial Legislature passed an act resulting in the political division of Bladen County, forming Cumberland County. Named for the Duke of Cumberland (William Augustus), the county grew and prospered as Scotch-Irish, German and Moravian immigrants entered the area. Campbellton was named the county seat in 1778. In 1783, Campbellton was renamed Fayetteville in honor of Marquis de La Fayette, the French general who served in the American Revolutionary Army.

A devastating fire in 1831, and the invasion of General Sherman's army in 1865 during the American Civil War, delayed Fayetteville's growth. In 1918, land in northwest Cumberland County was purchased and developed by the U.S. Army to serve as an artillery training facility. Camp Bragg has evolved over the years into Fort Bragg, a permanent Army post.

Cumberland County is located in the southeast section of North Carolina, with a land area of approximately 652 square miles. The most recent population estimates from the Office of State Budget and Management (the "OSBM") rank the County as the fifth largest county in the State with a population estimate of 328,860. The City of Fayetteville (the "City" or "Fayetteville") is the sixth largest municipality in the State with a population estimate of 208,158.

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

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

Fort Bragg

The County is home to Fort Bragg, the largest most strategically advanced military installation in America. As a result, Cumberland County residents originate from all around the world. It is a global community where all expected amenities exist, but a serene wilderness is a short drive in any direction. Fort Bragg encompasses nearly 163,000 acres, including training lands. Fort Bragg contributes to the area economy as well as to the international and cosmopolitan culture of the community.

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

ECONOMIC CONDITIONS AND OUTLOOK

Military

Fort Bragg is home to roughly 53,000 troops. More than 14,000 Department of Defense civilians work on the installation, along with more than 5,000 contract employees. In all, Fort Bragg supports a population of roughly 260,000, including military families, retirees and others. The military impact provides billions in local spending, especially from payroll which illustrated in Tables 1 and 2. The military impact on the local economy fluctuates depending on a variety of factors, including the number of military personnel deployed off base, capital projects and appropriation levels. Commercial contracts awarded to local businesses for supplies and equipment through the Office of Directorate of Contracting has a direct effect on the economy.

Table 1
MILITARY PERSONNEL AND PAYROLL AT FORT BRAGG

Year	Military Personnel	Payroll
2016	53,050	\$2,823,327,754
2015	53,663	\$2,895,038,498
2014	54,806	\$2,733,469,032
2013	59,978	\$2,860,373,823

Source: XVIII Airborne Corps and Garrison Public Affairs Office

Table 2
CIVILIAN EMPLOYMENT AND PAYROLL AT FORT BRAGG

Year	Number of Employees	Payroll
2016	14,190	\$847,764,115
2015	14,629	\$775,525,275
2014	14,469	\$700,899,221
2013	20,628	\$749,403,259

Source: XVIII Airborne Corps and Garrison Public Affairs Office

In terms of building space and population, Fort Bragg is the largest military installation in the world. The base is a significant source of construction spending in the region with approximately \$1 billion expected to be spent on ongoing and planned construction through 2020. Since the last round of base realignment and closures, Fort Bragg's buildings have grown from 20 million square feet to 52.4 million square feet and construction projects during that time are valued at more than \$860 million. The major construction for fiscal year 2016 totaled \$164.4 million with about \$100 million projected per year through fiscal year 2021. Below is a brief description of some of the projects that are underway or planned:

- A 20-year reconstruction of 82nd Airborne buildings is ongoing and has cost nearly \$1 billion;
- A \$155 million training campus for the John F. Kennedy Special Warfare Center and School;
- Additional special operations expansions in the Patriot Point portion of the installation that will cost \$370 million;
- U.S. Special Operations Command projects for a more than \$20 million human performance training center, a \$13.5 million support battalion administration facility, a \$20 million tactical equipment maintenance facility and \$4 million for telecommunications reliability improvements.

Local

The Fayetteville Cumberland County Economic Development Corporation is the lead agency on developing strategies and initiatives for economic development in the County. The County's commitment to expanding and diversifying its economy includes maintaining a strong industrial base. Manufacturing and distribution services are diverse in the area. The County's workforce has a median age of 31, far below the national median, and has a much higher than average percentage of workers who have college degrees. Each year, the County's workforce increases by approximately 6,000 military retirees, who have high levels of technical skills. These skilled workers serve industries such as business and financial operations, food processing, defense support services, logistics/warehouse services and advanced manufacturing.

A computer education and software company will be bringing 75 jobs with an average annual salary of \$58,400 to the area. Advanced Computer Learning Co, whose clients include commands at Fort Bragg, specializes in training development and delivery, educational software programs and technology systems integration. The company creates customized online and mobile learning programs, foreign language support services, information technology programming, staffing and training, and management and operations support. The expansion within the area will include upgrading and expanding current corporate and supporting offices to accommodate additional employees and infrastructure. The state-of-the-art production and virtual reality studios, a recording studio sound room and enhanced broadband infrastructure will be located in downtown Fayetteville.

The City and the County have emerged as a major regional trade center in eastern North Carolina, with a significant number and variety of shopping plazas, centers and independent retailers being located throughout the County. The County serves as the primary market for an eleven-county trade area. The City of Fayetteville has one of the largest shopping areas in the State, with a two-square mile shopping area within the City. Cross Creek Mall is the anchor of this shopping district, with more than one million square feet of floor space, four major department stores and more than 140 additional stores, eateries and other businesses. New development is also going up along Ramsey Street in northern Fayetteville and along Skibo Road. Marketfair mall has been rebuilt as an open-air shopping center; the new Freedom Town Center has a scheduled completion in the fall of 2017; Glensford Commons continues to add shops and eateries; and, Tallywood Shopping Center will soon be complete with the addition of an almost 50,000 square foot Publix grocery store. The downtown district is being revitalized with new specialty shops, restaurants and brew pubs. Growth in the retail and food service industry throughout the area is continuing to thrive.

As shown in the Taxable Sales Table 3, fiscal year 2017 sales again experienced growth, showing an increase of 4.97% over the previous fiscal year taxable sales amount.

TAXABLE SALES
Table 3

Year	Cumberland County	% Change
2017	\$4,040,268,838	4.97%
2016	\$3,848,869,911	4.22%
2015	\$3,693,046,187	5.24%
2014	\$3,509,005,624	-1.39%
2013	\$3,558,501,389	1.34%

Source: North Carolina Department of Revenue

As shown in Table 4, Cumberland County's growth in population is slowing and is projected to decrease slightly by 2020. Overall growth rates are below the state's estimated and projected growth rates. The slow decline can be attributed to the gradual decreases in the military population going back to 2013.

POPULATION
Table 4

	2005	2010		2015 Estimate		2020 Projected	
	Population	Population	% Change from 2005	Population	% Change from 2010	Population	% Change from 2015
Cumberland County	302,576	327,435	7.6%	328,860	0.43%	325,775	-0.95%
North Carolina	8,685,811	9,574,917	9.3%	10,056,683	4.8%	10,584,376	4.9%

Source: North Carolina Office of State Budget and Management

As shown in Table 5, between 2013 and June 2017, the County's average unemployment rate decreased by 2.9%. The state's average unemployment rate also decreased during the same timeframe by 2.3%. The trend of declining unemployment rates for the County mirrors that of the State for comparable periods.

EMPLOYMENT
Table 5

Year	Total Civilian Labor Force	Number Employed	Number Unemployed	Cumberland County Unemployment Rate	State Unemployment Rate
2017 (6 mo.)	127,387	120,687	6,700	5.3%	4.2%
2016	127,978	120,153	7,825	6.1%	4.9%
2015	126,231	117,774	8,457	6.7%	5.3%
2014	124,122	116,207	7,915	6.4%	5.0%
2013	126,943	116,486	10,457	8.2%	6.5%

Source: United States Bureau of Labor Statistics

The Cumberland County housing market continues to emerge slowly from the prolonged economic downturn. Utilizing statistics provided by Fayetteville Regional Association of Realtors, in comparing new and existing home sales in June 2016 to June 2017, 2.16% more homes were sold and the comparative increase in value at closing was 7.78%.

Table 6 focuses on permits obtained for *new* construction, as new construction permits serve as a strong indicator of the economy. The total number and total value of new residential and non-residential building permits for 2016 is less than the 2015 totals. However, the first six months of 2017 showed increases compared to the first six months of 2016 in both new residential and new non-residential values. New residential increased by 6.32% and new non-residential increased by 21.6%.

BUILDING PERMITS

Table 6

Calendar Year	New Residential		New Non-Residential	
	Number	Value	Number	Value
2017 (6 mo.)	344	\$56,589,839	57	\$63,988,366
2016	586	\$96,476,647	106	\$86,432,613
2015	664	\$190,410,991	107	\$124,135,762
2014	851	\$127,106,376	97	\$128,359,992
2013	1,235	\$170,894,335	93	\$70,265,759
2012	2,230	\$223,447,127	123	\$64,995,113

Source: Cumberland County Planning & Inspection Dept. & City of Fayetteville Development Services

EDUCATION

Public Education

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

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

The State and Federal governments provided approximately 60.72% and 11.85% respectively, of the operating budget for the Cumberland County School Administrative Unit's 2016-2017 School Year. Fiscal year 2016 was the first year an adjustment to the original appropriation was required in accordance with the Cumberland County School Funding Agreement of 2014. In accordance with the agreement, a final adjustment amount will be paid to the Board of Education no later than 30 days after the receipt of the comprehensive annual financial report. The current expense final total to be paid for the fiscal year ended June 30, 2017, is \$79,737,603 from General Fund revenues for school operations. For the fiscal year ending June 30, 2018, the County's original budgeted appropriation is \$80,362,412 from General Fund revenues.

The County School Fund is supported from the designated portions of two local option one-half cent sales taxes, which must be used for school capital outlay expenditures or the retirement of school bond indebtedness. For the fiscal year ended June 30, 2017, those actual sales taxes totaled \$10,415,026. An additional \$920,719 was received as part of the inter-local Sales Tax Hold Harmless agreement with its municipalities. The County received \$3,674,258 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2017. As of June 30, 2017, the County has received \$51,442,449 from the North Carolina Education Lottery since its inception in 2007. The proceeds are primarily to be used for school construction and reduction of class size in the early grades.

Table 7 presents the number of schools and the Average Daily Membership (ADM) for the Cumberland County School Administrative Unit. In addition to the schools in Table 8, Fort Bragg adds a total of nine more elementary and middle schools.

COUNTY SCHOOLS AVERAGE DAILY MEMBERSHIP
Table 7

Year	K-5		6-8		9-12		Total ADM
	# Schools	ADM	# Schools	ADM	# Schools	ADM	
2016-2017*	52	23,706	18	10,933	17	16,016	50,655
2015-2016*	52	23,541	18	11,488	17	15,910	50,939
2014-2015*	52	24,074	17	11,784	17	15,997	51,855
2013-2014*	52	24,005	17	11,850	17	15,992	51,847
2012-2013*	53	24,788	16	11,857	15	16,084	52,729

* Number of schools excludes special schools and academies.
Source: Cumberland County Schools

Non-Public Schools

There are 28 independent private and religious schools in the County. The enrollment for the 2016-2017 school year was 4,651. Source: 2017 North Carolina Directory of Non-Public Schools, Conventional Schools Edition

Colleges and Universities

There are three institutions of higher learning, as well as a Fort Bragg facility on the military installation offering off-campus “resident-credit” courses for several North Carolina and certain out-of-state colleges and universities.

Fayetteville Technical Community College: Fayetteville Technical Community College (“FTCC”), a post-secondary institution located within the County, was established as a member of the North Carolina System of Community Colleges and Technical Institutes. FTCC is the fourth largest community college in the State.

FTCC, a two-year public institution, serves approximately 42,000 students annually by providing affordable vocational, technical, general education, college transfer, and continuing education programs to meet the needs of the community and students. FTCC’s commitment to the community was recognized by its selection to be listed in the 2017 Guide to Military Friendly Schools. This list honors the top 20% of colleges, universities, and trade schools on their ability to recruit and retain America’s military service members and veterans as students. FTCC is the headquarters for the North Carolina Military Business Center (NCMBC) which is a state funded, business development organization that provides services to businesses across the state. The NCMBC leverages military and other federal business opportunities for economic development and job creation in the state.

The responsibility for financial support of FTCC is shared by the State and County governments. Appropriations from the County to FTCC for operating expenses for the fiscal year ended June 30, 2017 totaled \$10,627,787 and for capital outlay totaled \$108,831. For the fiscal year ending June 30, 2018, the appropriations from the County to FTCC are \$11,172,379, an increase of \$544,582 or 5.2%.

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 38 buildings on a 156-acre campus. Fayetteville State University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award baccalaureate, masters, and doctorate level degrees. Top majors include: criminal justice, business administration, psychology and sociology. Altogether FSU boasts 36 undergraduate programs, thirteen master’s degree programs, and one doctoral program in educational leadership. FSU Online offers degree completion programs in nine undergraduate majors, an MBA, and a graduate degree in criminal justice. FSU has off-site campuses at Fort Bragg and Seymour Johnson Air Force Base.

Methodist University: Chartered November 1, 1956 as a senior, coeducational liberal arts college, the school was established as a joint venture by the citizens of Fayetteville/Cumberland County and the North Carolina Conference of the United Methodist Church. Methodist College opened to students in the fall of 1960. In the fall of 2006, in conjunction with the institution's 50th anniversary celebration, Methodist College officially became Methodist University. The University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award associate, baccalaureate, and master’s degrees. Today the University offers bachelor's degrees in over 80 fields of study including communications, justice studies, business administration, education, and social work. New majors and concentrations recently added include interdisciplinary studies of clandestine labs, church leadership, and radio communications. The University offers four master's degree programs: the Master of Medical Science in physician assistant studies, the Master of Business Administration in organizational management and leadership or health care administration, the Master of Justice Administration, and the Master of Education in literacy or special education. The university offers day, evening, and online courses year-round. The Methodist campus presents a blend of modern architecture and natural beauty, occupying 617 acres along the Cape Fear River six miles north of downtown Fayetteville. The campus includes 51 buildings, an 18-hole golf course, various athletic facilities, and an amphitheater.

Table 8 presents the enrollment figures for the institutions of higher education located in the County:

2016-2017 ENROLLMENT
Table 8

Institution	Total Enrollment	Full-Time Enrollment
Fayetteville State University		
Undergraduate	5,540	4,865
Graduate	683	566
Methodist University		
Undergraduate	2,429	2,059
Graduate	299	226
Fayetteville Technical Community College		
Curriculum Students	16,791	9,566
Continuing Education Students	11,483	2,937

Sources: FSU, MU and NC Community Colleges respective websites

MAJOR INITIATIVES

Business Intelligence: During fiscal year 2016, a new initiative was introduced to advance the philosophy that long-term financial stability is contingent upon streamlining operations to create a leaner, more efficient and effective organization. A new division was established in the Information Services department to implement the business intelligence model in reviewing business processes to identify technology enhancements as well as informational, relationship or staffing changes that maximize efficiency opportunities. This division works collaboratively in partnership with all County departments to enhance service delivery in the most efficient and economic manner. What began during fiscal year 2016, has continued into fiscal year 2017 and beyond.

Technology Upgrades: The County has made significant progress in the past few years in advancing automation and technology capabilities. This green initiative seeks to address the Board's objectives of optimizing service delivery through innovation, automation and technology to enhance current services and create new service opportunities. Enterprise Resource Planning (ERP) software for the financial, human resources and payroll modules was completed during fiscal year 2017. Utility billing implementation is scheduled to occur during fiscal year 2018. A project to implement a County-wide uniform phone system which allows for video conferencing capability, enhances services mobility and a reduction of annual operating costs was completed during fiscal year 2017. Funds have been reserved for future use to enhance automation in the areas of central permitting and tax administration.

Capital Improvement Plan: During fiscal year 2015 a County-wide evaluation of parking lots, roof systems and building systems was completed which resulted in a five plus year capital improvement plan. The evaluation showed a total cost of nearly \$10 million to fund the first three years of improvements. Due to the significant costs to catch up and proactively fund an ongoing improvement program, financing to fund the first three years of the improvements was approved by the Board. During fiscal year 2016 the first year of projects totaling \$1.3 million were scheduled for completion, approved by the Local Government Commission and an installment financing contract between the County and PNC was executed. The remaining improvements within the second and third years were approved for financing by the LGC early in fiscal year 2018 and an installment financing contract totaling \$11,220,000 between the County and PNC was executed.

Future Capital Needs: The next phase in addressing financial sustainability is future capital planning for County needs. Those include a City of Fayetteville/Cumberland County consolidated 911 center, as well as capital needs of the Board of Education and Fayetteville Technical Community College. Staff have been working with financial advisors to develop a financial model that illustrates by funding source how future potential capital needs can be addressed. The model illustrates as debt is retired, funds that had been previously budgeted for debt repayment will be assigned for use for future capital needs. This concept will create a dedicated revenue stream that can be used for annual payments on future debt.

Continuous Pursuit of Efficiencies: The fiscal year 2018 budget was presented based on a long-term sustainability perspective. The budget provided for a foundation for future organizational restructuring and efficiencies. This includes moving forward with goals to create resiliency and stabilization throughout the organization to better respond to future mandates and changes. Opportunities to address efficiencies in upcoming fiscal years include: realignment of social services group homes; reviewing the potential for consolidating social services and public health into one human services agency; divesting of County property; explore merging internal County functions (technology, human resources, public information, facilities maintenance); outsourcing; continued investment in technology; and, prioritizing business process review/improvement.

FINANCIAL INFORMATION

Financial Policies

The County has established comprehensive financial policies supporting the management of its financial resources by providing effective control, prudent decision making and compliance with legal requirements. The policies are broken down in the following categories: Operating Budget/Fund Balance; Asset/Liability Management; and Accounting, Auditing, and Financial Reporting.

A key provision in the Operating Budget/Fund Balance policy has been to fund current expenditures with current resources and strive to avoid balancing the budget with one-time revenues. The County maintains a General Fund unassigned fund balance of no less than 10%, which exceeds the minimum 8% recommended by the Local Government Commission. Additionally, the target goal for total General Fund Balance available will be at least 15% of the budgeted expenditures. The annual appropriation of fund balance should not exceed 3% of budgeted recurring General Fund expenditures. Any General Fund unassigned fund balance that exceeds the 10% target goal may be assigned for one-time future projects.

As part of the Asset Liability Management policies, the County has adopted a Capital Investment and Debt Policy. Under this policy the County has a five-year capital improvements plan (CIP) which projects capital needs, details estimated costs (to include operating), and anticipated funding sources for capital projects. An update of the CIP is presented at the Board of Commissioners annual planning retreat and is included in the annual budget process. The Board of Education (BOE) provides an annual update of its ten year facilities plan to the Board of Commissioners. Debt financing is considered in conjunction with the County's CIP and the BOE's facilities plan.

Ratings

In July 2017, Standard and Poor's Rating Group affirmed the County's AA+ General Obligation Bond Rating and AA appropriation rating on debt outstanding. The affirmations are a result of the County's very strong budgetary flexibility with available reserves, strong budgetary performance in fiscal year 2016 with slight operating surpluses to the general fund, very strong liquidity, strong management with good financial policies, and a very strong debt and contingent liabilities profile.

In July 2017, Moody's Investor Service affirmed the Aa1 rating of the County's General Obligation Bond debt and the Aa2 rating of outstanding Limited Obligation Bonds and Certificates of Participation. The Aa2 rating reflects the satisfactory legal structure, the essential nature of the pledged assets, and the long-term credit characteristics of the County. The Aa1 General Obligation rating reflects the County's robust tax base with an average socioeconomic profile, anchored by Fort Bragg. The rating reflects the County's strong financial performance, including the maintenance of General Fund balance levels consistently more than 35% of revenues and adopted financial and debt policies which demonstrate prudent and conservative management.

Internal Control

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

Single Audit

As a recipient of Federal and State financial assistance, the County is also responsible for ensuring that an adequate internal control structure is in place to assure 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 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 the General, Special Revenue, Permanent, Proprietary, Capital Projects, Internal Service and Pension Trust Funds. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is at the department level for the General Fund, Special Revenue Funds, Permanent Funds and at the fund level for Proprietary and Pension Trust Funds. Expenditures for construction contracts are monitored at the project level for the Capital Project Funds. Any amendments or transfers of appropriation between departments or funds must be authorized by the County Manager's office and approved by the Board of County Commissioners. In addition, the County maintains budgetary controls. The objective of these controls is to ensure compliance with the legal provisions embodied in the annual budget ordinance adopted by the Board of Commissioners. 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 closed out at fiscal year-end and may be re-appropriated with approval of a budget ordinance revision as approved by the Board of Commissioners.

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 LLP 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 State Single Audit Implementation Act. The auditor's unmodified report on the basic financial statements is included in the Financial Section of the Comprehensive Annual Financial Report. The auditor's reports relating specifically to the single audit are presented in the Compliance Section.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cumberland for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the twenty-seventh 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 generally accepted accounting principles 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 staff 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 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 consistent with the County's mission of providing quality services to our citizens while being fiscally responsible.

Respectfully submitted,



Amy H. Cannon
County Manager



Melissa C. Cardinali
Assistant County Manager



Vicki Evans
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Cumberland
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

COUNTY OF CUMBERLAND
NORTH CAROLINA



Board of County Commissioners

Glenn B. Adams, Chairman

Charles Evans, Vice Chairman

Dr. Jeannette M. Council

W. Marshall Faircloth

Jimmy Keefe

Larry L. Lancaster

Michael Boose

County Officials

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

Amy H. Cannon, CPA
Rick L. Moorefield
Melissa C. Cardinali
W. Tracy Jackson
Sally Shutt

Liaison to:
 Airborne & Special Operations Museum
 Board of Education
 Cape Fear Valley Health System
 Economic Development Alliance
 Fayetteville Area Convention & Visitors Bureau, Inc.

Citizens of Cumberland County

Board of County Commissioners

County Manager

Sheriff's Office & Detention Center

Register of Deeds

Clerk to the Board

County Attorney

Legal

Assistant County Manager Environmental/ Community Safety

- Animal Control
- Cooperative Extension
- Emergency Services
- Parks & Recreation
- Planning & Inspections
- Soil & Water
- Solid Waste
- Workforce Development

General Manager Internal Services

- Central Maint. Facility
- Engineering & Infrastructure
(Public Util., Landscape, Building Maintenance)
- Print, Mail & Design Services

Liaison to:
 Cooperative Extension Advisory Board
 Human Services Transportation System
 Mid-Carolina Council of Governments

Assistant County Manager Community Support Services

- Child Support
- Community Development
- Health
- Library
- Pretrial Services
- Senior Employment
- Veterans Services
- Program Liaison Alliance Behavioral

General Manager Human Services

Department of Social Services

Liaison to:
 Communicare, Inc.
 Continuum of Care
 Court Ordered Care
 Smart Start

Assistant County Manager General Government & Stewardship

- Budget
- Crown Complex
- Human Resources
- Information Services
- Internal Audit
- Juvenile Crime Prevention
- Tax Administration
- Wellness Services Pharmacy/Clinic

General Manager Financial Services

- Finance
- Risk
- Finance Liaison Alliance Behavioral

Liaison to:
 Cumberland County Juvenile Crime Prevention Council
 Civic Center Commission

Assistant County Manager Strategic Management/ Governmental Affairs

- Board of Elections
- Broadcast & Video Production
- Citizen Engagement
- Intergovernmental Relations
- Legislative Services & Advocacy
- Military Affairs
- Public Information
- Strategic Plan & Initiatives

Report of Independent Auditor

To the Honorable Members of the Board
of County Commissioners
Cumberland County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Cumberland, North Carolina (the "County") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cumberland County ABC Board (the "ABC Board"). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board, is based solely on the report of the other auditors. We conducted our audits 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 of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Fayetteville Area Convention and Visitors Bureau and the ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Changes in Accounting Principle

As discussed in Note 18 to the basic financial statements, the County fully implemented Governmental Accounting Standards Board ("GASB") Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68 and Amendments to certain provisions of GASB Statements 67 and 68* in the current year. As a result, net position of the governmental activities as of June 30, 2016 has been restated. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplemental financial data, statistical section, and the continuing disclosure information section, as well as the accompanying schedule of expenditures of federal and State awards as required by Uniform Guidance and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, other supplemental financial data, and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures described above and the report of other auditors, the combining and individual fund statements and schedules, other supplemental financial data, and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory information, the statistical section, and continuing disclosure information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Chemy Bekaert LLP

Fayetteville, North Carolina
November 30, 2017

Management's Discussion and Analysis

As management of the County of Cumberland, North Carolina (the "County"), we are presenting to the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with the transmittal letter, which can be found in the Introductory Section, and the County's financial statements which follow this narrative.

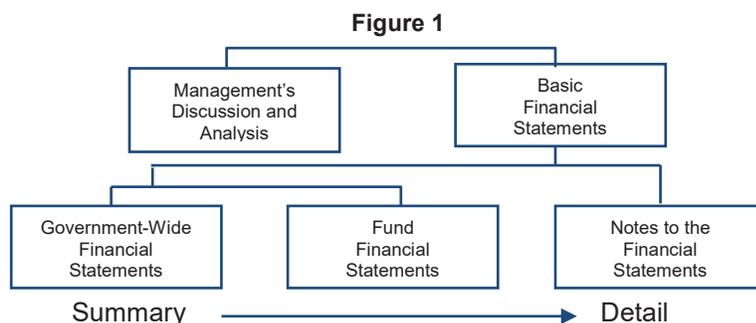
Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$187,689,839 (*net position*).
- In accordance with North Carolina law, liabilities of the County include approximately \$17,868,861 in long-term debt associated with assets belonging to the Cumberland County Board of Education. Also, the County has two installment financing agreements with a total balance of \$2,119,813 to pay for the purchase and renovation of a building plus HVAC and roofing projects at 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 County's net position increased by \$11,286,142 or 6.40% due to an increase in Governmental Activities of \$5,828,347 and in Business-type Activities of \$5,457,795. The net position increase is primarily due to management's focus on monitoring spending and maximizing revenue collection.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$137,058,497 an increase of \$9,378,370 or 7.35% from the prior year. Approximately \$78,127,825 of this total amount or 57% is available for spending at the government's discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, total fund balance for the General Fund is \$123,724,329 or 38.31% of the total \$322,947,991 general fund expenditures (Adjusted for transfers). Of this amount, \$46,135,089 or 37.29% is non-spendable, restricted or committed. Another \$30,572,477 or 24.71% is assigned leaving \$47,016,763 or 38.00% of total general fund expenditures as unassigned.
- The County's total outstanding debt increased by \$28,302,726 or 9.96% during the current fiscal year. The primary reason for the increase can be attributed to the County paying down \$21,155,451 in existing debt obligations while incurring an increase of \$163,991 in accrued vacation and \$48,809,631 of additional Other post employment benefits (OPEB) and net pension liabilities.
- In July 2017, Standard and Poor's Rating Group affirmed the County's AA+ General Obligation Bond Rating and AA appropriation rating on debt outstanding. The affirmations are a result of the County's very strong budgetary flexibility with available reserves, strong budgetary performance in fiscal year 2016 with slight operating surpluses to the general fund, very strong liquidity, strong management with good financial policies, and a very strong debt and contingent liabilities profile. Moody's Investor Service affirmed the Aa1 rating of the County's General Obligation Bond debt and the Aa2 rating of outstanding Limited Obligation Bonds and Certificates of Participation. The Aa2 rating reflects the satisfactory legal structure, the essential nature of the pledged assets, and the long-term credit characteristics of the County. The Aa1 General Obligation rating reflects the County's robust tax base with an average socioeconomic profile, anchored by Fort Bragg. The rating reflects the County's strong financial performance, including the maintenance of General Fund balance levels consistently more than 35% of revenues and adopted financial and debt policies which demonstrate prudent and conservative management.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County'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.

REQUIRED COMPONENTS OF ANNUAL FINANCIAL REPORT



Basic Financial Statements

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

The next statements (pages E-1 through E-10) 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 is the **Notes to the Financial Statements**. The Notes explain in detail some of the data contained in those statements. Following the notes is the **Required Supplemental Information**. This section contains funding information about the County's Pension Obligations, Law Enforcement Officers' Special Separation Allowance and Other Post Employment Benefit Retiree Healthcare Plans. After the Required Supplemental Information is detailed financial information about the County financial position.

Government-wide Financial Statements

The two 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 government-wide financial statements are on pages D-1 and D-2.

1. The *Statement of Net position* presents information on all of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial condition of the County is improving or deteriorating.
2. The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. This statement accounts for all of the year's revenues and expenses without regard as to when cash is received or paid. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities and 3) component units.

Governmental activities - Governmental activities are those functions of the County that are principally supported by taxes and intergovernmental revenues. Governmental activities include most of the County's basic services such as general government, public safety, economic and physical development, human services, cultural and recreational, education and interest on long-term debt.

Business-type activities - Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. These include Solid Waste Management, Cumberland County Crown Complex, Kelly Hills Water and Sewer District, NORCRESS Water and Sewer District, Southpoint Water and Sewer District, Overhills Park Water and Sewer District, and Bragg Estates Water and Sewer District.

Component Units - Although legally separate from the County, the Cumberland County ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The Eastover Sanitary District, although legally separate, is included because exclusion would be misleading to the reporting unit. The Fayetteville Area Convention and Visitors Bureau is a non-profit organization that provides services to promote the development and expansion of travel and tourism. A voting majority of the bureau's 11-member board of directors is appointed by the County. The Cumberland County Tourism Development Authority exists to promote travel, tourism, conventions, sponsor tourist-related events, and finance tourist-related capital projects in the County. A voting majority of the 7-member Board of Directors is appointed by the County. The Fayetteville Cumberland County Economic Development Corporation promotes economic development activity within the area. The Cumberland County Commissioners and the Fayetteville City Council provides for the membership of the Corporation, including members' terms of office and for the filling of vacancies. Both entities contribute to the funding of the Corporation. Cumberland County is the fiscal agent for the corporation and does so through an in-kind contribution.

Fund Financial Statements

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, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements provide more detailed information about the County's most significant activities.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Most of the County's basic services are accounted for in governmental funds. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other 21 governmental funds are combined into a single, aggregated presentation under other governmental funds.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The

budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. A more detailed budgetary comparison schedule elsewhere in this report is presented at the legal level of budgetary control.

Proprietary Funds – The County 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 uses enterprise funds to account for its Crown Center Complex activity, Solid Waste operations and five water and sewer districts. These funds are the same as those shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County has five Internal Service Funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Six agency funds comprise the County's fiduciary funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information regarding the County's progress in funding its obligation to provide pension benefits, provide a separation allowance to sworn law enforcement officers and other postemployment health care benefits to its retirees and their dependents. Required supplementary information can be found beginning on page G-1 of this report.

Government-Wide Financial Analysis

CUMBERLAND COUNTY'S NET POSITION
Table 1

	Government Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 153,724,876	\$ 167,385,280	\$ 57,688,351	\$ 61,611,098	\$ 211,413,227	\$ 228,996,378
Capital assets	205,812,434	200,139,303	59,573,318	62,097,812	265,385,752	262,237,115
Total assets	359,537,310	367,524,583	117,261,669	123,708,910	476,798,979	491,233,493
Deferred outflows of resources	8,243,479	29,365,766	1,897,792	2,145,305	10,141,271	31,511,071
Long-term liabilities outstanding	234,488,738	268,340,236	43,835,565	44,241,651	278,324,303	312,581,887
Other liabilities	25,780,851	17,279,992	2,164,633	3,115,814	27,945,484	20,395,806
Total liabilities	260,269,589	285,620,228	46,000,198	47,357,465	306,269,787	332,977,693
Deferred inflows of resources	3,985,735	1,916,309	281,031	160,723	4,266,766	2,077,032
Net position:						
Net investment in capital assets	161,376,329	163,004,686	33,490,377	37,152,240	194,866,706	200,156,926
Restricted	54,946,069	66,301,394	-	10,374,109	54,946,069	76,675,503
Unrestricted	(112,796,933)	(119,952,268)	39,387,855	30,809,678	(73,409,078)	(89,142,590)
Total net position	\$ 103,525,465	\$ 109,353,812	\$ 72,878,232	\$ 78,336,027	\$ 176,403,697	\$ 187,689,839

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County, Table 1, exceeded liabilities and deferred inflows of resources by \$187,689,839 as of June 30, 2017. The County's net position increased by \$11,286,142 for the year ending June 30, 2017 compared with the prior year. Of total net position, one of the largest portions, \$200,156,926, 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 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's net position, \$76,675,503, Fund Balance Allocation represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a negative \$89,142,590.

As with many counties in the State of North Carolina, the County's *unrestricted net position* is negative 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 \$19,988,674 of the outstanding debt on the County's financial statements is related to assets included in the school systems' and FTCC's financial statements. However, since the majority of the school systems related debt is general obligation debt; it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

Several particular aspects of the County's financial operations, Table 2, influenced the total unrestricted governmental activities net position:

- Continued diligence in the collection of current year property taxes by achieving a collection percentage of 98.72% for real and personal property.
- Management's proactive strategy of monitoring spending across County departments to ensure compliance with the budget.
- Program revenues increased by \$2,176,156 to \$90,619,396 from the previous year.
- Operating grants from the State and Federal government and charges for services increased a total of \$2,319,134 to \$85,685,248. One of the principal reasons for this increase is because of Federal Emergency Management Agency (FEMA) reimbursements to the County related to events from Hurricane Matthew. Also, human services programs of child support enforcement, food stamps administration, Medicaid reimbursements, and child care subsidies all had notable increases under operating grants and contributions.
- Capital Grants and contributions decreased by \$142,978 to \$4,934,148.
- General revenues, excluding transfers, increased by \$6,348,006 to \$270,882,853 from the previous year. The primary reason for this increase is because the property tax revenue increased by \$3,990,117 to \$189,961,506. Both real and personal property tax revenues increased during the year. Motor vehicle tax collections and a slight tax base increase along with a high collection rate have contributed to the increase.
- Sales tax revenue shows only a slight increase of \$985,825 to \$52,446,403 or 1.92% as the local economy continues to show slow growth after the recession.

CUMBERLAND COUNTY'S CHANGES IN NET POSITION

Table 2

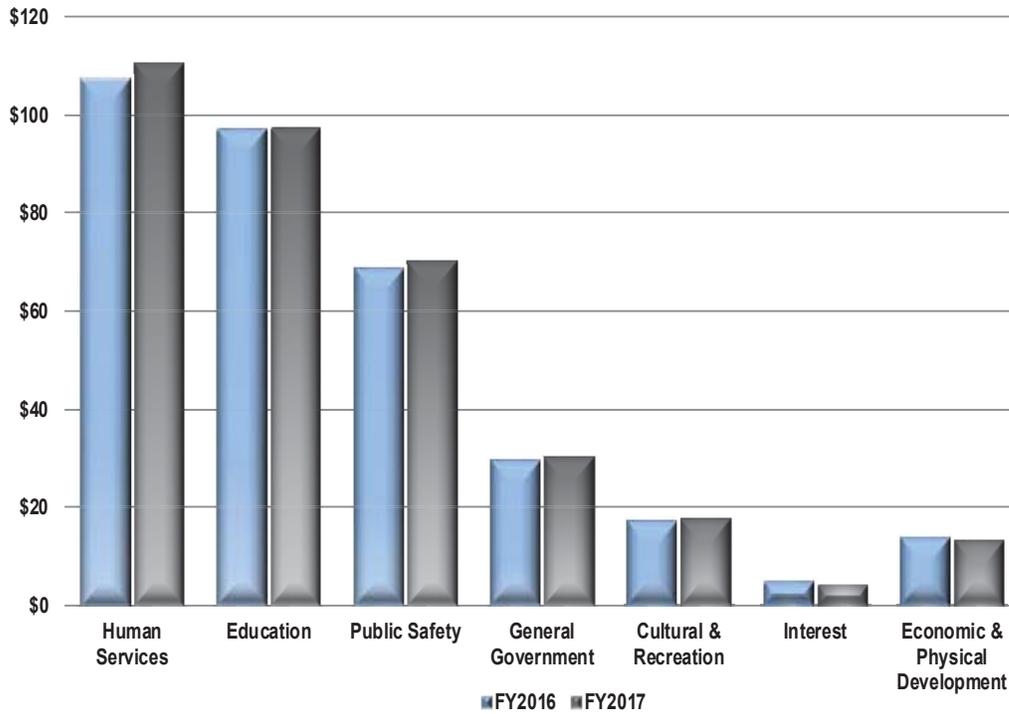
	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Charges for services	\$ 13,594,139	\$ 13,864,827	\$ 6,313,746	\$ 6,944,867	\$ 19,907,885	\$ 20,809,694
Operating grants and contributions	69,771,975	71,820,421	493,139	4,924,806	70,265,114	76,745,227
Capital grants and contributions	5,077,126	4,934,148	-	-	5,077,126	4,934,148
General revenues:						
Property taxes	185,971,389	189,961,506	-	-	185,971,389	189,961,506
Other taxes	59,433,120	60,818,546	6,328,374	6,505,637	65,761,494	67,324,183
Grants and contributions not restricted to specific programs	12,746,032	12,493,334	-	-	12,746,032	12,493,334
Unrestricted investment earnings	350,879	499,798	263,733	218,310	614,612	718,108
Gain on sale of assets	273,441	230,165	-	196,183	273,441	426,348
Miscellaneous	5,759,986	6,879,504	697,799	28,384	6,457,785	6,907,888
Total revenues	<u>352,978,087</u>	<u>361,502,249</u>	<u>14,096,791</u>	<u>18,818,187</u>	<u>367,074,878</u>	<u>380,320,436</u>
Expenses:						
General government	29,528,752	30,128,456	-	-	29,528,752	30,128,456
Public safety	68,675,832	70,034,152	-	-	68,675,832	70,034,152
Economic and physical development	13,667,168	13,008,901	-	-	13,667,168	13,008,901
Human services	107,291,125	110,361,150	-	-	107,291,125	110,361,150
Culture and recreation	17,100,127	17,527,672	-	-	17,100,127	17,527,672
Education	97,089,412	97,230,388	-	-	97,089,412	97,230,388
Interest on long-term debt	4,684,877	4,010,962	-	-	4,684,877	4,010,962
Solid Waste	-	-	9,382,539	10,189,981	9,382,539	10,189,981
Crown Center	-	-	7,436,596	7,745,790	7,436,596	7,745,790
Kelly Hills Water and Sewer District	-	-	139,826	118,113	139,826	118,113
Norcross Water and Sewer District	-	-	872,557	803,787	872,557	803,787
Southpoint Water	-	-	26,564	25,936	26,564	25,936
Overhills	-	-	-	29,118	-	29,118
Total expenses	<u>338,037,293</u>	<u>342,301,681</u>	<u>17,858,082</u>	<u>18,912,725</u>	<u>355,868,811</u>	<u>361,214,406</u>
Increase in net position before transfers	14,940,794	19,200,568	(3,761,291)	(94,538)	11,179,503	19,106,030
Transfers	(5,680,022)	(5,552,333)	5,680,022	5,552,333	-	-
Change in net position	<u>9,260,772</u>	<u>13,648,235</u>	<u>1,918,731</u>	<u>5,457,795</u>	<u>11,179,503</u>	<u>19,106,030</u>
Net position - beginning	92,168,829	103,525,465	70,959,501	72,878,232	163,128,330	176,403,697
Restatement Pensions	-	-	-	-	-	-
Restatement LEOSSA	2,095,864	(7,819,888)	-	-	2,095,864	(7,819,888)
Net position - beginning as restated	<u>94,264,693</u>	<u>95,705,577</u>	<u>70,959,501</u>	<u>72,878,232</u>	<u>163,128,330</u>	<u>168,583,809</u>
Net position - ending	<u>\$ 103,525,465</u>	<u>\$ 109,353,812</u>	<u>\$ 72,878,232</u>	<u>\$ 78,336,027</u>	<u>\$ 176,403,697</u>	<u>\$ 187,689,839</u>

Governmental Activities. Governmental activities increased the County's net position by \$5,828,347 or 5.63%. Key elements of this increase are as follows: (See Figures 2 and 3)

- Total governmental revenues increased by \$8,524,162 or 2.41%. This includes slight growth in property and other tax revenues.
- *Ad valorem taxes*, increased by \$3,990,117 or 2.15% to \$189,961,506
- As an offset to the increased revenue, governmental activities expenses also increased by \$4,264,388 or 1.26% to \$342,301,681.
- *Personnel expenses* increased as a result of employees receiving a one-time stipend during the fiscal year. In addition, overtime expense increased as a result of employees assisting in disaster relief/recovery activities from Hurricane Matthew. These expenses were reimbursable from the FEMA.

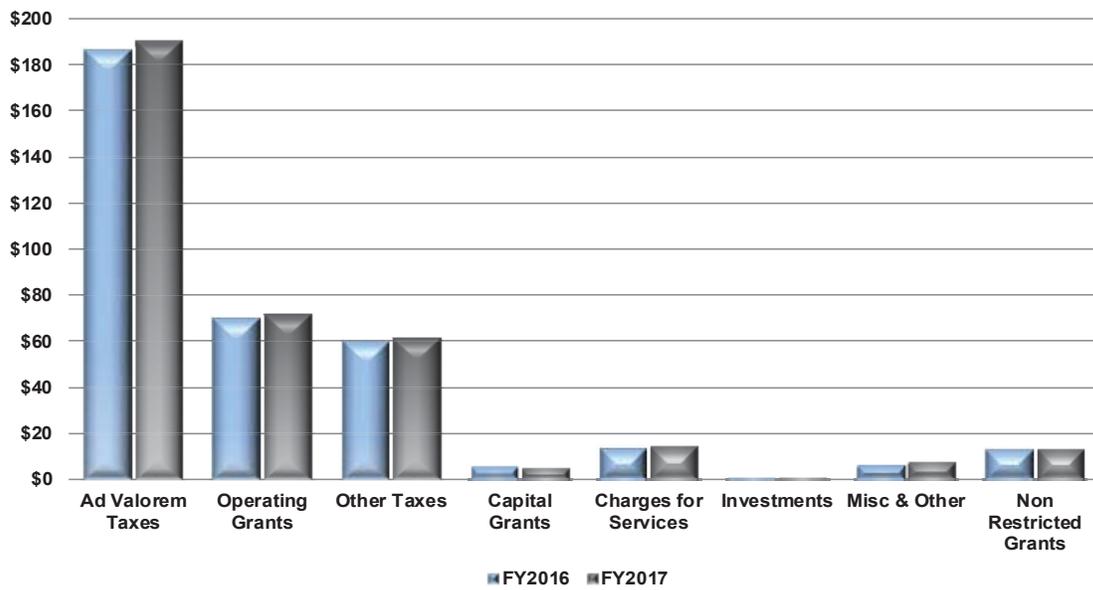
GOVERNMENTAL ACTIVITIES EXPENSES
Figure 2

in Millions



GOVERNMENTAL ACTIVITIES REVENUE
Figure 3

in Millions

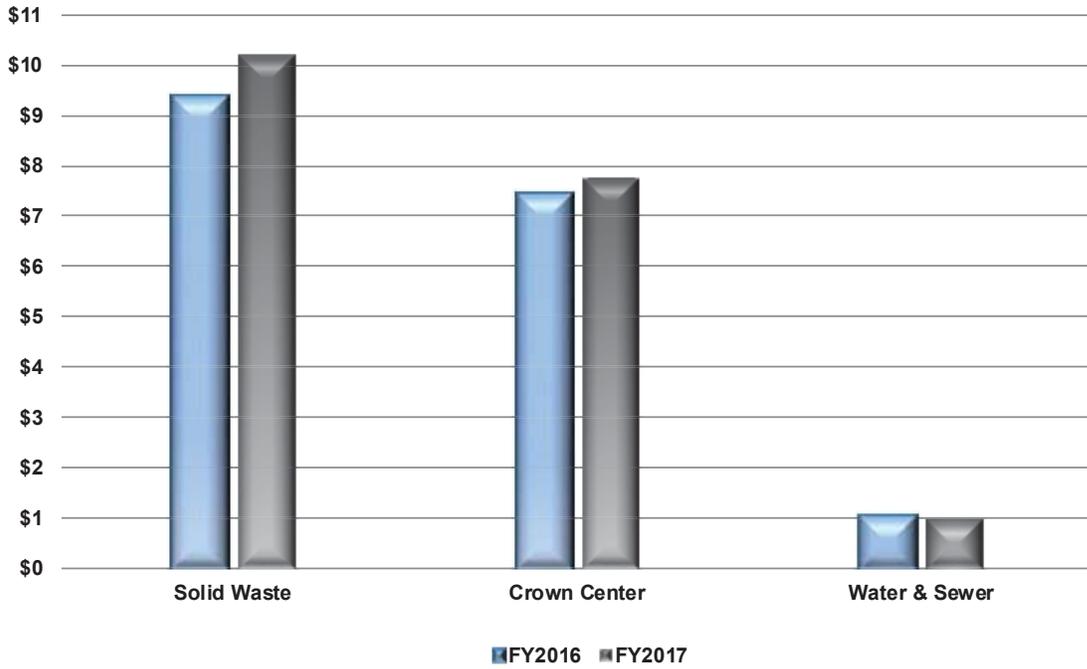


Business-type activities: Business-type activities, (Figures 4 and 5), increased the County's net position by \$5,457,795. Key elements of this increase are as follows:

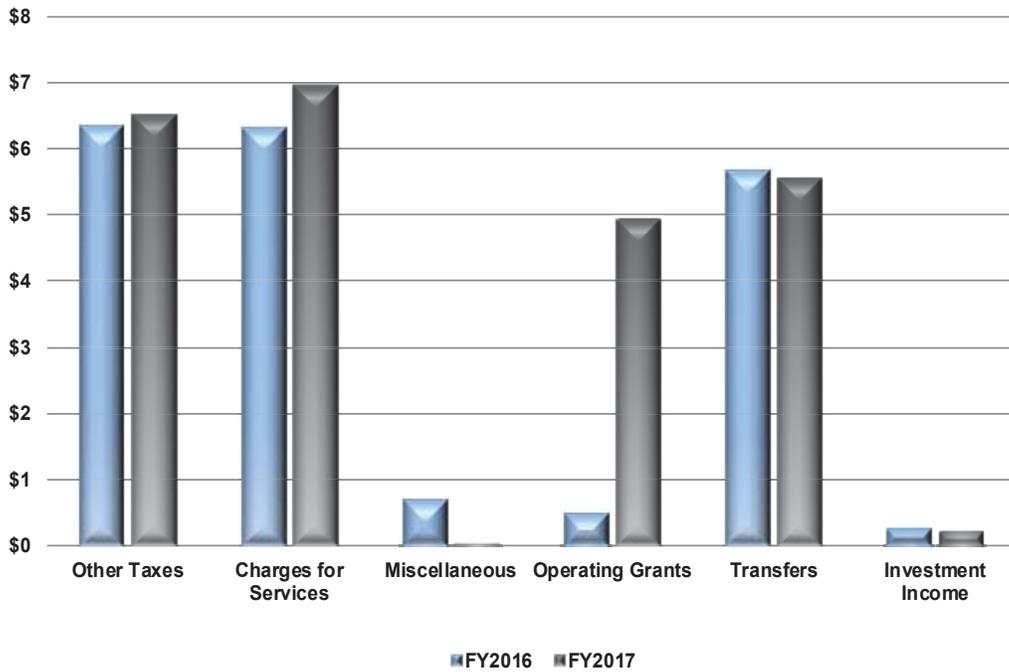
- The fiscal year 2017 ending net position increased by \$5,457,795 to \$78,336,027.
- The Crown Center's net position increased by \$1,381,567 to \$22,780,894. The primary reason for this increase is a slight increase in operating funds; a decrease in operating expenses of \$97,270; and an increase in the motel occupancy tax of \$159,294. The County extended the agreement with a private management firm to manage the Crown Center which began in November 2013. Fiscal year 2017 is the third full year the Crown Center has been managed by the private management firm.
- Continued diligence in water and sewer revenue collection and resolution of delinquent accounts.
- The Solid Waste Fund reported an increase in net position of \$3,204,317 to \$45,825,912. The \$696,752 increase in Operating Revenue, specifically the increased revenue from service charges, is one of the reasons for the increase in net position. Also, Grant Revenue increased because of FEMA reimbursements related the relief/recovery from Hurricane Matthew.
- The Kelly Hills Water and Sewer District had a decrease in net position of \$39,815 to \$2,117,665 due to expenses exceeding revenue.
- The NORCRESS Water and Sewer District had a decrease in net position of \$452,653 to \$5,666,444 due to expenses exceeding revenue. The primary reason for this decrease is an increase in repair and maintenance expenditures related to a sewer line clean out project.
- The Southpoint Water and Sewer District had an increase in net position of \$10,010 to \$441,243.
- The Overhills Park Water and Sewer District had an increase in net position of \$1,354,369 to \$1,453,869. The District was the recipient of a Rural Development Grant from the United States Department of Agriculture (USDA) for Construction.
- The Bragg Estates Water and Sewer District Fund had an unchanged net position of \$50,000.

(continued next page)

BUSINESS-TYPE EXPENSES
Figure 4
in Millions



BUSINESS-TYPE REVENUE
Figure 5
in Millions



Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the governmental funds of Cumberland County (**page E-1**) reported a combined fund balance of \$137,058,497 or 7.35% increase from fiscal year 2016. The unassigned fund balance of \$45,751,446 which is not restricted, committed or assigned for specific purposes makes up 33.38% of the total \$137,058,497. Another \$32,376,379 is assigned for specific purposes: (1) for subsequent years' expenditures - \$10,693,554; (2) for tax software - \$4,406,300; (3) for water & sewer industrial expansion - \$4,527,610; (4) for public and mental health services - \$5,361,695; (5) for economic development incentives - \$1,065,139; (6) for renovations and maintenance - \$1,250,000; (7) for technology upgrades - \$1,500,000; (8) for special purposes - \$2,247,143; (9) for capital investment - \$1,324,938. Committed fund balance includes \$1,167,295 for property revaluation per state statute and another \$2,290,100 for LEOSA. Non-spendable fund balance accounts for another \$186,586, for inventories and pre-pays. The remainder of fund balance, \$55,286,691, is restricted to indicate that it is not available for general purposes because it is legally restricted or has been contractually committed.

The General Fund, including the consolidated County School Fund, is the primary operating fund of Cumberland County (**page E-1**). At the end of the current fiscal year, unassigned fund balance of the General Fund is \$47,016,763; assigned and committed fund balance is \$34,029,872 while total fund balance is \$123,724,329. As a measure of the general fund's liquidity, it may be useful to compare the three different measures of fund balance to total fund expenditures. The Governing Body of the County has adopted a policy that the County should maintain an unassigned fund balance of at least 10% of general fund expenditures. In addition, their policy recommends that both assigned and unassigned fund balances should be at least 15% in case of unforeseen needs, to meet the cash flow needs of the County or to take advantage of opportunities that might arise. Currently, unassigned fund balance represents 14.56% of total General Fund expenditures adjusted for transfers. Available fund balance which includes unassigned, assigned and committed fund balance is 25% while total fund balance represents 38.31% of that same amount.

Total General Fund actual revenues including a legally budgeted County School Fund, but excluding other financing sources (**page E-3**) was \$331,986,087 increasing \$9,211,086 or 2.85% from last year. Significant highlights include:

- Ad valorem property tax revenues increased by \$2,565,583 to \$176,531,054.
- Other taxes increased by \$1,203,878 or 2.27% to \$54,138,740. This amount includes Sales Taxes which increased due a rebound in the local economy.
- Restricted Intergovernmental revenue increased by \$3,652,884 or 5.71% to \$67,661,715. Most of this increase is because NC Medicaid Administration reimbursements have increased in the past three fiscal years. The reason for this increase is that the reimbursement percentage has increased from 50% to 75%. Also because of the disaster relief/recovery due to Hurricane Matthew we received the FEMA reimbursement to offset expenses incurred because of the disaster.
- Licenses and permit revenue increased by \$284,865 or 12.67% to \$2,533,749.
- Charges for services has slightly decreased by \$23,970 or 0.22% to \$11,107,984.
- Investment income on idle funds for the General Fund increased by \$129,721 or 41.03% to \$445,845 This change is based on the rate of return percentage increasing.
- Miscellaneous income increased by \$1,650,823 or 30.44% to \$7,073,666.

General Fund actual expenditures including a legally budgeted County School Fund, but excluding other financing uses and transfers was \$322,179,525 increasing by \$3,626,074 or 1.14% from last year. Highlights of significant areas of change include:

- *Personnel expenditures* increased during fiscal year 2017 because a one-time stipend of \$800 per employee was paid at the beginning of the fiscal year. The one-time stipend was budgeted in an effort to offset the medical plan changes effective in fiscal year 2017. In addition, overtime increased as a result of disaster recovery/relief related to Hurricane Matthew.
- The total increase of 1.14% in total expenditures is reflective of management's proactive strategy of monitoring spending across County departments to ensure compliance with the budget.

General Fund Budgetary Highlights: The General Fund, for budgetary comparisons, excludes the legally budgeted County School Special Revenue Fund (**page E-5**). 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 \$11,083,334 or 3.56% of total budget.

- *Restricted intergovernmental* revenue, which included adjustments to federal and state funding estimates, fell short of revised budget by \$1,783,475. Unexpended grant funds at year-end were re-appropriated to fiscal year 2018 to allow the use of funds. Many of the adjustments from the original budget are caused by timing issues from the State not setting their funding levels until after the County has adopted its budget.
- *Other financing sources* (uses) amendments to the original budget increased by \$6,806,907. Fund balance appropriated increases of \$8,631,377 accounted for most of this increase. This also includes a revised budget amount to account for sale of capital assets of \$137,700.

Total actual revenues for the General Fund, excluding the County School Capital Fund and other financing sources, were above the final budgeted amount by \$5,893,440 (**page E-5**).

- *Ad Valorem taxes* collected exceeded the budget by \$3,088,408 or 1.78%. This was due to conservative valuation estimates and higher than expected tax collections for both real property and motor vehicles.
- *Other taxes:* Total other taxes exceed the budget by \$943,754 or 2.21% above budget. Sales tax collections and the real estate transfer accounted for the increase.
- *Unrestricted intergovernmental* revenues were above budget by \$1,067,590 or 10.16%.
- *Restricted intergovernmental* revenues fell short of revised budget by \$1,783,475, as stated earlier. Unexpended grant funds at year-end were re-appropriated to fiscal year 2018 to allow the use of funds.
- *Licenses and permit* fees were \$584,199 above budget by 29.97% due to over realization of Register of Deeds and Inspections fees.
- *Sales and services* fees exceeded the budget by \$966,843, or 9.53%. This overall increase was spread over many revenue lines.
- *Miscellaneous* revenue was \$829,772, or 13.46%. The major contributor to this overall increase was because in insurance reimbursements. The balance of the overall increase was spread over several different revenue sources.

Total actual expenditures (**page E-5**), excluding the County School Fund and other financing uses, were less than the budgeted amount by \$20,359,734 resulting in an expenditure rate of 93.95%. This is a slight decrease of 0.98% compared to the prior year. In general, variances usually result from conservative budget practices

such as, budgeting fully for positions in most departments; the need to allow for fluctuation in Human Services, grant programs and management's efforts to maintain statutory compliance in keeping expenditures under the budget amounts.

- *Personnel* expenditures, due to turnover and unfilled positions, were \$7,770,234 less than budgeted for an expenditure rate of 94.43%.
- *Basic operating* expenditures were \$6,383,641 under budget. Of this amount, \$420,630 was for financial software; \$1,953,885 was for contracted services; \$97,973 was for audit expense; \$117,115 was for miscellaneous expense; and \$183,615 was for postage expense. The remaining \$3,610,423 is spread across approximately 100 expenditure line items.
- *Other charges & services* were \$2,143,297 under budget. Under spending in Social Services Department, consisting mainly of \$406,043 for Low Income Energy Assistance and \$225,199 for NC Crisis Intervention, was a major reason for expenditures being under budget. The remaining \$1,512,055 is spread across approximately 75 expenditure line items.
- *Capital outlay* was under spent by \$1,948,921. Most of those funds will be re-appropriated next year.

Proprietary Funds. The County's proprietary funds (**pages E-6 and E-7**) provide the same type of information found in the government-wide statements but in more detail. They include seven enterprise funds and five internal service funds. Total net position for the enterprise funds increased \$5,457,795 to \$78,336,027. Charges for services as well as non-operating revenue increased for the Solid Waste and Crown Center funds while expenses only slightly increased. The other five enterprise funds, five water and sewer funds, had a combined net position of \$9,729,221. This represents an increase of \$871,911 from last year. The majority of the increase was due to the \$1,354,369 increase in the net position of the Overhills Water and Sewer Fund. Secondary to that, the Southpoint Water and Sewer Fund net position increased by \$10,010. The net position of NORCRESS Water and Sewer Fund decreased by \$452,653. The net position of the Bragg Estates Water and Sewer Fund remained unchanged.

The five internal service funds had a combined net position of \$9,985,287 an increase of \$5,643,565 from fiscal year 2016. The majority of the increase is from an increase in net position of the Group Insurance Fund of \$4,846,719, followed by the increase in net position of \$783,357 in the Workers' Compensation Fund. The increase in net position in the Group Insurance Fund was the result of a revaluation of charges for services. The net position of the Flexible Benefit Fund decreased \$91,424. The General Litigation and Vehicle Insurance Fund increased \$94,581 and \$10,332, respectively.

Capital Asset and Debt Administration

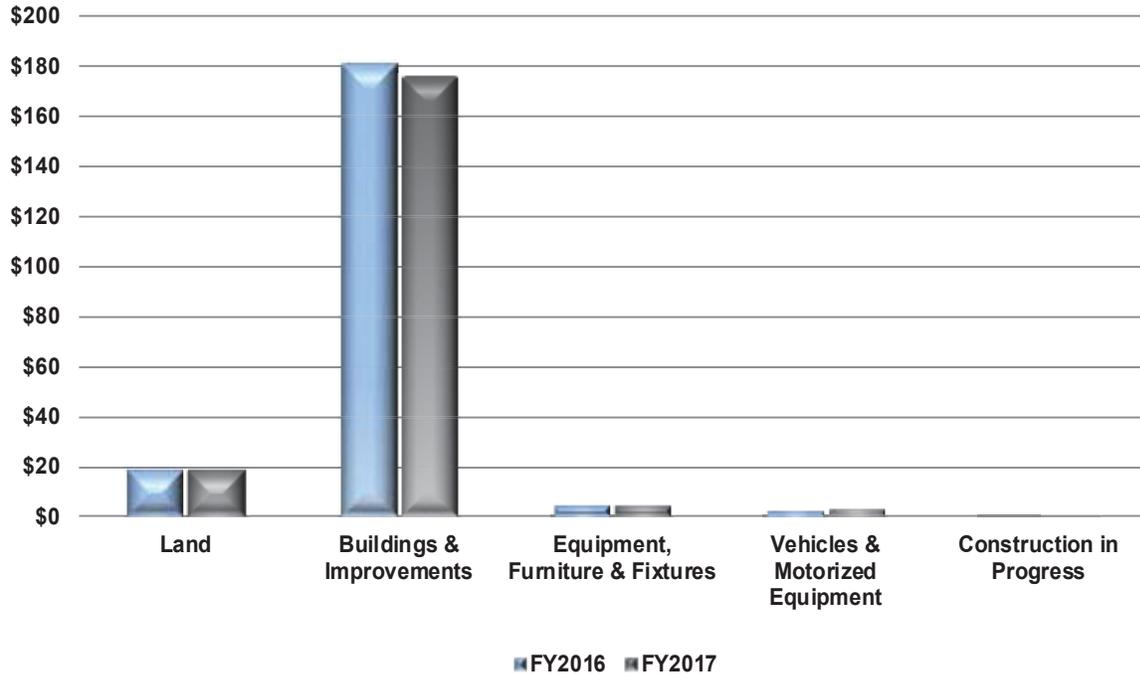
Capital Assets. The County's capital assets, Table 3, (Figures 6 and 7), for its governmental and business-type activities as of June 30, 2017, totals \$262,237,115 (net of accumulated depreciation). Capital assets include land, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other equipment, plant and distribution system, and construction in progress. Capital assets are reported in the government-wide financial statements and in the enterprise fund financial statements. Governmental funds treat capital acquisitions as expenditures in the period in which they are purchased. Additional information on the County's capital assets can be found in Note #4 in the Notes to the Financial Statements

CUMBERLAND COUNTY'S CAPITAL ASSETS
Table 3

	Government Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Land	\$ 18,450,493	\$ 18,450,493	\$ 6,843,237	\$ 6,843,237	\$ 25,293,730	\$ 25,293,730
Construction in progress	-	-	224,655	3,239,619	224,655	3,239,619
Landfill	-	-	-	-	-	-
Buildings and improvements	180,690,467	175,295,677	39,140,320	37,713,573	219,830,787	213,009,250
Equipment, furniture and fixtures	4,456,893	4,028,690	4,111,516	4,960,933	8,568,409	8,989,623
Vehicles and motorized equipment	2,214,581	2,364,443	107,907	501,217	2,322,488	2,865,660
Plant and distribution system	-	-	9,145,683	8,839,233	9,145,683	8,839,233
Total net assets	\$ 205,812,434	\$ 200,139,303	\$ 59,573,318	\$ 62,097,812	\$ 265,385,752	\$ 262,237,115

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS
Figure 6

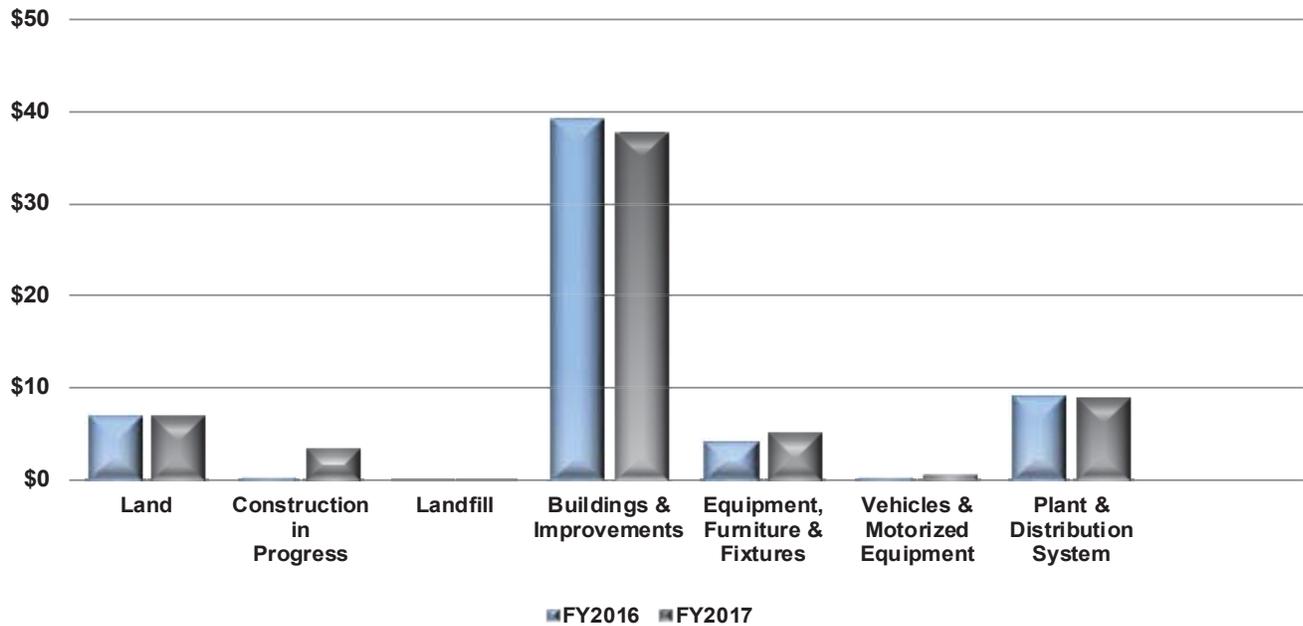
in Millions



BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS

Figure 7

in Millions



Long-Term Debt. As of June 30, 2017, Cumberland County had total bonded debt outstanding of \$20,533,140 all of which is backed by the full faith and credit of the County.

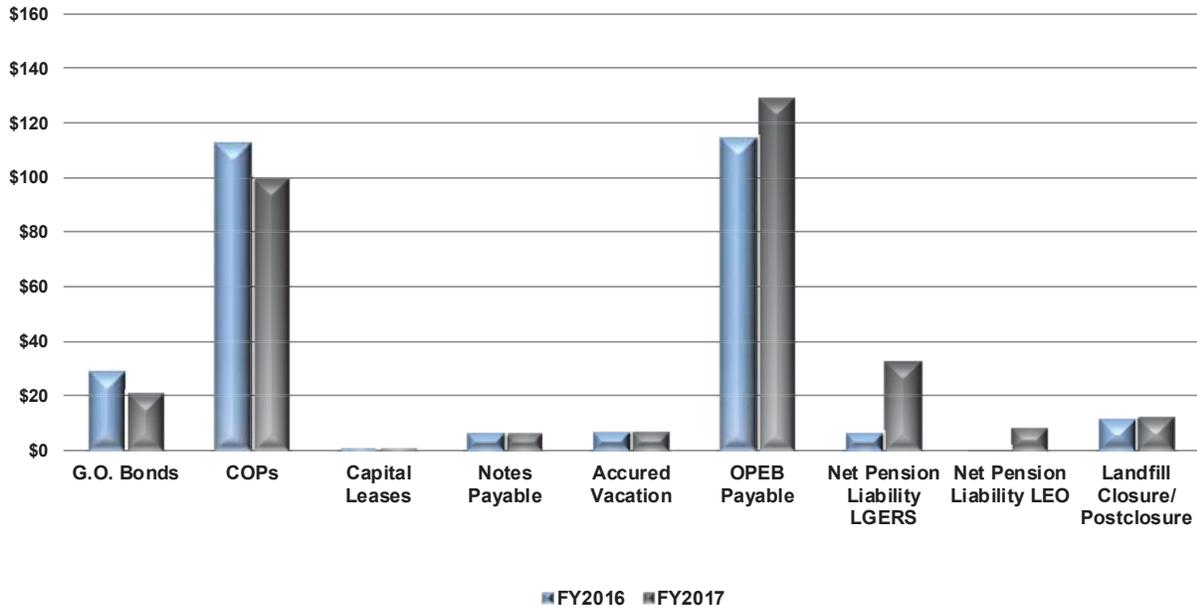
CUMBERLAND COUNTY'S OUTSTANDING DEBT
Table 4

	Government Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
General obligation bonds (net)	\$ 27,189,102	\$ 19,457,140	\$ 1,097,000	\$ 1,076,000	\$ 28,286,102	\$ 20,533,140
Capital leases	717,492	243,850	-	-	717,492	243,850
Certificates of participation (net)	86,685,373	76,156,917	25,407,754	23,020,793	112,093,127	99,177,710
Notes Payable	4,459,439	3,219,813	1,332,124	2,394,328	5,791,563	5,614,141
Accrued vacation	6,083,241	6,273,594	138,252	111,890	6,221,493	6,385,484
OPEB payable	109,354,091	123,773,572	4,639,143	5,069,614	113,993,234	128,843,186
Net Pension Liability (LGRS)	5,809,550	31,403,380	145,308	699,187	5,954,858	32,102,567
Net Pension Liability (LEO)	-	7,811,970	-	-	-	7,811,970
Accrued closure and postclosure costs	-	-	11,221,292	11,869,839	11,221,292	11,869,839
Total debt	\$ 240,298,288	\$ 268,340,236	\$ 43,980,873	\$ 44,241,651	\$ 284,279,161	\$ 312,581,887

The County's total debt, Table 4, (Figure 8), increased by \$28,302,726 to \$312,581,887 from fiscal year 2016's restated total of \$284,279,161. The primary reason for the increase can be attributed to the County paying down \$21,155,451 in existing debt obligations while incurring an increase of \$48,809,629 of additional OPEB and net pension liabilities. Additional information regarding the County's long-term debt can be found in Note #9 in the Notes to the Financial Statements.

OUTSTANDING DEBT
Figure 8

in Millions



Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect changes in the local economy as the County continues to rebound from the most recent recession:

- Ad valorem current year tax collections rate for real and personal property decreased slightly from 99.31% to 98.72%.
- Changes in taxable sales for the County over the past years have been: fiscal year 2017, 4.97%; fiscal year 2016, 4.22%; fiscal year 2015, 5.24%; fiscal year 2014, (1.39%).
- The locally generated gross sales tax collection for the County increased 5.35% from fiscal year 2017 compared to the state-wide average of 6.74%.

Budget Highlights for the Fiscal Year Ending June 30, 2018

The County approved a \$323,622,861 General Fund budget, excluding the legally adopted County School Special Revenue Fund for fiscal year 2018, which represents a (\$3,662,027) or 1.12% decrease over the fiscal year 2017 adopted budget.

- *The County's revaluation* resulted in an overall decrease to real property values.
- *The Board of Commissioners* adopted a net tax rate of 79.9 cents per \$100 valuation in the fiscal year 2018 adopted budget. This is an increase of 5.9 cents compared to the fiscal year 2017 rate of .74 cents.
- *Ad Valorem Taxes* for fiscal year 2018 have been budgeted at \$178,382,404, an increase of \$5,841,250 or 3% over the fiscal year 2017 adopted budget. Motor vehicle tax collections are anticipated to reach

\$18,070,242 under the Tax and Tag Together initiative. The total countywide tax rate increase to 79.9 cents.

- *Sales Taxes* are budgeted at \$41,760,036, an increase of \$847,256 or 2% from fiscal year 2017.
- *Unrestricted Intergovernmental* revenue is budgeted at \$11,107,769 which is a 5.74% increase from fiscal year 2017. The primary reason for this increase is the increase in municipal sales tax hold harmless reimbursements related to a higher projection of overall sales tax collections.
- *Restricted Intergovernmental* revenue has been budgeted at \$56,192,484, a decrease of \$6,023,427 from fiscal year 2017.
- *Charges and Services* are projected to experience an increase of \$97,845 or 0.82% from fiscal year 2017 adopted budget to \$11,990,598 in fiscal year 2018.
- *Other Revenue* is projected to decrease by \$478,212 or 8% from fiscal year 2017.

Budgeted expenditures in the General Fund, excluding the legally adopted County School Special Revenue Fund, are \$323,622,861 which represents a \$3,662,027 or 1.12% decrease over the fiscal year 2017 adopted budget. Highlights include:

- *Personal Services* adopted budget for fiscal year 2018 decreased by \$3,056,172 or 2% to \$136,744,346. For fiscal year 2018, the County implemented an employee reduction in force. After a thorough review of all positions, 90 positions were eliminated, 49 part time and 41 full time.
- *Supplies and Materials and Other Operating Expenditures* decreased by \$669,065 to \$32,608,242 in fiscal year 2018. This is the result of managements commitment to identify operational efficiencies.
- *Education Expenditures* increased \$1,965,992 or 2% to \$92,411,791. This increase can be attributed to increases in the adopted budget for current expense allocation to the Board of Education of \$1,353,141 and Fayetteville Technical Community College of \$544,592. The balance of the increase is spread out across several different expenditure line items.
- *Capital Outlay* expenditures total \$3,460,456. An amount of \$900,018 has been budget for new vehicles and \$928,800 for maintenance and renovations requests.
- *Debt Service* payments decreased by \$2,679,841 or 10.86% to \$21,981,176.

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, Cumberland County, 117 Dick Street, Fayetteville, NC 28301. You can also call 910-678-7753 or visit our website www.co.cumberland.nc.us.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Net Position
June 30, 2017**

Component Units

	Governmental Activities	Business Type Activities	Total Primary Government	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau	FCEDC
Assets								
Cash and cash equivalents	\$ 116,541,740	\$ 46,214,117	\$ 162,755,857	\$ 3,836,197	\$ 1,386,168	\$ 1,524,648	\$ 929,292	\$ 252,923
Taxes receivable, net	2,319,496	142,186	2,461,682	-	-	-	-	-
Accounts receivable, net	-	-	-	-	201,321	-	-	-
Sales tax receivable	14,435,214	-	14,435,214	-	-	-	-	-
Due from other governments	14,404,095	3,551,886	17,955,981	-	-	-	226,674	-
Other receivables, net	1,844,702	978,078	2,822,780	-	251	225	-	36
Internal balances	42,211	(42,211)	-	-	-	-	-	-
Due from component units	340,455	-	340,455	-	-	-	-	-
Inventories	496,566	125,492	622,058	3,648,285	-	-	16,861	-
Prepaid expenses	-	317,060	317,060	4,878	-	-	96,266	-
Restricted cash and cash equivalents	16,948,673	10,324,490	27,273,163	60,109	339,356	-	-	-
Other assets	12,128	-	12,128	-	-	-	-	-
Security deposits	-	-	-	4,501	-	-	-	-
Capital assets:								
Nondepreciable	18,450,493	10,082,856	28,533,349	2,138,260	-	-	-	-
Depreciable, net	181,688,810	52,014,956	233,703,766	2,483,192	18,742,830	-	199,365	9,669
Total capital assets	200,139,303	62,097,812	262,237,115	4,621,452	18,742,830	-	199,365	9,669
Total assets	367,524,583	123,708,910	491,233,493	12,175,422	20,669,926	1,524,873	1,468,458	262,628
Deferred outflows of resources								
Pension	28,123,292	599,756	28,723,048	706,815	-	-	-	-
Debt	1,242,474	1,545,549	2,788,023	-	-	-	-	-
	29,365,766	2,145,305	31,511,071	706,815	-	-	-	-
Liabilities								
Accounts and vouchers payable	10,938,023	2,304,460	13,242,483	1,952,231	77,456	652,983	26,696	21,183
Due to other governments	2,219,400	-	2,219,400	-	-	-	-	6,000
Accrued payroll	3,341,383	66,807	3,408,190	-	2,722	-	-	16,935
Accrued interest payable	723,660	106,043	829,703	-	37,599	-	-	-
Other payables	57,526	262,613	320,139	1,011,781	8,003	-	68,990	-
Due to primary government	-	-	-	206,471	-	-	-	-
Unearned revenue	-	375,891	375,891	-	-	-	12,005	-
Long-term liabilities:								
Net pension liability - LGRS	31,403,380	699,187	32,102,567	-	-	-	-	-
Net pension liability - LEOSSA	7,811,970	-	7,811,970	-	-	-	-	-
Due in less than one year	24,594,544	4,336,052	28,930,596	18,333	294,208	-	-	-
Due in more than one year	204,530,342	39,206,412	243,736,754	1,195,665	10,971,039	-	-	-
Total long-term liabilities	268,340,236	44,241,651	312,581,887	1,213,998	11,265,247	-	-	-
Total liabilities	285,620,228	47,357,465	332,977,693	4,384,481	11,391,027	652,983	107,691	44,118
Deferred inflows of resources								
Pension	1,307,545	160,723	1,468,268	28,695	-	-	-	-
Tax	608,764	-	608,764	-	-	-	-	-
	1,916,309	160,723	2,077,032	28,695	-	-	-	-
Net position								
Net investment in capital assets	163,004,686	37,152,240	200,156,926	4,557,285	7,485,421	-	199,365	9,669
Restricted for:								
Stabilization by State statute	31,094,256	-	31,094,256	-	-	-	-	-
Human services	168,535	-	168,535	-	-	-	-	-
Register of deeds	901,098	-	901,098	-	-	-	-	-
Inmates	505,070	-	505,070	-	-	-	-	-
Cemetery	47,583	-	47,583	-	-	-	-	-
School capital	12,184,346	-	12,184,346	-	-	-	-	-
Public safety	3,224,251	-	3,224,251	1,047,361	-	-	-	-
Economic and physical development	674,215	-	674,215	-	-	-	-	-
Cultural and recreation	5,164,620	-	5,164,620	-	-	-	-	-
Debt service	-	10,271,712	10,271,712	-	190,242	-	-	-
Capital projects	-	102,397	102,397	-	-	-	-	-
Facility investment fee	-	-	-	-	39,114	-	-	-
Maintenance and repairs	-	-	-	-	110,000	-	-	-
Claims	12,337,420	-	12,337,420	-	-	-	-	-
Unrestricted	(119,952,268)	30,809,678	(89,142,590)	2,864,415	1,454,122	871,890	1,161,402	208,841
Total net position	\$ 109,353,812	\$ 78,336,027	\$ 187,689,839	\$ 8,469,061	\$ 9,278,899	\$ 871,890	\$ 1,360,767	\$ 218,510

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Activities
Year Ended June 30, 2017**

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for	Operating	Capital	Primary Government			Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau	FCEDC
		Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total					
Governmental activities:												
General government	\$ 30,128,456	\$ 2,410,131	\$ 2,207,743	\$ 3,674,258	\$ (21,836,324)	\$ -	\$ (21,836,324)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	70,034,152	3,824,951	611,451	301,935	(65,295,815)	-	(65,295,815)	-	-	-	-	-
Economic and physical development	13,008,901	1,354,788	6,680,711	957,955	(4,015,447)	-	(4,015,447)	-	-	-	-	-
Human services	110,361,150	6,093,677	61,630,079	-	(42,637,394)	-	(42,637,394)	-	-	-	-	-
Cultural and recreational	17,527,672	181,280	690,437	-	(16,655,955)	-	(16,655,955)	-	-	-	-	-
Education	97,230,388	-	-	-	(97,230,388)	-	(97,230,388)	-	-	-	-	-
Interest on long-term debt	4,010,962	-	-	-	(4,010,962)	-	(4,010,962)	-	-	-	-	-
Total governmental activities	342,301,681	13,864,827	71,820,421	4,934,148	(251,682,285)	-	(251,682,285)	-	-	-	-	-
Business-type activities:												
Solid Waste	10,189,981	4,626,879	3,384,721	-	-	(2,178,381)	(2,178,381)	-	-	-	-	-
Crown Center	7,745,790	1,853,954	159,663	-	-	(5,732,173)	(5,732,173)	-	-	-	-	-
Kelly Hills Water and Sewer District	118,113	77,952	-	-	-	(40,161)	(40,161)	-	-	-	-	-
NORCRESS Water and Sewer District	803,787	350,328	-	-	-	(453,459)	(453,459)	-	-	-	-	-
Southpoint Water and Sewer District	25,936	35,754	-	-	-	9,818	9,818	-	-	-	-	-
Overhills Water and Sewer District	29,118	-	1,380,422	-	-	1,351,304	1,351,304	-	-	-	-	-
Total business-type activities	18,912,725	6,944,867	4,924,806	-	-	(7,043,052)	(7,043,052)	-	-	-	-	-
Total primary government	\$ 361,214,406	\$ 20,809,694	\$ 76,745,227	\$ 4,934,148	(251,682,285)	(7,043,052)	(258,725,337)	-	-	-	-	-
Component unit:												
ABC Board	\$ 25,962,517	\$ 26,891,823	\$ -	\$ -	-	-	-	929,306	-	-	-	-
Eastover Sanitary District	2,111,773	2,112,628	30,349	388,289	-	-	-	-	419,493	-	-	-
Tourism Development Authority	6,299,386	6,253,674	-	-	-	-	-	-	-	(45,712)	-	-
Fayetteville Area Convention and Visitors Bureau	2,880,920	2,919,767	-	-	-	-	-	-	-	-	38,847	-
FCEDC	811,854	-	-	978,000	-	-	-	-	-	-	-	166,146
Total component unit	\$ 38,066,450	\$ 38,177,892	\$ 30,349	\$ 1,366,289	-	-	-	929,306	419,493	(45,712)	38,847	166,146
General revenues:												
Property taxes					189,961,506	-	189,961,506	-	-	-	-	-
Other taxes:												
Sales tax					52,446,403	-	52,446,403	-	-	-	-	-
Animal registration					208,931	-	208,931	-	-	-	-	-
Real estate transfer					1,091,362	-	1,091,362	-	-	-	-	-
Beer and wine					392,044	-	392,044	-	-	-	-	-
Solid waste					-	4,975,987	-	-	-	-	-	-
Food and beverage					6,679,806	-	6,679,806	-	-	-	-	-
Room and occupancy					-	1,529,650	-	-	-	-	-	-
Grants and contributions not restricted to specific programs					12,493,334	-	12,493,334	-	-	-	-	-
Unrestricted investment earnings					499,798	218,310	718,108	-	4,071	2,855	9,345	643
Gain on sale of capital assets					230,165	196,183	426,348	22,071	-	-	-	-
Miscellaneous					6,879,504	28,384	6,907,888	5,120	2,741	-	-	-
Transfers					(5,552,333)	5,552,333	-	-	-	-	-	-
Total general revenues and transfers					265,330,520	12,500,847	277,831,367	27,191	6,812	2,855	9,345	643
Change in net position					13,648,235	5,457,795	19,106,030	956,497	426,305	(42,857)	48,192	166,789
Net position - beginning					103,525,465	72,878,232	176,403,697	7,502,526	8,852,594	914,747	1,312,575	51,721
Restatement - LEOSSA					(7,819,888)	-	(7,819,888)	10,038	-	-	-	-
Net position - beginning, as restated					95,705,577	72,878,232	168,583,809	7,512,564	8,852,594	914,747	1,312,575	51,721
Net position - ending					\$ 109,353,812	\$ 78,336,027	\$ 187,689,839	\$ 8,469,061	\$ 9,278,899	\$ 871,890	\$ 1,360,767	\$ 218,510

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2017**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 103,316,848	\$ 13,224,892	\$ 116,541,740
Taxes receivable, net	1,435,873	339,545	1,775,418
Sales tax receivable	14,435,214	-	14,435,214
Due from other governments	12,751,544	1,652,551	14,404,095
Other receivables, net	1,475,041	35,549	1,510,590
Due from other funds	791,166	-	791,166
Due from component units	340,455	-	340,455
Inventories	174,458	-	174,458
Prepays	11,628	500	12,128
Restricted assets:			
Cash and cash equivalents	2,662,945	1,948,308	4,611,253
Total assets	<u>\$ 137,395,172</u>	<u>\$ 17,201,345</u>	<u>\$ 154,596,517</u>
Liabilities:			
Accounts and vouchers payable	\$ 6,571,613	\$ 1,845,879	\$ 8,417,492
Due to other governments	1,369,384	850,016	2,219,400
Accrued payroll	3,258,917	64,520	3,323,437
Other payables	39,036	18,262	57,298
Due to other funds	-	748,955	748,955
Total liabilities	<u>11,238,950</u>	<u>3,527,632</u>	<u>14,766,582</u>
Deferred inflows of resources - taxes	<u>2,431,893</u>	<u>339,545</u>	<u>2,771,438</u>
Fund balances:			
Nonspendable:			
Inventories	174,458	-	174,458
Prepays	11,628	500	12,128
Restricted:			
Stabilization by State Statute	29,406,164	1,688,092	31,094,256
Register of Deeds	901,098	-	901,098
Inmates	-	505,070	505,070
Cemetery	-	47,583	47,583
County School	12,184,346	-	12,184,346
Fire protection	-	194,844	194,844
Public safety	-	3,029,407	3,029,407
Economic and physical development	-	674,215	674,215
Human services	-	168,535	168,535
Cultural and recreational	-	6,487,337	6,487,337
Committed:			
Tax revaluation	1,167,295	-	1,167,295
LEOSSA pension obligation	2,290,100	-	2,290,100
Assigned:			
Subsequent year's expenditures	8,889,652	1,803,902	10,693,554
Tax office software	4,406,300	-	4,406,300
Water & sewer industrial expansion	4,527,610	-	4,527,610
Economic development incentives	1,065,139	-	1,065,139
Mental health services	2,160,841	-	2,160,841
Public health	3,200,854	-	3,200,854
Capital investment fund	1,324,938	-	1,324,938
Renovations and maintenance	1,250,000	-	1,250,000
Special purposes	2,247,143	-	2,247,143
Technology upgrades	1,500,000	-	1,500,000
Unassigned	47,016,763	(1,265,317)	45,751,446
Total fund balances	<u>123,724,329</u>	<u>13,334,168</u>	<u>137,058,497</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 137,395,172</u>	<u>\$ 17,201,345</u>	<u>\$ 154,596,517</u>

A legally budgeted County School Fund is consolidated into the General Fund for Reporting Purposes.

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2017**

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

Ending fund balance - governmental funds		\$ 137,058,497
Capital assets are not financial resources, and therefore, are not reported in the funds (see note 4).		200,139,303
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
Contributions to pension plans in the current fiscal year	\$ 7,291,918	
Pension related deferrals	20,727,464	
Defeasance of long-term debt	<u>1,242,474</u>	29,261,856
Deferred inflows of resources for taxes and special assessments receivable		
Unearned Revenue	2,162,674	
Accrued Tax Penalties	<u>544,078</u>	2,706,752
Pension related deferrals		(1,256,031)
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 position.		9,985,287
Net pension liability-LGERS		(31,296,793)
Total pension liability-LEOSSA		(7,811,970)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Long-term liabilities	(228,709,429)	
Accrued interest payable	<u>(723,660)</u>	<u>(229,433,089)</u>
Net position of governmental activities		<u><u>\$ 109,353,812</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad valorem taxes	\$ 176,531,054	\$ 12,340,844	\$ 188,871,898
Other taxes	54,138,740	6,679,806	60,818,546
Unrestricted intergovernmental revenue	12,493,334	-	12,493,334
Restricted intergovernmental revenue	67,661,715	9,044,107	76,705,822
Licenses and permits	2,533,749	-	2,533,749
Sales and services	11,107,984	168,685	11,276,669
Interest earned on investments	445,845	31,441	477,286
Miscellaneous	7,073,666	302,722	7,376,388
Total revenues	<u>331,986,087</u>	<u>28,567,605</u>	<u>360,553,692</u>
Expenditures			
Current:			
General government	27,720,014	-	27,720,014
Public safety	55,177,145	8,572,791	63,749,936
Economic and physical development	5,116,375	7,886,481	13,002,856
Human services	101,472,644	2,849,218	104,321,862
Cultural and recreation	11,528,502	4,252,242	15,780,744
Education	97,230,388	-	97,230,388
Debt service:			
Principal payments	19,149,018	-	19,149,018
Interest and fees	4,785,439	-	4,785,439
Debt issuance costs	-	10,697	10,697
Total expenditures	<u>322,179,525</u>	<u>23,571,429</u>	<u>345,750,954</u>
Excess of revenues over expenditures	<u>9,806,562</u>	<u>4,996,176</u>	<u>14,802,738</u>
Other financing sources (uses)			
Sale of capital assets	230,165	-	230,165
Transfers in	320,760	666,266	987,026
Transfers out	(768,466)	(5,873,093)	(6,641,559)
Total other financing sources (uses)	<u>(217,541)</u>	<u>(5,206,827)</u>	<u>(5,424,368)</u>
Net change in fund balances	9,589,021	(210,651)	9,378,370
Fund balance - beginning	<u>114,135,308</u>	<u>13,544,819</u>	<u>127,680,127</u>
Fund balance - ending	<u>\$ 123,724,329</u>	<u>\$ 13,334,168</u>	<u>\$ 137,058,497</u>

A legally budgeted County School Fund is consolidated into the General Fund for Reporting Purposes.

The notes to the financial statements are an integral part of this statement.

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, 2017**

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

Net change in fund balances - total governmental funds \$ 9,378,370

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	\$ 3,760,837	
Depreciation	(9,389,472)	
Other asset activity	<u>(44,496)</u>	(5,673,131)

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

Change in accrued tax penalties	58,466	
Change in pension costs - LEOSSA	(52,015)	
Change in unavailable revenue for taxes	<u>1,031,142</u>	1,037,593

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 7,291,918

The issuance of long-term debt 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 has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	19,149,018	
Changes in premium	824,668	
Accrued interest payable	<u>145,909</u>	20,119,595

Some expenses reported in the statement of activities does not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.

Accrued vacation payable	(181,907)	
OPEB	(14,419,481)	
Net pension liability - LGERS	550,634	
Total pension liability - LEOSSA	<u>(7,918)</u>	(14,050,754)

The net revenue of certain activities of the internal service fund is reported with governmental activities. 5,643,565

Change in deferred outflows of resources for deferred charge on refunding (335,106)

County's portion of collective pension expense (9,763,815)

Change in net position of governmental activities \$ 13,648,235

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Year Ended June 30, 2017**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 172,541,154	\$ 173,442,646	\$ 176,531,054	\$ 3,088,408
Other taxes	42,690,460	42,779,960	43,723,714	943,754
Unrestricted intergovernmental revenue	10,505,025	10,505,025	11,572,615	1,067,590
Restricted intergovernmental revenue	62,808,979	65,770,932	63,987,457	(1,783,475)
Licenses and permits	1,951,875	1,949,550	2,533,749	584,199
Sales and services	9,940,878	10,141,121	11,107,984	966,863
Interest earned on investments	224,741	224,741	421,070	196,329
Miscellaneous	5,387,867	6,163,616	6,993,388	829,772
Total revenues	<u>306,050,979</u>	<u>310,977,591</u>	<u>316,871,031</u>	<u>5,893,440</u>
Expenditures:				
Current:				
General government	30,924,845	34,746,607	27,720,014	7,026,593
Public safety	58,422,788	59,510,250	55,177,145	4,333,105
Economic and physical development	6,013,044	6,049,238	5,116,375	932,863
Human services	102,751,843	107,233,685	101,472,644	5,761,041
Cultural and recreational	11,903,554	12,143,705	11,528,502	615,203
Education	90,493,196	92,359,309	91,394,940	964,369
Debt service:				
Principal payments	19,749,117	19,758,360	19,149,018	609,342
Interest and fees	4,911,900	4,902,657	4,785,439	117,218
Total expenditures	<u>325,170,287</u>	<u>336,703,811</u>	<u>316,344,077</u>	<u>20,359,734</u>
Revenues over (under) expenditures	<u>(19,119,308)</u>	<u>(25,726,220)</u>	<u>526,954</u>	<u>26,253,174</u>
Other financing sources (uses):				
Sale of capital assets	-	137,700	230,165	92,465
Transfers in	5,495,078	5,735,432	5,686,677	(48,755)
Transfers out	(2,713,669)	(3,302,164)	(768,466)	2,533,698
Appropriated fund balance	16,337,899	23,155,252	-	(23,155,252)
Total other financing sources (uses)	<u>19,119,308</u>	<u>25,726,220</u>	<u>5,148,376</u>	<u>(20,577,844)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>5,675,330</u>	<u>\$ 5,675,330</u>
Fund Balances:				
Beginning of year, July 1			<u>103,162,033</u>	
End of year, June 30			<u>\$ 108,837,363</u>	
A legally budgeted County School Fund (not included above) is consolidated into the General Fund for Reporting Purposes:				
Other taxes	\$ 9,560,294	\$ 9,560,294	\$ 10,415,026	\$ 854,732
Unrestricted intergovernmental revenue	800,000	800,000	920,719	120,719
Restricted intergovernmental revenue	3,430,000	3,430,000	3,674,258	244,258
Interest earned on investments	-	-	24,775	24,775
Miscellaneous	-	-	80,278	80,278
Education	(8,295,216)	(13,220,658)	(5,835,448)	7,385,210
Transfers out	(5,495,078)	(5,365,919)	(5,365,917)	2
Appropriated fund balance	-	4,796,283	-	(4,796,283)
	<u>-</u>	<u>-</u>	<u>3,913,691</u>	<u>3,913,691</u>
Fund Balance, Beginning of year	-	-	10,973,275	-
	<u>\$ -</u>	<u>\$ -</u>	<u>14,886,966</u>	<u>\$ 3,913,691</u>
Fund Balance, End of year			<u>\$ 123,724,329</u>	

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Position
Proprietary Funds
June 30, 2017

	Enterprise Funds							Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund	Southpoint Water and Sewer District Fund	Overhills Park Water and Sewer District Fund	Bragg Estates Water and Sewer District Fund		
Assets									
Current assets									
Cash and cash equivalents	\$ 40,408,510	\$ 5,356,694	\$ 160,796	\$ 198,502	\$ 89,615	\$ -	\$ -	\$ 46,214,117	\$ -
Taxes receivable, net	142,186	-	-	-	-	-	-	142,186	-
Due from other governments	2,727,693	159,663	-	-	-	664,530	-	3,551,886	-
Other receivables, net	516,081	321,255	33,123	94,581	13,038	-	-	978,078	334,112
Inventories	125,492	-	-	-	-	-	-	125,492	322,108
Prepays	-	317,060	-	-	-	-	-	317,060	-
Total current assets	43,919,962	6,154,672	193,919	293,083	102,653	664,530	-	51,328,819	656,220
Noncurrent assets									
Restricted:									
Cash and cash equivalents	7,950,368	2,271,725	-	-	-	102,397	-	10,324,490	12,337,420
Capital assets, net of accumulated depreciation	10,547,346	39,747,104	1,926,428	6,488,245	424,560	2,877,418	86,711	62,097,812	-
Total noncurrent assets	18,497,714	42,018,829	1,926,428	6,488,245	424,560	2,979,815	86,711	72,422,302	12,337,420
Total assets	62,417,676	48,173,501	2,120,347	6,781,328	527,213	3,644,345	86,711	123,751,121	12,993,640
Deferred outflows of resources									
Pension	599,756	-	-	-	-	-	-	599,756	103,910
Debt	-	1,545,549	-	-	-	-	-	1,545,549	-
	599,756	1,545,549	-	-	-	-	-	2,145,305	103,910
Liabilities									
Current liabilities									
Accounts and vouchers payable	804,728	797,340	1,792	35,185	885	664,530	-	2,304,460	486,814
Accrued payroll	66,807	-	-	-	-	-	-	66,807	17,946
Accrued interest payable	-	87,579	-	3,699	-	14,765	-	106,043	-
Other payables	26,844	97,541	890	-	5,157	132,181	-	262,613	228
Incurred but not reported	-	-	-	-	-	-	-	-	2,033,717
Unearned revenue	-	375,891	-	-	-	-	-	375,891	-
Current portion of long-term debt and accrued vacation	141,295	2,788,761	-	22,000	4,996	1,379,000	-	4,336,052	32,352
Due to other funds	-	5,500	-	-	-	-	36,711	42,211	-
Total current liabilities	1,039,674	4,152,612	2,682	60,884	11,038	2,190,476	36,711	7,494,077	2,571,057
Noncurrent liabilities									
Post closing liability	11,834,839	-	-	-	-	-	-	11,834,839	-
Net pension liability	699,187	-	-	-	-	-	-	699,187	106,587
Long-term debt	-	21,167,432	-	1,054,000	74,932	-	-	22,296,364	-
Accrued vacation	5,595	-	-	-	-	-	-	5,595	1,703
Other postemployment benefits liability	3,591,309	1,478,305	-	-	-	-	-	5,069,614	381,402
Total noncurrent liabilities	16,130,930	22,645,737	-	1,054,000	74,932	-	-	39,905,599	489,692
Total liabilities	17,170,604	26,798,349	2,682	1,114,884	85,970	2,190,476	36,711	47,399,676	3,060,749
Deferred inflows of resources - pension	20,916	139,807	-	-	-	-	-	160,723	51,514
Net position									
Net investment in capital assets	10,547,346	17,336,460	1,926,428	5,412,245	344,632	1,498,418	86,711	37,152,240	-
Restricted net position - debt service	7,999,987	2,271,725	-	-	-	-	-	10,271,712	-
Restricted net position - capital projects	-	-	-	-	-	102,397	-	102,397	-
Restricted net position - claims	-	-	-	-	-	-	-	-	12,337,420
Unrestricted	27,278,579	3,172,709	191,237	254,199	96,611	(146,946)	(36,711)	30,809,678	(2,352,133)
Total net position	\$ 45,825,912	\$ 22,780,894	\$ 2,117,665	\$ 5,666,444	\$ 441,243	\$ 1,453,869	\$ 50,000	\$ 78,336,027	\$ 9,985,287

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2017**

	Enterprise Funds							Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund	Southpoint Water and Sewer District Fund	Overhills Park Water and Sewer District Fund	Bragg Estates Water and Sewer District Fund		
Operating revenues									
Charges for services	\$ 4,615,491	\$ 1,853,954	\$ 77,952	\$ 350,328	\$ 35,754	\$ -	\$ -	\$ 6,933,479	\$ -
Contributions	-	-	-	-	-	-	-	-	3,549,026
Other operating revenue	11,388	-	-	-	-	-	-	11,388	-
Contributions - Group health insurance	-	-	-	-	-	-	-	-	24,598,900
Solid waste fees	4,975,987	-	-	-	-	-	-	4,975,987	-
Pharmacy services	-	-	-	-	-	-	-	-	3,182,529
Total operating revenues	9,602,866	1,853,954	77,952	350,328	35,754	-	-	11,920,854	31,330,455
Operating expenses									
Salaries and employee benefits	3,519,965	-	-	-	-	-	-	3,519,965	1,988,211
Repairs and maintenance	1,344,493	20,478	48,374	298,314	4,645	-	-	1,716,304	-
Utilities	126,969	-	-	223,178	-	-	-	350,147	-
Administrative costs	3,794,838	(14,994)	3,194	8,888	6,620	29,118	-	3,827,664	764,329
Global Spectrum, LP	-	4,616,654	-	-	-	-	-	4,616,654	-
Miscellaneous	-	-	116	-	2,878	-	-	2,994	-
Depreciation	755,169	1,982,260	66,429	228,228	11,793	-	-	3,043,879	-
Landfill closure and postclosure care costs	648,547	-	-	-	-	-	-	648,547	-
Group health insurance	-	-	-	-	-	-	-	-	18,970,090
Employee pharmacy	-	-	-	-	-	-	-	-	3,590,037
Employee clinic	-	-	-	-	-	-	-	-	353,889
Employee wellness program	-	-	-	-	-	-	-	-	134,761
Total operating expenses	10,189,981	6,604,398	118,113	758,608	25,936	29,118	-	17,726,154	25,801,317
Operating income (loss)	(587,115)	(4,750,444)	(40,161)	(408,280)	9,818	(29,118)	-	(5,805,300)	5,529,138
Nonoperating revenue (expense)									
Interest earned on investments	183,559	30,342	346	806	192	3,065	-	218,310	22,512
Motel occupancy tax	-	1,529,650	-	-	-	-	-	1,529,650	-
Gain (loss) on disposal of capital assets	194,768	1,415	-	-	-	-	-	196,183	-
Miscellaneous	28,384	-	-	-	-	-	-	28,384	(10,285)
Grant revenue	3,384,721	159,663	-	-	-	1,380,422	-	4,924,806	-
Interest expense	-	(1,141,392)	-	(45,179)	-	-	-	(1,186,571)	-
Total nonoperating revenue (expense)	3,791,432	579,678	346	(44,373)	192	1,383,487	-	5,710,762	12,227
Income (loss) before transfers and contributions	3,204,317	(4,170,766)	(39,815)	(452,653)	10,010	1,354,369	-	(94,538)	5,541,365
Transfers in	-	5,552,333	-	-	-	-	-	5,552,333	212,200
Transfers out	-	-	-	-	-	-	-	-	(110,000)
Change in net position	3,204,317	1,381,567	(39,815)	(452,653)	10,010	1,354,369	-	5,457,795	5,643,565
Total net position - beginning	42,621,595	21,399,327	2,157,480	6,119,097	431,233	99,500	50,000	72,878,232	4,341,722
Total net position - ending	\$ 45,825,912	\$ 22,780,894	\$ 2,117,665	\$ 5,666,444	\$ 441,243	\$ 1,453,869	\$ 50,000	\$ 78,336,027	\$ 9,985,287

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Enterprise Funds							Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund	Southpoint Water and Sewer District Fund	Overhills Park Water and Sewer District Fund	Bragg Estates Water and Sewer District Fund		
Operating activities									
Cash received from customers	\$ 9,584,223	\$ 1,612,693	\$ 77,952	\$ 350,328	\$ 35,754	\$ -	\$ -	\$ 11,660,950	\$ -
Other operating revenue	(2,441,229)	-	-	-	-	-	-	(2,441,229)	-
Cash received from contributions	-	-	-	-	-	-	-	-	28,272,574
Cash paid to employees	(2,711,414)	(69,871)	-	-	-	-	-	(2,781,285)	(548,268)
Cash paid for goods and services	(5,535,872)	(4,465,878)	(58,025)	(546,849)	(15,552)	67,020	2,700	(10,552,456)	(713,248)
Cash received for goods and services	-	-	-	-	-	-	-	-	3,035,504
Cash paid for claims	-	-	-	-	-	-	-	-	(25,071,214)
Other miscellaneous transactions	28,384	-	-	-	-	-	-	28,384	-
Net cash provided by (used in) operating activities	(1,075,908)	(2,923,056)	19,927	(196,521)	20,202	67,020	2,700	(4,085,636)	4,975,348
Noncapital financing activities									
Transfers in	-	5,552,333	-	-	-	-	-	5,552,333	212,200
Transfers out	-	-	-	-	-	-	-	-	(110,000)
Operating grants	3,384,721	159,663	-	-	-	1,380,422	-	4,924,806	-
Net cash provided by noncapital financing activities	3,384,721	5,711,996	-	-	-	1,380,422	-	10,477,139	102,200
Capital and related financing activities									
Acquisition and construction of capital assets	(2,328,339)	(308,898)	-	-	-	(2,727,110)	(2,700)	(5,367,047)	-
Other financing transactions	-	55	-	-	-	-	-	55	-
Proceeds from sales of capital assets	(6,613)	1,415	-	-	-	-	-	(5,198)	-
Proceeds from issuance of debt	-	-	-	-	-	1,379,000	-	1,379,000	-
Principal paid on long-term debt	-	(2,698,761)	-	(21,000)	(4,996)	-	-	(2,724,757)	-
Interest paid on bonds	-	(1,149,038)	-	(45,251)	-	-	-	(1,194,289)	-
Motel occupancy tax	-	1,529,650	-	-	-	-	-	1,529,650	-
Net cash provided (used in) capital and related financing activities	(2,334,952)	(2,625,577)	-	(66,251)	(4,996)	(1,348,110)	(2,700)	(6,382,586)	-
Investing activities									
Investment earnings	183,559	30,342	346	806	192	3,065	-	218,310	22,392
Net cash provided by investing activities	183,559	30,342	346	806	192	3,065	-	218,310	22,392
Net increase (decrease) in cash and cash equivalents	157,420	193,705	20,273	(261,966)	15,398	102,397	-	227,227	5,099,940
Cash and cash equivalents									
Beginning of year	48,201,458	7,434,714	140,523	460,468	74,217	-	-	56,311,380	7,237,480
End of year	\$ 48,358,878	\$ 7,628,419	\$ 160,796	\$ 198,502	\$ 89,615	\$ 102,397	\$ -	\$ 56,538,607	\$ 12,337,420

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Enterprise Funds							Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund	Southpoint Water and Sewer District Fund	Overhills Park Water and Sewer District Fund	Bragg Estates Water and Sewer District Fund		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities									
Operating income (loss)	\$ (587,115)	\$ (4,750,444)	\$ (40,161)	\$ (408,280)	\$ 9,818	\$ (29,118)	\$ -	(5,805,300)	\$ 5,529,138
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation	755,169	1,982,260	66,429	228,228	11,793	-	-	3,043,879	-
Landfill closure and post closure care costs	648,547	-	-	-	-	-	-	648,547	-
Change in assets and liabilities									
(Increase) decrease in accounts receivable	21,129	-	-	-	-	-	-	21,129	183
(Increase) decrease in other receivables	(2,452,617)	(351,296)	(5,432)	792	(1,896)	(532,349)	-	(3,342,798)	77,598
(Increase) decrease in inventories	(97,504)	-	-	(33,389)	-	-	-	(130,893)	(107,730)
(Increase) decrease in prepaids	-	(39,085)	-	-	-	-	-	(39,085)	-
(Increase) decrease in deferred outflows	(455,901)	-	-	-	-	(46,008)	2,700	(499,209)	-
(Increase) decrease in accounts payable and accrued liabilities	184,833	146,620	(909)	16,128	-	-	-	346,672	(570,024)
Increase (decrease) in accrued landfill	-	-	-	-	-	674,495	-	674,495	-
Increase (decrease) in compensated absences payable	(26,361)	(69,871)	-	-	487	-	-	(95,745)	7,309
Increase (decrease) in unearned revenue	-	(49,628)	-	-	-	-	-	(49,628)	-
Increase (decrease) in OPEB	430,470	-	-	-	-	-	-	430,470	31,193
Increase (decrease) in net pension liability	553,879	-	-	-	-	-	-	553,879	91,721
Increase (decrease) in deferred inflows - pension	(50,437)	208,388	-	-	-	-	-	157,951	-
Increase (decrease) in deferred outflows - pensions	-	-	-	-	-	-	-	-	(84,040)
Total adjustments	(488,793)	1,827,388	60,088	211,759	10,384	96,138	2,700	1,719,664	(553,790)
Net cash provided by (used in) operating activities	<u>\$ (1,075,908)</u>	<u>\$ (2,923,056)</u>	<u>\$ 19,927</u>	<u>\$ (196,521)</u>	<u>\$ 20,202</u>	<u>\$ 67,020</u>	<u>\$ 2,700</u>	<u>\$ (4,085,636)</u>	<u>\$ 4,975,348</u>
Cash and cash equivalents									
Unrestricted	\$ 40,408,510	\$ 5,356,694	\$ 160,796	\$ 198,502	\$ 89,615	\$ -	\$ -	\$ 46,214,117	\$ -
Restricted	7,950,368	2,271,725	-	-	-	102,397	-	10,324,490	12,337,420
Total	<u>\$ 48,358,878</u>	<u>\$ 7,628,419</u>	<u>\$ 160,796</u>	<u>\$ 198,502</u>	<u>\$ 89,615</u>	<u>\$ 102,397</u>	<u>\$ -</u>	<u>\$ 56,538,607</u>	<u>\$ 12,337,420</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds
Assets	
Taxes receivable	\$ 3,341,812
Due from other governments	880,766
Restricted cash and cash equivalents	752,621
Total assets	<u>\$ 4,975,199</u>
Liabilities	
Accounts and vouchers payable	\$ 4,954,537
Due to other governments	20,662
Total liabilities	<u>\$ 4,975,199</u>

The notes to the financial statements are an integral part of this statement.

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June 30, 2017

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.

There are 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 District, Kelly Hills Water and Sewer District, Southpoint Water and Sewer District, Overhills Park Water and Sewer District, and Bragg Estates Water and Sewer District (the "Water & Sewer Districts") exist to provide and maintain a sanitary sewer system for the county residents within those districts. The Water and Sewer Districts, which have June 30 year-ends, are considered proprietary funds of the County and adopt budgets on an annual basis. The Water and Sewer Districts are included as enterprise funds.

Discretely Presented Component Units

Cumberland County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Cumberland County Finance Corporation ("the Corporation"), a North Carolina non-profit 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 Board of Alcoholic Beverage Control (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.

The Fayetteville Area Convention and Visitors Bureau, Inc. (the "Bureau"), which has a June 30 year-end, is a non-profit organization. The Cumberland County Tourism Development Authority (the "TDA") exists to promote travel, tourism, and conventions in the County, sponsor tourist-related events and activities in the County, and finance tourist-related capital projects in the County. The Cumberland County Board of Commissioners provides for membership of the Authority, including members' terms of office and for the filling of vacancies. The County is able to impose its will on the TDA because it has the ability to modify the rate affecting revenue as it is authorized to levy a room occupancy tax of up to three percent (3%) of the gross receipts. The TDA is presented as if it were a proprietary fund. The Fayetteville

COUNTY OF CUMBERLAND, NORTH CAROLINA

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June 30, 2017

Cumberland County Economic Development Commission (the "FCEDC") was formed on January 1, 2016 as a 501(c)6 organization with Cumberland County and the City of Fayetteville taking the lead to create its initial structure and funding. The two entities funded economic development activities substantially equivalent during the fiscal year. The FCEDC Board of Directors is comprised of private sector, city sector and county sector representatives as well as ex-officio members.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
NORCRESS Water and Sewer District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility.	None issued.
Kelly Hills Water and Sewer District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility.	None issued.
Southpoint Water and Sewer District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility.	None issued.
Overhills Park Water and Sewer District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility.	None issued.
Bragg Estates Water and Sewer District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility.	None issued.
Cumberland County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.
Cumberland County Finance Corporation	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Corporation with or without cause.	None issued.
Cumberland County Board of Alcoholic Beverage Control	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Cumberland County ABC Board 1705 Owen Drive Fayetteville, NC 28304
Eastover Sanitary District	Discrete	The District is considered to be fiscally dependent upon the County such that excluding the entity would cause the County's statements to be incomplete.	Included in the County's financial statements.
Fayetteville Area Convention and Visitors Bureau, Inc.	Discrete	A voting majority of the Bureau's 11-member board of directors is appointed by the County. In addition, the County levies the occupancy tax which is the major source of revenue for the Bureau.	Fayetteville Area Convention and Visitors Bureau 245 Person Street Fayetteville, NC 28301
Cumberland County Tourism Development Authority	Discrete	The Cumberland County Board of Commissioners provides for membership of the Authority, including members' terms of office and for the filling of vacancies. The County is able to impose its will on the TDA because it has the ability to modify the rate affecting revenue as it is authorized to levy a room occupancy tax of up to three percent (3%) of the gross receipts.	Included in the County's financial statements.
Fayetteville Cumberland County Economic Development Corporation (FCEDC)	Discrete	The Cumberland County Board of Commissioners and the Fayetteville City Council provides for membership of the Corporation, including members' terms of office and for the filling of vacancies. Both entities contribute to the funding of the Corporation equally. Cumberland County is the fiscal agent for the Corporation and does so by an in-kind contribution.	Fayetteville Cumberland County Economic Development Corp. 2723 Fort Bragg Road Fayetteville, NC 28305

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

B - Basis of Presentation - Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position 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. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental funds:

General Fund. This fund 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 School Fund is a legally adopted budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated into the General Fund.

The County reports the following nonmajor governmental funds:

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

Capital Project Funds. Capital Project Funds account for financial resources to be used for the acquisition or construction of governmental capital assets. The County reports the following Capital Project Funds: Cultural and Recreation Fund, Winding Creek Fund and Governmental Fund.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

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

The County reports the following major enterprise funds:

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

Cumberland County Crown Center Fund. This fund accounts for the operations of the Crown Arena, the Crown Theatre, the Crown Exposition Center and the Crown Coliseum. As of November 2013, Global Spectrum has been managing operations on the County's behalf.

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

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

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

Overhills Park Water and Sewer District Fund. This fund accounts for the sewer operations for the district.

Bragg Estates Water and Sewer District Fund. This fund accounts for the sewer operations for the district.

The County reports the following fund types:

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

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the City Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County; the Payee Account Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Inmate Payee Fund, which accounts for funds held by the County on behalf of inmates of the County jail; the Intergovernmental Custodial Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Cumberland County Board of Education; 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 *Vehicle Interest Fund*, which consists of the three percent penalty interest fee collected by the County for delinquent motor vehicle taxes of prior years, that will be distributed to various municipalities within the County.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

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 non-operating 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 non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

C - Budgetary Data

As required by the North Carolina Budget and Fiscal Control Act (N. C. G. S. 159), the County adopts, on a basis consistent with accounting principles generally accepted in the United States of America, an annual balanced budget ordinance for the general, the special revenue, the permanent, the enterprise funds, and the internal services funds. The budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. All annual appropriations lapse at the fiscal year end. Multi-year capital project funds are approved via a balanced project ordinance for the life of the project. 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 creating new positions 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 part of the stabilization for state statute in the fund balance section of the balance sheet and will be charged against the subsequent year's budget.

D - Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County, the ABC Board, the District, the Bureau, the TDA, and the FCEDC 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 NCCMT Government Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, 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 moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalent. The County, the ABC Board, the District, the Bureau, the TDA, and the FCEDC consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

Amounts on hand at year end for unexpended bond proceeds, future construction, payment of asserted and unasserted malpractice claims, self-insurance, trust arrangements and customer deposits for future services have been restricted. Funds are restricted for the purpose for which the revenue was received. Restrictions in the general fund relate to the several ongoing capital projects. Money in the Tax Revaluation Organization is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

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, 2015.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

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 and are accounted for using the purchases method.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. Minimum capitalization costs are \$5,000 for all asset categories. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

	<u>Years</u>
Buildings	40
Improvements water lines	40
Improvements	25
Furniture and equipment	5 – 10
Vehicles	5

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

	<u>Years</u>
Buildings	40
Leasehold Improvements	10 – 20
Equipment	5 – 10
Vehicles	5

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

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

	<u>Years</u>
Software	3
Equipment	5
Furniture	10
Improvements	3 - 40

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion - a charge on refunding, pension related deferrals, and contributions made to the pension plan

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for Deferred Inflows of Resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category - prepaid taxes, taxes receivable, special assessments receivable, and other pension related deferrals.

9. 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 on the statements of net position.

In the fund financial statements for governmental fund types, 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.

10. Compensated Absences

The vacation policies of the County 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. The vacation policy of the Bureau provides for the accumulation of up to sixty-two and one-half (62.50) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the ABC Board and the Bureau, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

The sick leave policies of the County and the ABC Board provide for unlimited accumulation of earned sick leave. The Bureau allows for up to 37.50 days accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance- This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Inventories and prepaids - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law.

Restricted for Stabilization of State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Register of Deeds - portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.

Restricted for Inmates - portion of fund balance available for use by inmates in the County's Detention Center.

Restricted for Cemetery - portion of fund balance restricted to maintain the cemetery.

Restricted for County School - portion of fund balance that is restricted by revenue source for school capital or debt service per G.S. 159-18-22.

Restricted for Fire Protection - portion of fund balance that is restricted by revenue source for fire protection.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for law enforcement purposes and the Injured Animal Stabilization Fund.

Restricted for Economic and Physical Development - portion of fund balance that is restricted by revenue source for the Workforce Development and Flea Hill Funds.

Restricted for Human Services - portion of fund balance restricted by revenue source for Juvenile Crime Control Program purposes.

Restricted for Cultural and Recreational - portion of fund balance restricted by revenue source for the Recreation Fund, and the Prepared Food and Beverage Fund.

Committed Fund Balance - Portion of fund balance that can only be used for specific purpose imposed by majority vote of Cumberland County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Tax Revaluation - portion of fund balance that can only be used for Tax Revaluation.

Committed for LEOSSA pension obligation – portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

Assigned Fund Balance - Portion of fund balance that the Cumberland County governing board has set aside for future use.

Subsequent Year's Expenditures - portion of fund balance that has been approved by formal action of the Board of County Commissioners for appropriation into the next fiscal year. A modification of this amount requires action by the Board. The Board may at its discretion, make other assignments of fund balance. The Board authorizes the County Manager to amend these assigned amounts to comply with the County's fund balance percentage policies.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Tax Office Software - portion of the total fund balance assigned by management for future purchase of tax software.

Water and Sewer Industrial Expansion - portion of total fund balance assigned by management for small scale water and sewer industrial projects.

Economic Development Incentives - portion of total fund balance assigned by management for incentives to promote business creation or expansion.

Mental Health Services - portion of total fund balance assigned by management for mental health services.

Public Health - portion of total fund balance assigned by management for public health programs.

Capital Investment Fund – portion of total fund balance assigned by management for future capital needs

Renovations and Maintenance - portion of total fund balance assigned by management for various maintenance and renovations on County facilities.

Special Purposes - portion of total fund balance assigned by management for future purposes.

Technology Upgrades – portion of fund balance assigned by management for technology projects and improvements.

Unassigned – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Spending and Fund Balance Policies

Cumberland County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, Federal funds, State funds, local non-county funds, and then county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

The County will maintain a General Fund unassigned fund balance of no less than 10% which exceeds the minimum eight percent (8%) recommended by the LGC. Additionally, the target goal for total spendable (available) fund balance will be at least 15% of total expenditures for the fiscal year. The annual appropriation for subsequent years' expenditures should not exceed 3% of budgeted recurring general fund expenditures. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes it may be necessary to report a negative unassigned fund balance in that fund.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation. This presentation includes the legally adopted County School Fund that has been incorporated into the General Fund for reporting purposes:

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Total fund balance-General Fund	\$123,724,329
Less:	
Inventories	174,458
Prepays	11,628
Restricted	13,085,444
Stabilization by State Statute	29,406,164
Committed	3,457,395
Assigned	21,682,825
Appropriated fund balance in FY2017 budget	8,889,652
10% fund balance policy	<u>47,016,763</u>
Remaining fund balance	<u>\$ -</u>

The County required all open purchase orders as of June 30, 2017 to be closed prior to closing out the fiscal year. Departments have the option of requesting re-appropriation of funds for items that were not included in the fiscal year 2018 budget. Therefore, the balance of encumbrances as of June 30, 2017 is zero for all funds.

12. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

13. 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.

Note 2 – Cash and Cash Equivalents

A - Deposits

All of the County's, the ABC Board's, the District's, the Bureau's, the TDA's, and the FCEDC's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the ABC Board's, the District's, the Bureau's, the TDA's, and the FCEDC's agents in these units' names.

The County has a Board approved policy to address custodial credit risk of deposits collateralized under the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the ABC Board, the District, the Bureau, the TDA, and the FCEDC, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the ABC Board, the District, the Bureau, the TDA, the FCEDC, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the ABC Board, the District, the Bureau, the TDA, and the FCEDC, under the Pooling Method, the potential exists for under-collateralization, 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, 2017 the County's deposits had a carrying amount of \$100,194,455 and a bank balance of \$99,352,829. Included in the County's deposits is cash of \$1,713,847 for the District, \$1,524,648 for the TDA and \$252,923 for FCEDC. Of the bank balance, \$1,250,000 was covered by federal depository insurance and \$97,941,074 was covered by collateral under the Pooling Method. The County had \$9,980 in the petty cash and change funds. The District had \$100 of change fund, the TDA and FCEDC had \$0 of petty cash.

At June 30, 2017, the ABC Board's deposits had a carrying amount of \$3,865,806 and a bank balance of \$3,965,742. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,715,742 was covered by collateral under the Pooling Method. The ABC Board had petty cash of \$30,500.

At June 30, 2017, the Bureau's deposits had a carrying amount of \$95,584 and a bank balance of \$71,828. Of the bank balance, \$71,828 was covered by federal depository insurance including a 21-month Certificate of Deposit for \$238,610 maturing on September 22, 2017, plus interest; a 13-month Certificate of Deposit for \$102,250 maturing on November 12, 2017, plus interest; a 60-month Certificate of Deposit for \$244,177 maturing on July 21, 2017, plus interest; and a 13-month Certificate of Deposit for \$132,774 maturing on February 11, 2018, plus interest. Noncurrent investments at June 30, 2017 include an 18-month Certificate of Deposit for \$115,897 maturing on August 06, 2018, plus interest.

B - Investments – County

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less than 6 Months</u>		
			<u>6 - 12 Months</u>	<u>1 - 2 Years</u>	
US Government Agencies/Securities	Fair Value - Level 2	\$ 34,357,550	\$ -	\$ 19,412,560	\$ 14,944,990
Commercial Paper	Fair Value - Level 2	6,534,430	6,534,430	-	-
NC Capital Management Trust - Government Portfolio	Amortized Cost	43,679,632	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	9,520,865	N/A	N/A	N/A
Total		<u>\$ 94,092,477</u>	<u>\$ 6,534,430</u>	<u>\$ 19,412,560</u>	<u>\$ 14,944,990</u>

Because the NC Capital Management Trust - Term Portfolio has a weighted average of less than 90 days, it is presented an investment with a maturity of less than 6 months.

All investments are measured using the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Levels of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy requires investment purchases to be based upon cash flow needs with staggered maturity dates of no more than two years.

Credit Risk: The County has a Board adopted investment policy which places greater restrictions than required under G.S. 159-30(c). This policy seeks to assure investment quality and to mitigate credit risks. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2017, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. The County's investments in US Agencies (Federal Home Loan Bank, Federal Farm Credit Banks, Federal National Mortgage Assn and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poors and Aaa by Moody's Investor Service.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Cumberland County has adopted a formal investment policy. Cumberland County uses Wells Fargo Securities to provide third-party safekeeping service for the County. The securities are held in a separate entity with the bank and are held in the name of County of Cumberland. Cumberland County uses the Pooling Method of collateralization when purchasing it's Certificate's of Deposits.

Concentration of Credit Risk: It is the County's policy that no more than 20% of the total investment portfolio may be invested in commercial paper and bankers acceptances. In addition, no more than \$4 million of the total investment portfolio will be invested in any one company's commercial paper or \$7 million in financial institution's bankers' acceptances. Federal Agencies/Securities investment represents 37% of total County's investment portfolio: Federal Farm Credit Banks (FFCB) 4.85%; Federal Home Loan Banks (FHLB) 13.40%; Federal Home Loan Mortgage Corporation (FHLMC) 15.02%, and US Treasury Bills 3.73%. More than 50% of the County's investment are in the North Carolina Capital Management Trust (NCCMT).

C - Reconciliation to Cash and Cash Equivalents

Total per Statement of Net Position:

	<u>County</u>	<u>ABC Board</u>	<u>District</u>	<u>TDA</u>	<u>Bureau</u>	<u>FCEDC</u>
Cash and cash equivalents - Unrestricted	\$ 162,755,857	\$ 3,836,197	\$ 1,386,168	\$ 1,524,648	\$ 929,292	\$ 252,923
Cash and cash equivalents - Restricted	26,520,542	60,109	339,356	-	-	-
Cash and cash equivalent - Restricted Agency funds	752,621	-	-	-	-	-
Total cash and cash equivalents	<u>\$ 190,029,020</u>	<u>\$ 3,896,306</u>	<u>\$ 1,725,524</u>	<u>\$ 1,524,648</u>	<u>\$ 929,292</u>	<u>\$ 252,923</u>

D – Investments – Eastover Sanitary District

At June 30, 2017, Eastover Sanitary District, a discretely presented component unit, had investments of \$11,578 held at North Carolina Capital Management Trust.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Note 3 - Receivables - Allowance for Doubtful Accounts

Allowances for doubtful accounts at the government-wide level at June 30, 2017 are as follows:

	Governmental Activities	Business Type Activities
Taxes receivable	\$ 5,923,951	\$ 827
Other receivables	17,373	-
	<u>\$ 5,941,324</u>	<u>\$ 827</u>

The allowance for doubtful accounts for Eastover Sanitary District at June 30, 2017 is \$135,114.

Note 4 - Capital Assets

	<u>Beginning Balances</u>	<u>Increases & Adjustments</u>	<u>Decreases & Adjustments</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,450,493	\$ -	\$ -	\$ 18,450,493
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>18,450,493</u>	<u>-</u>	<u>-</u>	<u>18,450,493</u>
Capital assets being depreciated:				
Buildings and improvements	283,191,359	1,990,873	-	285,182,232
Equipment, furniture and fixtures	21,008,697	730,338	-	21,739,035
Vehicles	11,024,829	1,039,626	608,253	11,456,202
Total capital assets being depreciated	<u>315,224,885</u>	<u>3,760,837</u>	<u>608,253</u>	<u>318,377,469</u>
Less accumulated depreciation for:				
Buildings and improvements	102,500,892	7,385,663	-	109,886,555
Equipment, furniture and fixtures	16,551,804	1,158,541	-	17,710,345
Vehicles	8,810,248	845,268	563,757	9,091,759
Total accumulated depreciation	<u>127,862,944</u>	<u>\$ 9,389,472</u>	<u>\$ 563,757</u>	<u>136,688,659</u>
Total capital assets being depreciated, net	<u>187,361,941</u>			<u>181,688,810</u>
Governmental activity capital assets, net	<u>\$ 205,812,434</u>			<u>\$ 200,139,303</u>

Total governmental activities capital assets include internal service fund capital assets with a book value of \$0.

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2017 was as follows:

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

General government	\$ 3,118,398
Public safety	3,094,717
Human services	214,818
Economic and physical development	1,834,427
Cultural and recreational	1,127,112
Total depreciation expense	<u>\$ 9,389,472</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Business-type activities:	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Cumberland County Solid Waste				
Capital assets not being depreciated:				
Land	\$ 3,330,411	\$ -	\$ -	\$ 3,330,411
Construction in progress		285,154		285,154
total capital assets not being depreciated	\$ 3,330,411	\$ 285,154	\$ -	\$ 3,615,565
Capital assets being depreciated:				
Landfill	11,332,316	-	-	11,332,316
Buildings and building improvements	6,909,660	398,902	-	7,308,562
Furniture, fixtures and equipment	11,362,175	1,474,685	476,452	12,360,408
Vehicles	2,735,424	454,752	129,662	3,060,514
Total capital assets being depreciated	32,339,575	2,328,339	606,114	34,061,800
Less accumulated depreciation for:				
Landfill	11,332,316	-	-	11,332,316
Building and building improvements	5,012,767	78,729	-	5,091,496
Furniture, fixtures and equipment	7,924,591	614,998	392,679	8,146,910
Vehicles	2,627,517	61,442	129,662	2,559,297
Total accumulated depreciation	26,897,191	\$ 755,169	\$ 522,341	27,130,019
Total capital assets being depreciated, net	5,442,384			6,931,781
Cumberland County Solid Waste capital assets, net	\$ 8,772,795			\$ 10,547,346
Cumberland County Crown Center				
Capital assets not being depreciated:				
Land	\$ 3,503,162	\$ -	\$ -	\$ 3,503,162
Capital assets being depreciated:				
Buildings and building improvements	72,713,898	79,321	-	72,793,219
Furniture, fixtures and equipment	4,198,028	229,577	-	4,427,605
Vehicles	26,619	-	-	26,619
Total capital assets being depreciated	76,938,545	308,898	-	77,247,443
Less accumulated depreciation for:				
Building and building improvements	35,470,471	1,826,241	-	37,296,712
Furniture, fixtures and equipment	3,524,096	156,019	55	3,680,170
Vehicles	26,619	-	-	26,619
Total accumulated depreciation	39,021,186	\$ 1,982,260	\$ 55	41,003,501
Total capital assets being depreciated, net	37,917,359			36,243,942
Cumberland County Crown Center capital assets, net	\$ 41,420,521			\$ 39,747,104
Kelly Hills Water and Sewer District				
Capital assets being depreciated:				
Plant and distribution system	\$ 2,676,498	\$ -	\$ -	\$ 2,676,498
Total capital assets being depreciated	2,676,498	-	-	2,676,498
Less accumulated depreciation for:				
Plant and distribution system	683,641	66,429	-	750,070
Total accumulated depreciation	683,641	\$ 66,429	\$ -	750,070
Total capital assets being depreciated, net	1,992,857			1,926,428
Kelly Hills Water and Sewer District capital assets, net	\$ 1,992,857			\$ 1,926,428

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Business-type activities: (continued)	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
<i>Norcross Water and Sewer District</i>				
Capital assets being depreciated:				
Plant and distribution system	\$ 9,523,623	\$ -	\$ -	\$ 9,523,623
Total capital assets being depreciated	9,523,623	-	-	9,523,623
Less accumulated depreciation for:				
Plant and distribution system	2,807,150	228,228	-	3,035,378
Total accumulated depreciation	2,807,150	\$ 228,228	\$ -	3,035,378
Total capital assets being depreciated, net	6,716,473			6,488,245
Norcross Water and Sewer District capital assets, net	\$ 6,716,473			\$ 6,488,245
<i>Southpoint Water and Sewer District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Plant and distribution system	471,733	-	-	471,733
Total capital assets being depreciated	471,733	-	-	471,733
Less accumulated depreciation for:				
Plant and distribution system	35,380	11,793	-	47,173
Total accumulated depreciation	35,380	\$ 11,793	\$ -	47,173
Total capital assets being depreciated, net	436,353			424,560
Southpoint Water and Sewer District capital assets, net	\$ 436,353			\$ 424,560
<i>Overhills Park Water and Sewer District</i>				
Capital assets not being depreciated:				
Land	\$ 9,664	\$ -	\$ -	\$ 9,664
Construction in progress	140,644	2,727,110	-	2,867,754
Total capital assets not being depreciated	150,308	\$ 2,727,110	\$ -	2,877,418
Overhills Parks Water and Sewer District capital assets, net	\$ 150,308			\$ 2,877,418
<i>Bragg Estates Water and Sewer District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 84,011	\$ 2,700	\$ -	\$ 86,711
Total capital assets not being depreciated	84,011	\$ 2,700	\$ -	86,711
Bragg Estates Water and Sewer District capital assets, net	\$ 84,011			\$ 86,711
Total Business-type activities capital assets, net	\$ 59,573,318			\$ 62,097,812

At June 30, 2017, the County has construction contracts in progress in the amount of \$12,047,430 for capital projects and improvements including Overhills Park Project and construction of additional cells at the County landfill. The remaining commitment on these contracts is \$9,203,716. In addition, the County is in the process of bidding and awarding construction contracts for various capital improvements totaling approximately \$11,000,000.

Eastover Sanitary District has no outstanding construction contracts at June 30, 2017.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Discretely Presented Component Units

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

ABC Board	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,138,260	\$ -	\$ -	\$ 2,138,260
Capital assets being depreciated:				
Buildings and building improvements	3,679,824	-	3,100	3,676,724
Leasehold improvements	1,051,114	3,571	3,368	1,051,317
Furniture and equipment	1,139,548	84,539	31,674	1,192,413
Vehicles	339,322	142,195	63,784	417,733
Total capital assets being depreciated	6,209,808	230,305	101,926	6,338,187
Less accumulated depreciation	(3,651,849)	(304,593)	101,447	(3,854,995)
Total capital assets being depreciated, net	2,557,959	\$ (74,288)	\$ 479	2,483,192
ABC capital assets, net	<u>\$ 4,696,219</u>			<u>\$ 4,621,452</u>

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

Eastover Sanitary District	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets being depreciated:				
Water lines	\$ 23,451,234	\$ 388,288	\$ -	\$ 23,839,522
Furniture, fixtures and equipment	23,874	-	-	23,874
Total capital assets being depreciated	23,475,108	388,288	-	23,863,396
Less accumulated depreciation	(4,535,991)	(584,574)	-	(5,120,565)
Total capital assets being depreciated, net	18,939,117	\$ (196,286)	\$ -	18,742,831
Eastover Santary District capital assets, net	<u>\$ 18,939,117</u>			<u>\$ 18,742,831</u>

The following is a summary of proprietary fund-type capital assets for the Fayetteville Area Visitors and Convention Bureau at June 30:

Fayetteville Area Visitors and Convention Bureau	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets being depreciated:				
Furniture and fixtures	\$ 25,519	\$ -	\$ -	\$ 25,519
Equipment	224,240	35,405	20,758	238,887
Software	52,853	-	30,232	22,621
Capital improvements	150,140	13,200	-	163,340
Total capital assets being depreciated	452,752	48,605	50,990	450,367
Less accumulated depreciation	(282,008)	(18,435)	49,441	(251,002)
Total capital assets being depreciated, net	170,744	\$ 30,170	\$ 100,431	199,365
FAVCB capital assets, net	<u>\$ 170,744</u>			<u>\$ 199,365</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Note 5 - Pension Plan Obligations

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

A - Law Enforcement Officers Special Separation Allowance System

Plan Description

The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officer under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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.

All full time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016 (Measurement Date) the Separation Allowance's membership consisted of:

Retirees receiving benefits	36
Active plan members	<u>302</u>
Total	<u>338</u>

Summary of Significant Accounting Policies

Basis of Accounting: The Separation Allowance Fund is merged with the General Fund for reporting purposes. Pension expenditures are made from the Separation Allowance Fund which is maintained on a modified 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. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB 73.

Actuarial Assumptions

The "Entry Age Normal" (EAN) actuarial funding method was used in the December 31, 2015 valuation. The total pension liability (TPL) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General-Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based Mortality Improvement Scale MP-2015.

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 \$593,068. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$522,088 as benefits came due for the reporting period.

At June 30, 2017, the County reported a total pension liability of \$7,811,970. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$358,507.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	143,802
County benefit payments and plan admin expense made subsequent to the measurement date	276,326	-
Total	<u>\$ 276,326</u>	<u>\$ 143,802</u>

\$276,326 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 28,760
2019	28,760
2020	28,760
2021	28,760
2022	28,760
Thereafter	2
	<u>\$ 143,802</u>

\$274,643 paid as benefits came due and \$1,683 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4. percent) than the current rate:

	<u>1% Decrease (2.86%)</u>	<u>Discount Rate (3.86%)</u>	<u>1% Increase (4.86%)</u>
Total pension liability	\$ 8,424,862	\$ 7,811,970	\$ 7,248,474

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	<u>2017</u>
Beginning balance	\$ 7,819,888
Service Cost	392,574
Interest on the total pension liability	270,277
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(172,562)
Benefit payments	(498,207)
Other changes	-
Ending balance of the total pension liability	<u>\$ 7,811,970</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on the Society of Actuaries (SOA) RP-2014 Mortality Tables Report'. The SOA has updated the mortality rates with the Mortality Improvement Scale MP-2015.

ABC Board

In regard to the Law Enforcement Officers Special Separation Allowance System (LEO), the ABC Board is governed by the same laws as the County and has also established a Separation Allowance for its law enforcement officers. At June 30, 2017, membership of the Board's Separation Allowance consisted of seven 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 \$0 and \$0 for the years ending June 30, 2017 and 2016, respectively. No contributions were made to the plan by employees. The ABC Board's Actuarial Valuation for the LEO Retirement plan is reported in the ABC Board's Annual Independent Audit. This report may be obtained by writing the Cumberland County ABC Board; 1705 Owen Drive, Fayetteville, NC 28303; or calling (910) 484-8167.

B - Local Governmental Employees' Retirement System

Plan Description. The County and the ABC Board are participating employers in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. The County's Crown Coliseum is classified as a separate entity from the County for LGERS reporting purposes. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.25% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$6,987,172 for the year ended June 30, 2017.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

County Wide - Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported a liability of \$32,723,223 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was 1.54%, which was an increase of .037% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$9,144,950. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 614,813	\$ 1,146,658
Changes of assumptions	2,241,249	-
Net difference between projected and actual earnings on pension plan investments	18,091,821	-
Changes in proportion and differences between County contributions and proportionate share of contributions	258,399	-
County contributions subsequent to the measurement date	6,987,172	-
Total	<u>\$ 28,193,454</u>	<u>\$ 1,146,658</u>

\$6,987,172 reported as deferred outflows of resources related to pensions resulting from County contributions made subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 3,129,661
2019	3,131,004
2020	8,596,837
2021	5,202,122
2022	-
Thereafter	-
	<u>\$ 20,059,624</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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Notes to the Financial Statements (continued)

June 30, 2017

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

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Notes to the Financial Statements (continued)

June 30, 2017

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 77,667,471	\$ 32,723,323	\$ (4,817,557)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Crown Coliseum - Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Crown reported an asset of \$0 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension asset was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Crown's proportion of the net pension asset was based on a projection of the Crown's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the Crown's proportion was 0%, which was unchanged from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Crown recognized a negative pension expense of \$69,872. (Please note that this expense created a negative expense of \$14,995 for the Crown's Administrative Expense on pages E-7 and M-2.) At June 30, 2016, the Crown reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Crown Coliseum - Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	139,807
County contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 139,807

The Crown did not make any pension contributions for the year ended June 30, 2017 because the operations of the Crown were turned over to a private management company during the year ended June 30, 2014 and employee positions were eliminated. Thus, there were not any deferred outflows of resources related to pensions resulting from Crown contributions subsequent to the measurement date.

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Notes to the Financial Statements (continued)

June 30, 2017

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (69,872)
2019	(69,182)
2020	(753)
2021	-
2022	-
Thereafter	-
	<u>\$ (139,807)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Crown Coliseum - Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net

position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Crown's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -

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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Enforcement Officers. 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 or www.osc.nc.gov.

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, 2017 were \$1,131, which consisted of \$817,173 from the County and \$314,365 from the law enforcement officers.

Article 12E of G.S. Chapter 143 requires the ABC Board to contribute each month an amount equal to five percent of each officer's salary. The Board also contributes five percent of each employee's salary for employees not engaged in law enforcement. All amounts contributed are vested immediately. Also, employees participating may make voluntary contributions to the plan.

For the year ended June 30, 2017, contributions for law enforcement officers were \$24,957 which consisted of \$18,747 from the ABC Board and \$6,210 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2017 were \$140,362 which consisted of \$102,108 from the ABC Board and \$38,254 from the employees.

D - Register of Deeds' Supplemental Pension Fund

Plan Description. Cumberland County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund 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 the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$28,420 for the year ended June 30, 2017.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported an asset of \$620,656 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was 3.32%, which was an decrease of .14% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$58,842. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 664	\$ 8,034
Changes of Assumptions	165,356	-
Net difference between projected and actual earnings on pension plan investments	30,840	29,778
Changes in proportion and differences between County contributions and proportionate share of contributions	27,988	189
County contributions subsequent to the measurement date	28,420	-
Total	<u>\$ 253,268</u>	<u>\$ 38,001</u>

\$28,420 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 80,175
2019	81,024
2020	32,581
2021	(6,933)
2022	-
Thereafter	-
	<u>\$ 186,847</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

	<u>1% Decrease (4.75%)</u>	<u>Discount Rate (5.75%)</u>	<u>1% Increase (6.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (500,449)	\$ (620,656)	\$ (721,643)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

E - Other Post-Employment Benefits (OPEB)

Plan Description - Under the terms of a County resolution, the County administers a single-employer defined benefit Health Care Benefits Plan (the HCB Plan). The County has discontinued offering retiree health insurance for employees hired after June 30, 2016. For employees hired between July 1, 2008 and June 30, 2016 this plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees Retirement System and have at least twenty-five years of consecutive years of creditable service with the County. Prior to July 1, 2008, employees qualified for a similar level of benefits after ten years of creditable service with the County. The county is self-insured and contracts with a private insurer to provide all administrative services. Membership of the HCB Plan consisted of the following as December 31, 2015 the date of the latest actuarial valuation:

Retired Members	769
General Employees	1,775
Law Enforcement Members	<u>300</u>
Total	<u>2,844</u>

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

The current ARC rate is 24.44% of annual valuation compensation*. (*Reported annual payroll adjusted for expected changes during the year.) I. For the current year the County contributed \$7,527,599 or 8.30% of annual valuation compensation.

Summary of Significant Accounting Policies

Postemployment expenditures are made from the Group Health Insurance internal service fund which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the post-employment healthcare benefits:

Summary of Significant Accounting Policies

County-wide

Employer annual required contribution	\$ 22,173,778
Interest on net OPEB obligation	4,559,730
Adjustment to annual required contribution	<u>(4,355,957)</u>
Annual OPEB cost	22,377,551
Employer contributions made	<u>(7,527,599)</u>
Increase (decrease) in net OPEB obligation	14,849,952
Net OPEB obligation beginning of year	<u>113,993,234</u>
Net OPEB obligation end of year	<u><u>\$ 128,843,186</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2016 were as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2015	\$ 14,748,661	43.20%	\$ 105,379,548
2016	15,200,895	43.33%	113,993,234
2017	22,377,550	33.64%	128,843,186

Funding Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and thus, the unfunded actuarial accrued liability (UAAL) was \$231,398,326. The covered payroll (annual payroll of active employees covered by the plan) was \$85,944,728 and the ratio of the UAAL to the covered payroll was 269.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for the financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

assumptions used include techniques that are designed to reduce the effects of the short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and projected annual medical cost trend rate increases of: 7.75% to 5.00% Pre-Medicare and 5.75% to 5.00% Post-Medicare. Both rates included a 3.00% inflation assumption. The actuarial value of the assets, if any, was determined using techniques that spread the effects of short term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

ABC Board

Plan Description - Under the terms of an ABC Board Resolution the ABC Board administers a single-employer defined benefit, Healthcare Benefits Plan (HCB). The plan provides postemployment healthcare benefits to retirees of the ABC Board, provided they participate in the LGERS and have at least thirty years of creditable service with the ABC Board. The ABC Board pays the full cost of coverage for these benefits through private insurers. The ABC Board's retirees cannot purchase spouse or dependent coverage. The ABC Board's Actuarial Valuation for OPEB benefits is reported in the ABC Board's Annual Independent Audit. This report may be obtained by writing the Cumberland County ABC Board; 1705 Owen Drive, Fayetteville, NC 28303; or calling (910) 484-8167.

F - Other Employment Benefits

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

The ABC Board has elected to provide a post-retirement death benefit to the beneficiaries of retired employees. The ABC Board provides \$1,000 to the spouse or estate of a retired employee upon death. Former employees who are currently receiving retirement benefits under the System are eligible for this benefit. This benefit is a fixed amount and can only be changed by action of the Board. The ABC Board has chosen to fund this death benefit on a pay as you go basis and recognize all expenses as they become due. The ABC Board paid \$1,000 in benefits for the year ended June 30, 2017. The ABC Board paid \$1,000 in benefits for the year ended June 30, 2016. There are currently 10 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, 2017

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

State and federal laws and regulations require the County to place a final cover on its Ann Street Sanitary Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$11,869,839 reported as landfill closure and postclosure care liability at June 30, 2017 represents a closed landfill with estimated costs of \$125,149, a Construction & Demolition (C&D) landfill with estimated costs of \$2,687,439 and the subtitle D landfill with estimated costs of \$9,057,250. The costs associated with the C & D landfill and the subtitle D landfill represent a cumulative amount reported to date based on the use of 54.23% and 61.26%, respectively, of the total estimated capacity. The County will recognize the remaining estimated post-closure costs of \$250,928 for the old unlined landfill and the cost of closure and post-closure care of \$2,268,637 and \$5,728,660 for the 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 2017. The life expectancy of the C & D landfill is estimated at 7.9 years and the subtitle D landfill at 13.4 years. 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.

(continued on next page)

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Note 7 - Deferred Outflows and Inflows of Resources

Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Deferred charge on refunding of debt	\$ 2,788,023	\$ -
Pensions - Difference between expected and actual experience		
LGERS - County	614,813	1,146,658
Register of Deeds	664	8,034
Pensions - Changes of assumptions		
Law Enforcement Special Separation Allowance	-	143,802
LGERS - County	2,241,249	-
Register of Deeds	165,356	-
Pensions - Net difference between projected and actual earnings on pension plan investments		
LGERS - County	18,091,821	-
Register of Deeds	30,840	29,778
Pensions - Change in proportion and difference between employer (County) contributions and proportionate share of contributions		
LGERS - County	258,399	-
LGERS - Crown Center (Coliseum)	-	139,807
Register of Deeds	27,988	189
Employer (County) contributions subsequent to the measurement date		
Law Enforcement Special Separation Allowance	276,326	-
LGERS - County	6,987,172	-
Register of Deeds	28,420	-
Prepaid taxes not yet earned (General)	-	608,764
Total	<u>\$ 31,511,071</u>	<u>\$ 2,077,032</u>

(continued on next page)

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Note 8 - Risk Management

The County is self-insured with respect to health insurance (up to \$150,000 per occurrence), worker's compensation (up to \$850,000 per occurrence), unemployment compensation and some general liability risks. Losses from asserted claims and from un-asserted 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 Blue Cross Blue Shield health insurance trust for claims in excess of coverage.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

The claims liability of each insurance fund at June 30, 2017 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be Reported, if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the balances of claim liabilities for the County during the years ended June 30, 2016 and 2017 were as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2015-2016	\$ 2,603,621	\$ 21,514,785	\$ (21,333,416)	\$ 2,784,990
2016-2017	2,784,990	17,345,874	(17,910,429)	2,220,435

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

In accordance with G.S. 159-29, the County Finance Officer and Tax Administrator are each individually bonded for \$100,000 and \$200,000, respectively. The County Finance Officer, as Finance Officer for the Cumberland County Tourism Development Authority, NORCRESS Water & Sewer Authority and the Eastover Sanitary District, is individually bonded for \$50,000 for each entity. The County also maintains individual bonds ranging from \$20,000 to \$50,000 for other selected officials. As part of the County's property insurance policy, County employees are insured for theft up to \$100,000.

Alcohol Beverage Control Board (ABC) – 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 commercial property, general liability, auto liability, workers' compensation and employee health coverage. The ABC Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior 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, 2017

Note 9 - Long-term Obligations

A - Summary of Long-term Obligations

The following is a summary of the County's long-term debt obligations (principal) at June 30, 2017:

Name of Debt Issue	Issue Date	Purpose of Debt Issue	Interest Rates	Issue Amount	Principal 6/30/17
General Obligation Bonds					
Sanitary Sewer Series 2005	8/22/2005	NORCRESS Sewer	4.125%	\$ 1,250,000	\$ 1,076,000
Refunding Series 2011	7/12/2011	Refund Schools	2.0 - 5.0%	12,735,000	10,140,000
Refunding Series 2014	2/20/2014	Refund Schools Refund Library	1.390%	13,614,720 1,455,280 <u>15,070,000</u>	7,728,861 826,139 <u>8,555,000</u>
				<u>\$ 29,055,000</u>	<u>\$ 19,771,000</u>
Certificates of Participation & Limited Obligation Bonds					
COPS Series 2009A	3/25/2009	New Century Elementary School West Regional Library	3.0 - 5.125%	\$ 17,139,835 5,285,165 <u>22,425,000</u>	\$ 10,822,488 3,337,512 <u>14,160,000</u>
COPS Refunding Series 2009B	5/13/2009	Refund Crown Coliseum Refund DSS Building Refund Detention Facility	2.0 - 5.0%	37,090,000 20,930,000 31,470,000 <u>89,490,000</u>	22,005,000 2,710,000 13,985,000 <u>38,700,000</u>
COPS Tax Credit Series 2009 (QSCB)	12/1/2009	Various School Projects	1.25%	15,900,000	8,943,750
LOBS Series 2011A (QSCB) (1)	1/26/2011	New Century Middle School	6.1%	14,805,000	8,883,000
LOBS Refunding Series 2011B	7/14/2011	Refund Public Health Facility Refund Gray's Creek Middle School	2.0 - 5.0%	21,125,000 16,630,000 <u>37,755,000</u>	13,485,000 10,740,000 <u>24,225,000</u>
				<u>\$ 180,375,000</u>	<u>\$ 94,911,750</u>
Capital Leases					
SunTrust Leasing	12/9/2004	Energy Savings Projects	3.945%	<u>\$ 4,537,080</u>	<u>\$ 243,850</u>
Installment Financing Notes					
Build America Bonds (ARRA) (2)	5/14/2010	Crown Center Renovations	3.2045%	\$ 1,980,000	\$ 594,000
Recovery Zone Econ Dev Bonds (ARRA) (2)	5/14/2010	Crown Center Renovations	2.7115%	1,138,000	341,400
Fayetteville Tech Comm College (BOA)	12/14/2012	HVAC and Roofing Projects	1.11%	3,198,130	319,813
NC Clean Drinking Water Loan	11/1/2013	Southpoint Water Project	0.00%	100,323	79,928
Fayetteville Tech Comm College (PNC Bank)	10/9/2014	Purchase Building	1.27%	3,000,000	1,800,000
Governmental Capital Improvements (PNC Bank)	6/15/2016	Governmental Capital Projects	1.84%	1,100,000	1,100,000
Overhill Park Sewer BANC (PNC Bank)	9/15/2016	Sewer Project	1.36%	1,379,000	1,379,000
				<u>\$ 11,895,453</u>	<u>\$ 5,614,141</u>
Total				<u>\$ 225,862,533</u>	<u>\$ 120,540,741</u>

(1) Interest rate shown is the gross interest rate. The effective rate is less after federal interest rebate.

(2) The interest rate shown is the effective rate after federal interest rebate.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

B - General Obligation Bonds

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, 2017 are comprised of the following individual issues:

Governmental Activities:

\$12,735,000 General Obligation Refunding Bonds, Series 2011

Serial bonds payable annually from February 1, 2012 through August 1, 2022 in amounts ranging from \$130,000 to \$2,405,000; interest ranges from 2.0% to 5.0%. 10,140,000

\$15,070,000 General Obligation Refunding Bonds, Series 2014

Serial bonds payable annually from May 1, 2015 through May 1, 2019 in amounts ranging from \$2,035,000 to \$4,375,000 at a fixed interest rate of 1.39%. 8,555,000
18,695,000
Bond premium 762,140
\$ 19,457,140

Business type Activities:

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

Serial bonds payable annually from June 1, 2009 through June 1, 2045 in amounts from \$14,000 to \$52,000; interest of 4.125% \$ 1,076,000

At June 30, 2017, the County had bonds authorized but unissued of \$3,195,000 and a legal debt margin of \$2,148,766,000.

C - Certificates of Participation and Limited Obligation Bonds

Certificates of participation and other limited obligation bonds outstanding for the year ended June 30, 2017 are as follows:

Governmental Activities:

\$22,425,000 Current Interest Serial 2009A Certificates

Due in annual installments ranging from \$1,180,000 to \$1,185,000, from December 1, 2010 through December 1, 2028. Interest is paid semiannually at rates ranging from 3.0% to 5.125%. \$ 14,160,000

\$27,235,000 Current Interest Serial 2009B Refunding Certificates

Due in annual installments ranging from \$115,000 to \$4,295,000, from December 1, 2009 through December 1, 2023. Interest is paid semiannually at rates ranging from 2.0% to 5.0%. \$ 11,285,000

\$13,295,000 Current Interest Serial 2009B Refunding Certificates

Due in annual installments ranging from \$275,000 to \$3,050,000, from December 1, 2011 through December 1, 2022. Interest is paid semiannually at rates ranging from 2.5% to 4.0%. 5,410,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

\$15,900,000 Current Interest Serial 2009 QSCB Tax Credit Certificates

Due in annual installments of \$993,750 from December 15, 2010 to December 15, 2025. Interest is paid semiannually at 1.25%. 8,943,750

\$14,805,000 Current Interest Serial 2011A QSCB Limited Obligation Bonds

Due in annual installments of \$987,000 from November 1, 2011 to November 1, 2026. Interest is paid semiannually at the rate of 6.10% prior to a federal interest subsidy of 5.49%. 8,883,000

\$37,755,000 Current Interest Serial 2011B Limited Obligation Refunding Bonds

Due in annual installments ranging from \$450,000 to \$2,505,000, from November 1, 2011 through November 1, 2028. Interest is paid semiannually at rates ranging from 2.0% - 5.0%. 24,225,000

72,906,750

3,250,167

\$ 76,156,917

Premium

Business-type Activities:

\$25,690,000 Current Interest Serial 2009B Refunding Certificates

Due in various annual installments ranging from \$60,000 to \$3,785,000, from December 1, 2009 to December 1, 2024. Interest is paid semi-annually at rates ranging from 2.0% to 5.0%. \$ 16,095,000

\$8,495,000 Current Interest Serial 2009B Refunding Certificates

Due in various annual installments ranging from \$100,000 to \$2,430,000, from December 1, 2011 through December 1, 2022. Interest is paid semiannually at rates ranging from 2.5% to 4.0%. \$ 5,910,000

22,005,000

1,015,793

\$ 23,020,793

Premium

D - Capital Lease Obligations

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

The term of the capital lease obligation was as follows:

Governmental Activities:

\$4,537,080 Capital Lease Obligation

Payable in semiannual installments of \$284,661 beginning on June 9, 2006 and ending on June 9, 2017; interest at 3.945%. \$ 243,850

Under the terms of the lease, title passes to the County at the end of the lease term. The lease expires on December 9, 2017. At June 30, 2017, the value of the associated capital assets is \$2,463,710.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

E - Installment Financing Obligations

Installment notes payable at June 30, 2017 are comprised of the following:

Governmental Activities:

\$3,198,000 Community College Installment Financing (BOA)

Payable in ten semiannual principal payments of \$319,813 beginning June 14, 2013 plus interest of 1.11%. \$ 319,813

\$3,000,000 Community College Installment Financing (PNC)

Payable in five annual principal payments of \$600,000 beginning November 9, 2015 plus interest of 1.27%. 1,800,000

\$1,100,000 Governmental Capital Improvements (PNC)

Interest only for two years beginning June 15, 2017 followed by six annual principal payments of \$183,333 plus interest of 1.84%. 1,100,000
\$ 3,219,813

Business-type Activities:

\$100,323 NC Clean Drinking Water Loan

Payable in twenty annual installments without interest beginning May 1, 2014. \$ 79,928

\$1,980,000 Build America Bonds

Payable in ten annual installments of \$198,000 beginning May 14, 2011 and ending May 14, 2020. Interest is paid semiannually at 4.93% prior to 35% federal rebate of total interest paid. 594,000

\$1,138,000 Recovery Zone Economic Development Bonds

Payable in ten annual installments of \$113,800 beginning May 14, 2011 and ending May 14, 2020. Interest is paid semiannually at 4.93% prior to 45% federal rebate of total interest paid. 341,400

\$1,379,000 Bond Anticipation Notes

Payable in lump sum installment of \$1,379,000 plus interest of 1.36% due September 13, 2017. 1,379,000
\$ 2,394,328

(continued on next page)

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

F - Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations as of June 30, 2017:

	Balance					Balance		
	June 30, 2016	Additions	Refundings	Decreases		June 30, 2017	Current Portion of Long-term Liabilities	
Governmental activities:								
General obligation bonds	\$ 26,110,000	\$ -	\$ -	\$ 7,415,000		\$ 18,695,000	\$ 6,765,000	
Premium	1,079,102	-	-	316,962		762,140	218,382	
Capital lease obligations	717,492	-	-	473,642		243,850	243,850	
COPS & limited obligation bonds	82,927,500	-	-	10,020,750		72,906,750	10,070,750	
Premium	3,757,873	-	-	507,706		3,250,167	416,834	
Installment notes	4,459,439	-	-	1,239,626		3,219,813	919,813	
Accrued vacation	6,083,241	5,968,434	-	5,778,081		6,273,594	5,959,915	
OPEB liability	109,354,091	21,728,871	-	7,309,390		123,773,572	-	
Net pension liability (LGRS)	5,809,550	31,885,850	-	6,292,020		31,403,380	-	
Net pension liability (LEO) **	7,819,888	662,851	-	670,769		7,811,970	-	
Total governmental activities	\$ 248,118,176	\$ 60,246,006	\$ -	\$ 40,023,946		\$ 268,340,236	\$ 24,594,544	

** Beginning balance was restated as described in Note 18.

Of the total governmental activities debt listed above, only \$80,446,719 relates to assets for which the County holds title. The Board of Education holds title to certain schools even though the related debt is held by the County. Unspent proceeds related to governmental activities debt amounts to \$1,322,718.

	Balance					Balance		
	June 30, 2016	Additions	Refundings	Decreases		June 30, 2017	Current Portion of Long-term Liabilities	
Business-type activities:								
General obligation bonds	\$ 1,097,000	\$ -	\$ -	\$ 21,000		\$ 1,076,000	\$ 22,000	
COPS & limited obligation bonds	24,255,000	-	-	2,250,000		22,005,000	2,340,000	
Premium	1,152,754	-	-	136,961		1,015,793	136,961	
Installment notes	1,332,124	1,379,000	-	316,796		2,394,328	1,695,795	
Accrued landfill closure and postclosure costs	11,221,292	648,547	-	-		11,869,839	35,000	
Accrued vacation	138,252	104,977	-	131,339		111,890	106,296	
OPEB liability	4,639,143	648,680	-	218,209		5,069,614	-	
Net pension liability (LGRS)	145,308	689,126	-	135,247		699,187	-	
Total business-type activities	\$ 43,980,873	\$ 3,470,330	\$ -	\$ 3,209,552		\$ 44,241,651	\$ 4,336,052	

Unspent proceeds, related to business-type activities debt shown above amounts to \$106.

Compensated absences typically have been liquidated in the General Fund and are accounted for on a last in, first out basis, assuming employees are taking leave time as it is earned.

Employer contributions made to liquidate the net OPEB obligation for governmental funds are typically funded from the Retiree Insurance Fund.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

The following summarizes the annual debt service requirements to maturity for the County (excluding accrued vacation, OPEB liability, net pension liability, accrued landfill closure and post-closure costs, and adjustments to carrying value for amortization of premiums):

	General Obligation Bonds		Certificates of Participation and Limited Obligation Bonds		Capital Leases		Notes Payable		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:										
2018	\$ 6,765,000	\$ 559,514	\$ 10,070,750	\$ 3,500,243	\$ 243,850	\$ 4,810	\$ 919,813	\$ 45,193	\$ 17,999,413	\$ 4,109,760
2019	6,575,000	379,077	7,340,750	3,201,393	-	-	600,000	35,692	14,515,750	3,616,162
2020	2,405,000	200,975	7,340,750	2,945,929	-	-	783,333	24,592	10,529,083	3,171,496
2021	2,285,000	83,725	7,310,750	2,701,756	-	-	183,333	13,493	9,779,083	2,798,974
2022	665,000	19,900	7,280,750	2,456,866	-	-	183,333	10,120	8,129,083	2,486,886
2023-2027	-	-	28,553,000	7,327,487	-	-	550,001	10,120	29,103,001	7,337,607
2028-2032	-	-	5,010,000	203,056	-	-	-	-	5,010,000	203,056
	<u>18,695,000</u>	<u>1,243,191</u>	<u>72,906,750</u>	<u>22,336,730</u>	<u>243,850</u>	<u>4,810</u>	<u>3,219,813</u>	<u>139,210</u>	<u>95,065,413</u>	<u>23,723,941</u>
Premium	762,140	-	3,250,167	-	-	-	-	-	4,012,307	-
(Total net of amortization)	<u>\$ 19,457,140</u>	<u>\$ 1,243,191</u>	<u>\$ 76,156,917</u>	<u>\$ 22,336,730</u>	<u>\$ 243,850</u>	<u>\$ 4,810</u>	<u>\$ 3,219,813</u>	<u>\$ 139,210</u>	<u>\$ 99,077,720</u>	<u>\$ 23,723,941</u>
Business-type Activities:										
2018	\$ 22,000	\$ 44,385	\$ 2,340,000	\$ 934,075	\$ -	\$ -	\$ 1,695,795	\$ 64,765	\$ 4,057,795	\$ 1,043,225
2019	22,000	43,478	2,440,000	825,375	-	-	316,796	30,744	2,778,796	899,597
2020	23,000	42,570	2,570,000	700,125	-	-	316,795	15,371	2,909,795	758,066
2021	24,000	41,621	2,680,000	586,875	-	-	4,996	-	2,708,996	628,496
2022	25,000	40,631	2,805,000	467,750	-	-	4,995	-	2,834,995	508,381
2023-2027	143,000	186,739	9,170,000	639,812	-	-	24,978	-	9,337,978	826,551
2028-2032	175,000	154,646	-	-	-	-	24,977	-	199,977	154,646
2033-2037	214,000	115,501	-	-	-	-	4,996	-	218,996	115,501
2038-2042	260,000	67,650	-	-	-	-	-	-	260,000	67,650
2043-2047	168,000	13,860	-	-	-	-	-	-	168,000	13,860
	<u>1,076,000</u>	<u>751,081</u>	<u>22,005,000</u>	<u>4,154,012</u>	<u>-</u>	<u>-</u>	<u>2,394,328</u>	<u>110,880</u>	<u>25,475,328</u>	<u>5,015,973</u>
Premium	-	-	1,015,793	-	-	-	-	-	1,015,793	-
(Total net of amortization)	<u>\$ 1,076,000</u>	<u>\$ 751,081</u>	<u>\$ 23,020,793</u>	<u>\$ 4,154,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,394,328</u>	<u>\$ 110,880</u>	<u>\$ 26,491,121</u>	<u>\$ 5,015,973</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

G - Debt Obligations for Southpoint Water and Sewer District

On March 13, 2013, the County entered an agreement with the North Carolina Department of Environment and Natural Resources (DENR) for a loan from the Drinking Water State Revolving Fund for the Southpoint Water Project. DENR agreed to provide funding in an amount up to \$540,802 in the form of a loan from the Drinking Water State Revolving Fund with 80% of the loan immediately forgiven and the 20% loan balance to be repaid in annual installments over 20 years without interest. At June 30, 2015, the final total funding received under this agreement amounted to \$501,615, of which \$401,292 (80%) was immediately forgiven. The 20% remaining balance of \$100,323 is the final loan amount payable to the State of NC without interest. This loan is included in the two tables shown above in Note F (Long-term Obligation Activity). The first principal payment of \$5,408 was made on May 1, 2014. At June 30, 2017, the outstanding loan balance is \$79,928. Annual loan payments are \$4,996 ending May 1, 2033.

H - Conduit Debt Obligations

The County's Industrial Facility and Pollution Control Financing Authority has at various times issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any other political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds, if any, are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, there were no industrial revenue bonds outstanding.

I - Defeasance of Debt

Current Year Defeasance of Debt

There were no defeasances of debt during the fiscal year ended June 30, 2017.

Prior Years' Defeasance of Debt

In prior years, the County defeased various bond issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings were sufficient to fully service the defeased debt until the debt was called or matured. For financial reporting purposes, the debt was considered defeased and therefore removed from the County's liabilities. At June 30, 2017, there is no outstanding prior years' defeased general or non-general obligation debt.

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. At June 30, 2017, the County has unamortized net losses on defeasances of \$514,351 related to prior year refundings of general obligation debt and unamortized losses on defeasances of \$2,273,671 related to prior year refundings of certificates of participation and other limited obligation bonds. These deferred amounts are reported as deferred outflows of resources in the government wide financial statements. In addition, unamortized premium increases the carrying value of the debt. The carrying value of prior years' general obligation refunding bonds has been adjusted for unamortized premium of \$762,140. The carrying value of prior years' refunding certificates of participation and other limited obligation bonds has been adjusted for unamortized premium of \$4,265,960.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

J - ABC Board Notes Payable

The ABC Board has two unsecured notes payable to the County for the purchase of buildings and land and a secured note from Branch Bank & Trust (BB&T) to purchase a building. The building serves as collateral for the note. The ABC Board's notes payable at June 30, 2017 are as follows:

\$275,000 Cumberland County Note

Note payable in quarterly installments, in the amount of \$4,583 plus interest at prime rate less 2%

Total	\$ 64,167
Less current portion	<u>(18,333)</u>
Noncurrent portion	<u>\$ 45,834</u>

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

<u>Fiscal Year</u>	<u>Principal</u>
2018	\$ 18,333
2019	18,333
2020	18,333
2021	9,168
	<u>\$ 64,167</u>

The following is a summary of changes in the ABC Board's long-term obligations as of June 30, 2017:

	<u>Balance</u>			<u>Balance</u>	<u>Current Portion</u>
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2017</u>	<u>of Long-term</u>
					<u>Liabilities</u>
Notes payable	\$ 270,661	\$ -	\$ 206,494	\$ 64,167	\$ 18,333
Net Pension Liability	143,704	585,955	-	\$ 729,659	-
Separation allowance	288,978	6,796	-	295,774	-
OPEB liability	100,734	23,664	-	124,398	-
	<u>\$ 804,077</u>	<u>\$616,415</u>	<u>\$ 206,494</u>	<u>\$ 1,213,998</u>	<u>\$ 18,333</u>

K - Eastover Sanitary District – General Obligation Bonds

The general obligation bonds of the District, used for the acquisition and construction of a major sanitary system capital improvement, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due. There were no issuances of general obligation debt in fiscal year 2017. Principal payments amounted to \$71,500 during fiscal year 2017.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

The District's general obligation bonds payable at June 30, 2017 are comprised of the following individual issues:

\$2,802,000 General Obligation Water Bonds, Series 2002A

Serial bonds payable annually from June 1, 2003 through June 1, 2042 in amounts ranging from \$0 to \$124,000; interest is paid annually at rate of 4.375%.

\$ 2,279,500

\$1,102,000 General Obligation Water Bonds, Series 2002B

Serial bonds payable annually from June 1, 2003 through June 1, 2042 in amounts ranging from \$0 to \$46,000; interest is paid annually at rate of 4.75%.

	901,000
Total	3,180,500
Less current portion	(74,500)
Noncurrent portion	<u>\$ 3,106,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 74,500	\$ 142,525
2019	78,000	139,188
2020	81,500	135,693
2021	85,500	132,041
2022	89,000	128,208
2023-2027	508,500	577,520
2028-2032	633,000	452,857
2033-2037	780,500	297,764
2038-2042	850,000	114,150
	<u>\$ 3,180,500</u>	<u>\$ 2,119,946</u>

L - Eastover Sanitary District - Non-General Obligation Debt

In March 2010, the Eastover Sanitary District issued bond anticipation notes to finance construction of a major new water project. On August 1, 2011, the District issued new revenue bonds to satisfy the bond anticipation notes. The District will service the new revenue bonds over a period of 40 years from revenues generated by services provided.

The District's revenue bonds payable at June 30, 2017 are comprised of the following individual issues:

\$4,971,000 Revenue Water Bonds, Series 2011A

Serial bonds payable annually from June 1, 2012 through June 1, 2051 in amounts ranging from \$0 to \$256,000; interest is paid annually at rate of 4.25%.

\$ 4,738,000

\$1,206,000 Revenue Water Bonds, Series 2011B

Serial bonds payable annually from June 1, 2012 through June 1, 2051 in amounts ranging from \$0 to \$53,000; interest is paid annually at rate of 3.25%.

	1,136,000
Total	5,874,000
Less current portion	(84,000)
Noncurrent portion	<u>\$ 5,790,000</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

On September 28, 2007, the District borrowed \$250,000 from the County to help fund a sewer project. Terms of the note included annual payments of \$25,000 including interest at 5.29% beginning one year after completion of construction and a final payment due on September 1, 2012. In June 2012, the County agreed to refinance the loan. The County accepted a payment of \$125,000 including interest on September 1, 2012 and refinanced the remaining balance of \$102,560 at 2.5% for 59 months.

During fiscal year 2012, the District signed a contract with the City of Dunn, North Carolina that provides for the City of Dunn to become the primary water supplier to the District upon completion of a new water line from the City of Dunn to the District's northern boundary. The major terms of the agreement are that the City of Dunn will fund the cost of construction of the water line; the District will purchase a minimum of 300,000 gallons of water per day; and the District will repay the City of Dunn for the actual final cost of construction in monthly installments of \$16,000 over approximately 20 years at 4.0% interest. Construction was completed in FY2013 at a total cost of \$2,604,064 and the District began making monthly debt payments of principal and interest totaling \$16,000 in January 2013.

The District's installment financing notes payable at June 30, 2017 are as follows:

\$250,000 Cumberland County Refinanced Note

Payable in annual installments of \$22,067 including interest at a fixed rate of 2.5% beginning September 1, 2013 and ending August 1, 2017.

Total	\$ 21,574
Less current portion	<u>(21,574)</u>
Noncurrent portion	<u>\$ -</u>

\$2,604,064 Dunn Water Line Note

Payable in monthly installments of \$16,000 including interest at a fixed rate of 4.0% beginning January 8, 2013 and ending August 8, 2032.

Total	\$ 2,181,335
Less current portion	<u>(106,688)</u>
Noncurrent portion	<u>\$ 2,074,647</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 212,262	\$ 324,091
2019	197,035	315,870
2020	205,559	307,881
2021	214,267	299,548
2022	222,167	290,863
2023-2027	1,257,610	1,311,219
2028-2032	1,534,769	1,034,463
2033-2037	851,240	790,051
2038-2042	998,000	610,002
2043-2047	1,220,000	390,001
2048-2052	1,164,000	121,001
	<u>\$ 8,076,909</u>	<u>\$ 5,794,990</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

M - Eastover Sanitary District - Long-term Obligation Activity

The following is a summary of changes in the District's long-term obligations as of June 30, 2017:

	Balance June 30, 2016	Additions	Decreases	Balance June 30, 2017	Current Portion of Long-term Liabilities
USDA general obligation bonds	\$ 3,252,000	\$ -	\$ 71,500	\$ 3,180,500	\$ 74,500
USDA revenue bonds	5,954,000	-	80,000	5,874,000	84,000
Installment notes	2,326,424	-	123,515	2,202,909	128,262
Accrued Vacation	4,693	7,192	4,047	7,838	7,446
Total	\$ 11,537,117	\$ 7,192	\$ 279,062	\$ 11,265,247	\$ 294,208

Note 10 - Interfund Balances and Activity

Due From/To Other Funds

The composition of interfund balances included in the fund financial statements as of June 30, 2017 is as follows:

	Payable Fund		
	Nonmajor Governmental	Cumberland County Crown Center	Total
Receivable Fund			
General Fund	<u>\$ 785,666</u>	<u>\$ 5,500</u>	<u>\$ 791,166</u>

Amounts were due to the general fund from other individual major and non-major funds primarily for operating purposes.

Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2017 are summarized below:

	Transfers in:				
	General	Nonmajor Governmental	Cumberland County Crown Center	Internal Service	Total
Transfers out:					
General	\$ -	\$ 666,266	\$ -	\$ 102,200	\$ 768,466
Nonmajor governmental	320,760	-	5,552,333	-	5,873,093
Internal service	-	-	-	110,000	110,000
Total Transfers out	\$ 320,760	\$ 666,266	\$ 5,552,333	\$ 212,200	\$ 6,751,559

Transfers between the major funds, other non-major governmental and enterprise funds, and internal service funds were primarily to support operations of the funds.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Note 11 - Joint Venture

The County, in conjunction with the State of North Carolina and the Cumberland County Board of Education, participates in a joint venture to operate the Fayetteville Technical Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college. The County 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 or limited obligation bonds to provide financing for new and restructured facilities.

The County has an ongoing financial responsibility for the community college because of the statutory requirements to provide funding for the community college's facilities. In December 2012, the County borrowed \$3,198,130 from Bank of America to fund various HVAC and roofing projects at the Community College. In October 2014, the County borrowed \$3,000,000 from PNC Bank to reimburse the Community College for the purchase and renovation of a building to be used for the auto collision repair program. The County has \$2,119,813 in debt outstanding at June 30, 2017 related to the Community College.

The County contributed \$10,627,787 and \$108,831 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2017. FY 2017 budgeted, but unspent capital funds in the amount of \$840,179 remain available for appropriation for capital purposes in future years. In addition, during the fiscal year, the County made debt service payments of \$1,279,065 on the Bank of America and PNC bank installment loans. 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, 2017. Complete financial statements for the community college may be obtained from the Fayetteville Technical Community College's administrative offices at 2201 Hull Road, Fayetteville, North Carolina 28303.

Note 12 - Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 303,690,309	\$ 160,743,602
TANF	2,547,794	(329)
Special Assistance for Adults	-	1,845,122
Health Choice	5,058,353	21,800
WIC Food Vouchers	8,591,498	-
Supplemental Nutrition Assistance Program	111,034,685	-
Adoption Assistance	1,510,026	1,224,852
	<u>\$ 432,432,665</u>	<u>\$ 163,835,047</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Note 13 - Leases

A - Lessor Arrangements

Operating Leases

The County leases land on the northern right-of-way of Technology Drive to Cingular Wireless. The cost and carrying value of the property is \$731. The term of the lease was for an initial period of five years commencing June 1998 with an option to extend for four additional consecutive five-year periods. During 2013, the County extended the lease for an additional 5-year term.

Remaining payments are as follows:

Fiscal Year Ended	Amount
2018	9,125
	<u>\$ 9,125</u>

The Bureau leases its building from Cumberland County for \$6,168 per month for ten years, ending November 30, 2022. The lease includes no provision for increases in rent. The Bureau leases the Cape Fear and Yadkin Valley Passenger Train Depot from the City of Fayetteville, for \$11,180 per year for 25 years, ending June 30, 2028, and month-to-month thereafter. The annual rental payment is subject to a cost of living increase after the first five years of the original term. Minimum future rental payments under non-cancelable leases having remaining terms in excess of one year as of June 30, 2017 for each of the next five years and in the aggregate are:

Fiscal Year Ended	Amount
2018	\$ 85,196
2019	85,196
2020	85,196
2021	85,196
2022	85,196
2023-2027	86,740
2028	11,180
	<u>523,900</u>

Rental expense for leases was \$85,196 in 2017 and 2016.

Management Leases

The County entered a ten-year lease and franchise agreement with Service America Corporation (d/b/a "Centerplate") 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 on June 16, 1998, effective as of March 15, 1998, and amended on April 30, 1999, Cumberland County shall lease to the Health System all land, buildings,

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

furniture, equipment, and other facilities owned by the County which are used for operating the two facilities known as Cape Fear Valley Medical Center and Highsmith-Rainey Memorial Hospital.

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

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

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

<u>Fiscal Year</u> <u>End</u>	<u>Health</u> <u>System</u>
2018	\$ 3,065,000
2019	3,065,000
2020	3,065,000
2021	3,065,000
2022	3,065,000
2023-2027	15,325,000
2028	3,065,000
	<u>\$33,715,000</u>

Effective with the year ending 2010, the base rent shall be the previous lease year's base rent amount adjusted by the most recently published Consumer Price Index for South Urban Size C Communities. Minimum lease payments above do not include a Consumer Price Index adjustment or a property tax increase.

B - Lessee Arrangements

The ABC Board leases real property for three store locations under operating leases expiring in various times through the year 2017. Total rent expense, including amounts for common area maintenance, under leases for the years ended June 30, 2017 and June 30, 2016 was \$137,894 and \$134,447, respectively.

At June 30, 2017, future minimum lease payments under all leases are as follows:

<u>Fiscal Year</u> <u>End</u>	<u>Amount</u>
2018	\$ 125,044
2019	109,213
2020	86,147
2021	81,151
	<u>\$ 401,555</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

Note 14 - Contingent Liabilities

Federal and State Assisted Programs

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

Claims and judgments

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

Arbitrage

The County's bond issues are subject to federal arbitrage regulations, and the County has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. At June 30, 2017, the County has no arbitrage liability. Although future amounts to be paid, if any, are not presently determinable, the County believes that arbitrage payables have been adequately provided for in the accompanying financial statements.

Note 15 - Deferred Compensation Plan

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

Note 16 - Law Enforcement and Alcoholic Education Expenses

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

Note 17 - Subsequent Events

The County's most recent property revaluation was effective January 1, 2017 and applies to ad valorem taxes due September 1, 2017. The results of the revaluation showed a decrease in the Countywide tax base more than \$500 million and, absent a tax rate increase, would result in a loss of ad valorem tax revenue of approximately \$4.8 million. The revenue neutral tax rate has been calculated to be \$0.782. With the adoption of the fiscal year 2018 budget, the County Board of Commissioners adopted a tax rate of \$0.799 for the fiscal year beginning July 1, 2017.

In August 2017, the County closed on an advance refunding of the Series 2009A COPs and 2011B LOBs in the public market. The public sale achieved results of a total net present value savings of just over \$2 million. That savings equates to an average annual interest savings over the next twelve years of approximately \$166,000.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2017

In September 2017, the County closed on an installment financing contract in an amount not to exceed \$11.2 million, for the purpose of financing the acquisition, construction and equipping of various capital projects throughout the County over the next three fiscal years.

Note 18 - Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, the net position at June 30, 2017 for the governmental activities decreased \$7,819,888.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

For the Year Ended June 30, 2017

Beginning balance	\$ 7,819,888
Service Cost	392,574
Interest on the total pension liability	270,277
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(172,562)
Benefit payments	(498,207)
Other changes	-
Ending balance of the total pension liability	<u>\$ 7,811,970</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance**

For the Year Ended June 30, 2017

Total pension liability	\$ 7,811,970
Covered payroll	16,343,167
Total pension liability as a percentage of covered payroll	47.80%

Notes to the schedules:

Cumberland County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of the County's Proportionate Share of the Net Position
Liability (Asset)
Local Government Employees' Retirement Fund**

Last Four Fiscal Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.542%	1.505%	1.520%	1.501%
County's proportionate share of the net pension liability (asset) \$	\$ 32,723,222	\$ 6,755,651	\$ (8,963,314)	\$ 18,087,992
County's covered-employee payroll	\$ 94,035,999	\$ 90,486,857	\$ 81,788,429	\$ 90,188,266
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.80%	7.47%	(10.96%)	20.06%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of the County Contributions
Local Government Employees' Retirement Fund

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,987,172	\$ 6,390,360	\$ 6,314,854	\$ 6,340,214
Contributions in relation to the contractually required contribution	<u>6,987,172</u>	<u>6,390,360</u>	<u>6,314,854</u>	<u>6,340,214</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 94,553,360	\$ 94,035,999	\$ 90,486,857	81,788,429
Contributions as a percentage of covered-employee payroll	7.390%	6.796%	6.979%	7.752%

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of the County's Proportionate Share of the Net Position
Liability (Asset) - Crown
Local Government Employees' Retirement Fund**

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.000%	0.000%	0.000%	0.033%
County's proportionate share of the net pension liability (asset) \$	\$ -	\$ -	\$ (2,949)	\$ 396,571
County's covered-employee payroll	\$ -	\$ -	\$ -	\$ 1,589,412
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	24.95%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of the County Contributions - Crown
Local Government Employees' Retirement Fund**

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ 48,442
Contributions in relation to the contractually required contribution	-	-	-	48,442
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ -	\$ -	\$ -	\$ 1,589,412
Contributions as a percentage of covered-employee payroll	0.000%	0.000%	0.000%	3.048%

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of the County's Proportionate Share of the Net Position
Liability (Asset)
Register of Deeds' Supplemental Pension Fund**

Last Four Fiscal Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	3.320%	3.456%	3.514%	3.50%
County's proportionate share of the net pension liability (asset) \$	\$ (620,657)	\$ (800,785)	\$ (796,558)	\$ (747,653)
County's covered-employee payroll	\$ 132,630	\$ 128,767	\$ 128,767	\$ 128,458
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(467.96%)	(621.89%)	(618.60%)	(582.02%)
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of the County Contributions
Register of Deeds' Supplemental Pension Fund

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 28,420	\$ 27,120	\$ 27,651	\$ 28,693
Contributions in relation to the contractually required contribution	<u>28,420</u>	<u>27,120</u>	<u>27,651</u>	<u>28,693</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 132,630	\$ 132,630	\$ 128,767	\$ 128,767
Contributions as a percentage of covered-employee payroll	21.428%	20.448%	21.474%	22.283%

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Other Post Employment Benefit Retiree Healthcare Plan
Required Supplementary Information
Schedules of Funding Progress and Employer Contributions**

Schedule of Funding Progress

<u>Calendar Year</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll (b-a/c)</u>
2005	\$ -	\$ 171,135,376	\$ 171,135,376	0.00%	\$ 73,619,726	232.50%
2007	-	166,139,584	166,139,584	0.00%	81,910,914	202.80%
2009	-	197,838,097	197,838,097	0.00%	86,264,545	229.30%
2011	-	209,956,517	209,956,517	0.00%	88,874,853	236.20%
2013	-	181,460,445	181,460,445	0.00%	85,839,220	211.40%
2015	-	231,398,326	231,398,326	0.00%	85,944,728	269.20%

Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 17,786,721	16.37%
2009	15,986,983	26.10%
2010	16,586,495	26.92%
2011	17,859,761	19.53%
2012	18,529,502	22.21%
2013	18,702,008	24.65%
2014	19,263,068	27.06%
2015	14,575,263	43.71%
2016	15,012,521	43.88%
2017	22,173,778	33.95%

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Comparative Balance Sheets
General Fund**

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 103,316,848	\$ 100,128,146
Taxes receivable, net	1,435,873	492,883
Sales tax receivable	14,435,214	14,106,753
Due from other governments	12,751,544	12,705,574
Other receivables, net	1,475,041	1,020,093
Due from other funds	791,166	517,813
Due from component units	340,455	552,438
Inventories	174,458	191,535
Prepays	11,628	210
Cash and cash equivalents	2,662,945	-
Total assets	<u>\$ 137,395,172</u>	<u>\$ 129,715,445</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts and vouchers payable	\$ 6,571,613	\$ 5,986,615
Due to other governments	1,369,384	469,444
Accrued payroll	3,258,917	7,585,922
Other payables	39,036	71,713
Total liabilities	<u>11,238,950</u>	<u>14,113,694</u>
Deferred inflows of resources	<u>2,431,893</u>	<u>1,466,443</u>
Fund balance		
Nonspendable:		
Inventories	174,458	191,535
Prepays	11,628	210
Restricted:		
Stabilization by State statute	29,406,164	27,929,111
Register of Deeds	901,098	867,507
County school	12,184,346	8,294,625
Committed:		
Property revaluation	1,167,295	602,906
LEO special separation allowance	2,290,100	2,215,961
Assigned:		
Subsequent year's expenditures	8,889,652	16,337,899
Tax office software	4,406,300	4,500,000
Water & sewer industrial expansion	4,527,610	4,626,523
Economic development incentives	1,065,139	968,841
Mental health services	2,160,841	2,364,920
Public health	3,200,854	2,510,625
Capital investment fund	1,324,938	-
Renovations and maintenance	1,250,000	3,621,105
Special purposes	2,247,143	4,500,000
Technology upgrades	1,500,000	2,000,000
Unassigned	47,016,763	32,603,540
Total fund balance	<u>123,724,329</u>	<u>114,135,308</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 137,395,172</u>	<u>\$ 129,715,445</u>

A legally budgeted County School Fund is consolidated into the General Fund for Reporting Purposes.

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Revenues				
Ad valorem taxes				
Current year	\$ 154,776,517	\$ 156,131,527	\$ 1,355,010	\$ 153,904,343
Prior years	1,252,492	1,046,732	(205,760)	1,144,194
Penalties and interest	880,000	828,030	(51,970)	879,625
Motor vehicle - current	15,773,637	17,623,897	1,850,260	17,076,402
Motor vehicle - prior		59,968	59,968	142,125
Other	760,000	840,900	80,900	818,782
Total ad valorem taxes	173,442,646	176,531,054	3,088,408	173,965,471
Other taxes				
Dog registration fees	209,880	208,931	(949)	213,492
Real estate transfer	652,000	1,091,362	439,362	879,459
Beer and wine	359,300	392,044	32,744	381,333
Sales	41,002,280	41,517,944	515,664	41,038,421
Other	556,500	513,433	(43,067)	509,025
Total other taxes	42,779,960	43,723,714	943,754	43,021,730
Unrestricted intergovernmental revenues				
Federal	115,000	101,865	(13,135)	162,168
State government	116,500	112,330	(4,170)	129,167
Fayetteville	7,124,800	7,399,181	274,381	7,359,258
Municipalities	1,058,725	1,132,957	74,232	1,139,608
Other governmental	2,090,000	2,826,282	736,282	3,079,019
Total unrestricted intergovernmental revenues	10,505,025	11,572,615	1,067,590	11,869,220
Restricted intergovernmental revenues				
Federal	1,041,428	826,613	(214,815)	883,828
NC health programs	6,183,984	5,566,162	(617,822)	4,816,895
NC mental health programs	338,345	366,496	28,151	367,110
NC social services programs	52,090,038	50,334,402	(1,755,636)	47,830,740
NC library programs	532,925	404,903	(128,022)	533,075
NC other restricted revenue	4,919,342	5,879,195	959,853	5,157,094
Other restricted revenue	664,870	609,686	(55,184)	695,116
Total restricted intergovernmental revenues	65,770,932	63,987,457	(1,783,475)	60,283,858
Licenses and permits				
Inspection department permits	737,500	950,122	212,622	1,036,902
Marriage licenses	74,500	91,900	17,400	89,925
Register of Deeds fees	1,137,550	1,491,727	354,177	1,417,147
Total licenses and permits	1,949,550	2,533,749	584,199	2,543,974
Sales and services				
Health department fees	4,279,737	5,058,000	778,263	5,051,416
Library fees	194,200	181,280	(12,920)	206,028
Sheriff department fees	3,873,000	3,848,916	(24,084)	3,724,316
Social services fees	107,903	91,592	(16,311)	100,841
Other department fees	1,686,281	1,928,196	241,915	1,754,263
Total sales and services	10,141,121	11,107,984	966,863	10,836,864
Interest earned on investments	224,741	421,070	196,329	296,786
Miscellaneous				
Miscellaneous	1,766,287	2,658,840	892,553	1,164,092
Rent, land, and buildings	4,397,329	4,334,548	(62,781)	4,185,330
Total miscellaneous	6,163,616	6,993,388	829,772	5,349,422
Total revenues	310,977,591	316,871,031	5,893,440	308,167,325

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Expenditures				
Current				
General government				
Governing body	\$ 604,305	\$ 591,632	\$ 12,673	\$ 545,232
Administration	2,707,386	2,592,436	114,950	2,365,588
Court facilities	167,501	55,787	111,714	151,414
Information services	4,411,057	3,388,444	1,022,613	3,782,964
Elections	2,090,944	1,180,014	910,930	1,286,831
Finance	1,281,793	1,205,572	76,221	1,103,575
Legal	853,355	668,776	184,579	685,233
Register of Deeds	2,697,352	2,092,297	605,055	2,044,984
Tax Assessor	5,468,421	5,049,817	418,604	4,776,410
Print, mail & design	913,602	754,910	158,692	1,931,051
Public building	2,544,400	1,936,137	608,263	2,044,043
Carpenter shop	233,452	231,717	1,735	225,582
Public buildings - equipment maintenance	1,254,052	1,238,267	15,785	1,188,791
Public buildings - janitorial	742,417	721,042	21,375	667,412
Central maintenance	846,599	798,074	48,525	774,152
Landscaping and grounds	686,359	606,365	79,994	493,114
Property revaluation	615,399	517,889	97,510	395,406
General government - other	6,628,213	4,090,838	2,537,375	1,789,009
Total general government	34,746,607	27,720,014	7,026,593	26,250,791
Public safety				
Emergency services	3,477,890	3,064,407	413,483	3,083,328
Sheriff	27,767,511	26,454,050	1,313,461	25,655,970
Jail	18,509,219	16,654,064	1,855,155	17,484,921
School law enforcement-local	4,458,396	4,058,217	400,179	4,026,986
Sheriff's grants	454,281	229,020	225,261	252,699
Animal services	2,957,137	2,932,988	24,149	2,805,918
Public safety other	1,084,416	1,007,219	77,197	950,585
Criminal justice unit	437,121	434,987	2,134	392,572
Roxie crisis interventioin	364,279	342,193	22,086	288,307
Total public safety	59,510,250	55,177,145	4,333,105	54,941,286
Economic and physical development				
Planning and inspections department	3,335,477	3,077,127	258,350	3,017,441
Engineering	497,189	439,678	57,511	332,537
NC cooperative extension service	701,392	570,082	131,310	510,278
Soil conservation district	76,032	69,416	6,616	68,698
Soil conservation cost share	72,693	71,815	878	69,712
Economic physical development - other	20,000	20,000	-	227,650
Industrial park	3,300	3,296	4	930
Location services	457,037	357,095	99,942	386,338
Economic incentives	531,159	420,424	110,735	415,535
Water & sewer industrial expansion	250,000	-	250,000	-
Public utilities	104,959	87,442	17,517	69,288
Total economic and physical development	6,049,238	5,116,375	932,863	5,098,407

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services				
Mental Health				
Mental health other	\$ 2,903,926	\$ 2,885,671	\$ 18,255	\$ 5,133,031
Court ordered evaluations	161,130	158,143	2,987	138,832
Sobriety court	98,345	71,161	27,184	56,632
Subtotal - mental health	3,163,401	3,114,975	48,426	5,328,495
Health				
Health - administration	2,454,935	2,343,910	111,025	2,341,883
Laboratory	372,191	355,538	16,653	340,525
Pharmacy	627,980	585,660	42,320	648,771
C. C. Jail health program	3,909,357	3,517,642	391,715	3,136,433
Management support	308,008	257,484	50,524	286,724
NC environmental health	1,648,634	1,647,994	640	1,496,259
Immunization clinic	225,845	277,092	(51,247)	256,901
School health program	1,171,568	1,114,314	57,254	1,147,458
Child health clinic	868,363	925,596	(57,233)	819,008
Dental clinic	375,557	358,967	16,590	324,611
Health promotion	561,672	461,935	99,737	355,915
Maternal health clinic	815,203	720,937	94,266	647,369
Medical records	255,507	243,148	12,359	242,466
Breast/cervical cancer	150,153	104,254	45,899	145,757
Child service coordination	729,866	623,989	105,877	634,345
Child fatality prevention	4,160	4,152	8	4,010
Chest TB clinic	115,045	108,598	6,447	105,937
Family planning clinic	909,376	1,005,726	(96,350)	943,075
NC general communicable disease	204,294	174,851	29,443	177,188
CDC tuberculosis project	38,542	30,142	8,400	33,007
NC AIDS	181,491	136,477	45,014	138,301
Adult health clinic	918,880	791,623	127,257	904,278
School health	791,805	631,982	159,823	552,059
WIC - clinic services	2,922,322	2,272,933	649,389	2,149,815
Health - other	89,628	89,628	-	90,763
Smart start - Infants	28,980	23,557	5,423	17,372
Bioterrorism preparedness and response	85,877	66,970	18,907	70,551
STD clinic	1,474,955	1,314,346	160,609	1,272,226
Maternal care coordination	1,027,544	818,276	209,268	739,979
Health express	532,017	420,852	111,165	404,764
Community transformation grant	76,013	74,279	1,734	55,140
Health	223,893	223,980	(87)	214,601
Teen Pregnancy Preventive Initiative	75,000	42,631	32,369	-
Subtotal - health	24,174,661	21,769,463	2,405,198	20,697,491
Welfare				
Social services department	44,830,504	41,735,937	3,094,567	40,002,811
Social services - other	28,711,800	28,758,782	(46,982)	27,181,154
Grant - FV care center	470,102	444,397	25,705	480,864
Welfare - other	424,086	352,650	71,436	343,724
Subtotal - welfare	74,436,492	71,291,766	3,144,726	68,008,553

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Other human services				
Veterans' services	\$ 390,060	\$ 371,190	\$ 18,870	\$ 348,658
Spring Lake Resource Center	34,320	31,524	2,796	29,875
Child support enforcement	5,034,751	4,893,726	141,025	4,738,251
Subtotal - other human services	<u>5,459,131</u>	<u>5,296,440</u>	<u>162,691</u>	<u>5,116,784</u>
Total human services	<u>107,233,685</u>	<u>101,472,644</u>	<u>5,761,041</u>	<u>99,151,323</u>
Cultural and recreational				
Library	11,279,075	10,915,942	363,133	10,604,742
Law library	97,967	99,042	(1,075)	95,144
Stadium maintenance	122,796	110,287	12,509	98,321
Culture recreation other	312,816	312,816	-	305,816
Library - grants	211,845	90,415	121,430	133,599
Library - Smart Start - Raise a Reader	119,206		119,206	124,060
Total cultural and recreational	<u>12,143,705</u>	<u>11,528,502</u>	<u>615,203</u>	<u>11,361,682</u>
Education				
Public schools - current	80,782,512	80,658,322	124,190	79,463,525
Community colleges - current	10,627,787	10,627,787	-	10,104,516
Community colleges - capital outlay	949,010	108,831	840,179	42,205
Total education	<u>92,359,309</u>	<u>91,394,940</u>	<u>964,369</u>	<u>89,610,246</u>
Debt service				
Principal payments	19,758,360	19,149,018	609,342	19,310,871
Interest and fees	4,902,657	4,785,439	117,218	5,349,679
Total debt service	<u>24,661,017</u>	<u>23,934,457</u>	<u>726,560</u>	<u>24,660,550</u>
Total expenditures	<u>336,703,811</u>	<u>316,344,077</u>	<u>20,359,734</u>	<u>311,074,285</u>
Revenues over (under) expenditures	<u>(25,726,220)</u>	<u>526,954</u>	<u>26,253,174</u>	<u>(2,906,960)</u>
Other financing sources (uses)				
Sale of capital assets	137,700	230,165	92,465	273,441
Transfers in	5,735,432	5,686,677	(48,755)	6,786,974
Transfers out	(3,302,164)	(768,466)	2,533,698	(7,481,947)
Fund balance appropriated	23,155,252	-	(23,155,252)	-
Total other financing sources (uses)	<u>25,726,220</u>	<u>5,148,376</u>	<u>(20,577,844)</u>	<u>(421,532)</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>5,675,330</u>	<u>\$ 5,675,330</u>	<u>(3,328,492)</u>
Fund balance				
Beginning of year - July 1		103,162,033		104,394,661
End of year - June 30		<u>\$ 108,837,363</u>		<u>\$ 103,162,033</u>
Reconciliation to H-1:				
General Fund - ending fund balance - June 30		\$ 108,837,363		\$ 103,162,033
County School Fund - ending fund balance - June 30 (H-6)		14,886,966		10,973,275
		<u>\$ 123,724,329</u>		<u>\$ 114,135,308</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, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Revenues				
Other taxes	\$ 9,560,294	\$ 10,415,026	\$ 854,732	\$ 9,913,132
Unrestricted intergovernmental revenue	800,000	920,719	120,719	876,812
Restricted intergovernmental revenue	3,430,000	3,674,258	244,258	3,724,973
Interest earned on investments	-	24,775	24,775	19,338
Miscellaneous	-	80,278	80,278	73,421
Total revenues	<u>13,790,294</u>	<u>15,115,056</u>	<u>1,324,762</u>	<u>14,607,676</u>
Expenditures				
Education				
School capital outlay I	9,839,879	2,904,748	6,935,131	4,870,776
School capital outlay II	2,739,371	2,341,637	397,734	2,229,630
School capital outlay III	641,408	589,063	52,345	378,760
Total expenditures	<u>13,220,658</u>	<u>5,835,448</u>	<u>7,385,210</u>	<u>7,479,166</u>
Revenues over expenditures	<u>569,636</u>	<u>9,279,608</u>	<u>8,709,972</u>	<u>7,128,510</u>
Other financing sources (uses)				
Transfers in	-	-	-	313,330
Transfers (out)	(5,365,919)	(5,365,917)	2	(5,485,871)
Appropriated fund balance	4,796,283	-	(4,796,283)	
Total other financing sources (uses)	<u>(569,636)</u>	<u>(5,365,917)</u>	<u>(4,796,281)</u>	<u>(5,172,541)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>3,913,691</u>	<u>\$ 3,913,691</u>	<u>1,955,969</u>
Fund balances				
Beginning of year - July 1		10,973,275		9,017,306
End of year - June 30		<u>\$ 14,886,966</u>		<u>\$ 10,973,275</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 13,224,892	\$ -	\$ -	\$ 13,224,892
Taxes receivable, net	339,545	-	-	339,545
Due from other governments	1,652,551	-	-	1,652,551
Other receivables, net	35,473	68	8	35,549
Prepays	500	-	-	500
Restricted assets:				
Cash and cash equivalents	509,583	1,390,863	47,862	1,948,308
Total assets	\$ 15,762,544	\$ 1,390,931	\$ 47,870	\$ 17,201,345
Liabilities deferred inflows of resources and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ 1,486,048	\$ 359,544	\$ 287	\$ 1,845,879
Due to other governments	850,016	-	-	850,016
Accrued payroll	64,520	-	-	64,520
Other payables	18,262	-	-	18,262
Due to other funds	748,955	-	-	748,955
Total liabilities	<u>3,167,801</u>	<u>359,544</u>	<u>287</u>	<u>3,527,632</u>
Deferred inflows of resources - taxes	<u>339,545</u>	<u>-</u>	<u>-</u>	<u>339,545</u>
Fund balances:				
Nonspendable:				
Prepays	500	-	-	500
Restricted:				
Stabilization by State Statute	1,688,024	68	-	1,688,092
Inmates	505,070	-	-	505,070
Cemetery	-	-	47,583	47,583
Fire protection	194,844	-	-	194,844
Public safety	3,029,407	-	-	3,029,407
development	76,046	598,169	-	674,215
Human services	159,126	9,409	-	168,535
Cultural and recreational	6,063,596	423,741	-	6,487,337
Assigned:				
Subsequent year's expenditures	1,803,902	-	-	1,803,902
Unassigned	(1,265,317)	-	-	(1,265,317)
Total fund balances	<u>12,255,198</u>	<u>1,031,387</u>	<u>47,583</u>	<u>13,334,168</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 15,762,544	\$ 1,390,931	\$ 47,870	\$ 17,201,345

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2017**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ 12,340,844	\$ -	\$ -	\$ 12,340,844
Other taxes	6,679,806	-	-	6,679,806
Restricted intergovernmental revenue	9,044,107	-	-	9,044,107
Sales and services	168,685	-	-	168,685
Interest earned on investments	27,001	4,331	109	31,441
Miscellaneous	233,022	67,900	1,800	302,722
Total revenues	28,493,465	72,231	1,909	28,567,605
Expenditures				
Current:				
Public safety	8,572,791	-	-	8,572,791
Economic and physical development	7,512,853	370,851	2,777	7,886,481
Human services	1,616,932	1,232,286	-	2,849,218
Cultural and recreational	4,252,242	-	-	4,252,242
Debt issuance costs	-	10,697	-	10,697
Total expenditures	21,954,818	1,613,834	2,777	23,571,429
Excess (deficiency) of revenues over (under) expenditures	6,538,647	(1,541,603)	(868)	4,996,176
Other financing sources (uses)				
Transfers in	666,266	-	-	666,266
Transfers out	(5,873,093)	-	-	(5,873,093)
Total other financing sources (uses)	(5,206,827)	-	-	(5,206,827)
Net change in fund balances	1,331,820	(1,541,603)	(868)	(210,651)
Fund balance - beginning	10,923,378	2,572,990	48,451	13,544,819
Fund balance - ending	\$ 12,255,198	\$ 1,031,387	\$ 47,583	\$ 13,334,168

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017**

(continued)

	Prepared Food and Beverage Fund	Emergency Telephone Fund	Workforce Development Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund	Flea Hill Drainage District Fund	Community Development Fund
Assets								
Cash and cash equivalents	\$ 6,650,403	\$ 2,281,888	\$ -	\$ 1,941,203	\$ 433,347	\$ 102,140	\$ 76,046	\$ 42,353
Taxes receivable, net	-	-	-	107,456	-	-	-	-
Due from other governments	-	80,622	963,698	43,582	-	150,343	-	331,347
Other receivables, net	927	588	-	287	39	33,425	11	(47)
Prepays	-	-	500	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total assets	\$ 6,651,330	\$ 2,363,098	\$ 964,198	\$ 2,092,528	\$ 433,386	\$ 285,908	\$ 76,057	\$ 373,653
Liabilities:								
Accounts and vouchers payable	\$ -	\$ 5,376	\$ 360,295	\$ 37,434	\$ 193,515	\$ 84,378	\$ -	\$ 120,013
Due to other governments	-	-	-	827,436	15,749	6,831	-	-
Accrued payroll	-	-	20,859	-	14,957	3,211	-	24,199
Other payables	-	-	-	-	-	-	-	18,262
Due to other funds	-	-	536,806	-	-	139,149	-	69,995
Total liabilities	-	5,376	917,960	864,870	224,221	233,569	-	232,469
Deferred inflows of resources - taxes	-	-	-	107,456	-	-	-	-
Fund balances:								
Nonspendable:								
Prepays	-	-	500	-	-	-	-	-
Restricted:								
Stabilization by State Statute	927	81,210	963,698	43,869	39	183,768	11	331,300
Inmates	-	-	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-	-	-
Public safety	-	2,276,512	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	76,046	-
Human services	-	-	-	-	159,126	-	-	-
Cultural and recreational	4,987,263	-	-	1,076,333	-	-	-	-
Assigned:								
Subsequent year's expenditures	1,664,067	-	-	-	50,000	-	-	24,885
Unassigned	(927)	-	(917,960)	-	-	(131,429)	-	(215,001)
Total fund balances	6,651,330	2,357,722	46,238	1,120,202	209,165	52,339	76,057	141,184
Total liabilities, deferred inflows of resources and fund balances	\$ 6,651,330	\$ 2,363,098	\$ 964,198	\$ 2,092,528	\$ 433,386	\$ 285,908	\$ 76,057	\$ 373,653

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017**

(concluded)

	Fire Protection Fund	Federal Drug Justice Fund	Federal Drug Forfeiture Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Inmate Welfare Fund	Total Nonmajor Special Revenue Funds
Assets							
Cash and cash equivalents	\$ 855,810	\$ 187,486	\$ 288,563	\$ 311,219	\$ 54,434	\$ -	\$ 13,224,892
Taxes receivable, net	232,089	-	-	-	-	-	339,545
Due from other governments	82,959	-	-	-	-	-	1,652,551
Other receivables, net	111	28	42	47	15	-	35,473
Prepays	-	-	-	-	-	-	500
Cash and cash equivalents	-	-	-	-	-	509,583	509,583
Total assets	\$ 1,170,969	\$ 187,514	\$ 288,605	\$ 311,266	\$ 54,449	\$ 509,583	\$ 15,762,544
Liabilities:							
Accounts and vouchers payable	\$ 660,966	\$ 12,921	\$ -	\$ 6,341	\$ 4,595	\$ 214	\$ 1,486,048
Due to other governments	-	-	-	-	-	-	850,016
Accrued payroll	-	-	-	-	-	1,294	64,520
Other payables	-	-	-	-	-	-	18,262
Due to other funds	-	-	-	-	-	3,005	748,955
Total liabilities	660,966	12,921	-	6,341	4,595	4,513	3,167,801
Deferred inflows of resources - taxes	232,089	-	-	-	-	-	339,545
Fund balances:							
Nonspendable:							
Prepays	-	-	-	-	-	-	500
Restricted:							
Stabilization by State Statute	83,070	28	42	47	15	-	1,688,024
Inmates	-	-	-	-	-	505,070	505,070
Fire protection	194,844	-	-	-	-	-	194,844
Public safety	-	109,615	288,563	304,878	49,839	-	3,029,407
Economic and physical development	-	-	-	-	-	-	76,046
Human services	-	-	-	-	-	-	159,126
Cultural and recreational	-	-	-	-	-	-	6,063,596
Assigned:							
Subsequent year's expenditures	-	64,950	-	-	-	-	1,803,902
Unassigned	-	-	-	-	-	-	(1,265,317)
Total fund balances	277,914	174,593	288,605	304,925	49,854	505,070	12,255,198
Total liabilities, deferred inflows of resources and fund balances	\$ 1,170,969	\$ 187,514	\$ 288,605	\$ 311,266	\$ 54,449	\$ 509,583	\$ 15,762,544

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2017**

(continued)

	Prepared Food and Beverage Fund	Emergency Telephone Fund	Workforce Development Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund	Flea Hill Drainage District Fund	Community Development Fund
Revenues								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 4,252,240	\$ -	\$ -	\$ -	\$ -
Other taxes	6,679,806	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	957,955	3,569,522	249,475	1,096,606	1,102,421	-	1,762,103
Sales and services	-	-	6,939	-	136,596	25,150	-	-
Interest earned on investments	14,396	5,010	-	3,156	410	650	173	-
Miscellaneous	-	2,914	-	-	-	-	-	30,798
Total revenues	6,694,202	965,879	3,576,461	4,504,871	1,233,612	1,128,221	173	1,792,901
Expenditures								
Current:								
Public safety	-	-	-	-	-	-	-	-
Economic and physical development	-	798,841	3,609,211	-	-	1,196,832	-	1,907,969
Human services	-	-	-	-	1,616,932	-	-	-
Cultural and recreational	-	-	-	4,252,242	-	-	-	-
Total expenditures	-	798,841	3,609,211	4,252,242	1,616,932	1,196,832	-	1,907,969
Excess (deficiency) of revenues over (under) expenditures	6,694,202	167,038	(32,750)	252,629	(383,320)	(68,611)	173	(115,068)
Other financing sources (uses)								
Transfers in	-	-	66,545	-	385,295	60,488	-	153,938
Transfers out	(5,608,739)	-	(221,941)	-	-	(18,413)	-	-
Total other financing sources (uses)	(5,608,739)	-	(155,396)	-	385,295	42,075	-	153,938
Net change in fund balances	1,085,463	167,038	(188,146)	252,629	1,975	(26,536)	173	38,870
Fund balance - beginning	5,565,867	2,190,684	234,384	867,573	207,190	78,875	75,884	102,314
Fund balance - ending	\$ 6,651,330	\$ 2,357,722	\$ 46,238	\$ 1,120,202	\$ 209,165	\$ 52,339	\$ 76,057	\$ 141,184

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2017**

(concluded)

	Fire Protection Fund	Federal Drug Justice Fund	Federal Drug Forfeiture Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Inmate Welfare Fund	Total Nonmajor Special Revenue Funds
Revenues							
Ad valorem taxes	\$ 8,088,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,340,844
Other taxes	-	-	-	-	-	-	6,679,806
Restricted intergovernmental revenue	-	-	273,026	28,909	4,090	-	9,044,107
Sales and services	-	-	-	-	-	-	168,685
Interest earned on investments	1,348	573	480	681	124	-	27,001
Miscellaneous	-	-	-	-	-	199,310	233,022
Total revenues	<u>8,089,952</u>	<u>573</u>	<u>273,506</u>	<u>29,590</u>	<u>4,214</u>	<u>199,310</u>	<u>28,493,465</u>
Expenditures							
Current:							
Public safety	8,049,420	170,560	5,185	11,102	3,502	333,022	8,572,791
Economic and physical development	-	-	-	-	-	-	7,512,853
Human services	-	-	-	-	-	-	1,616,932
Cultural and recreational	-	-	-	-	-	-	4,252,242
Total expenditures	<u>8,049,420</u>	<u>170,560</u>	<u>5,185</u>	<u>11,102</u>	<u>3,502</u>	<u>333,022</u>	<u>21,954,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,532</u>	<u>(169,987)</u>	<u>268,321</u>	<u>18,488</u>	<u>712</u>	<u>(133,712)</u>	<u>6,538,647</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	666,266
Transfers out	(24,000)	-	-	-	-	-	(5,873,093)
Total other financing sources (uses)	<u>(24,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,206,827)</u>
Net change in fund balances	16,532	(169,987)	268,321	18,488	712	(133,712)	1,331,820
Fund balance - beginning	261,382	344,580	20,284	286,437	49,142	638,782	10,923,378
Fund balance - ending	<u>\$ 277,914</u>	<u>\$ 174,593</u>	<u>\$ 288,605</u>	<u>\$ 304,925</u>	<u>\$ 49,854</u>	<u>\$ 505,070</u>	<u>\$ 12,255,198</u>

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, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Revenues				
Other taxes	\$ 5,918,385	\$ 6,679,806	\$ 761,421	\$ 6,498,258
Interest earned on investments	350	14,396	14,046	10,078
Total revenues	<u>5,918,735</u>	<u>6,694,202</u>	<u>775,467</u>	<u>6,508,336</u>
Expenditures				
Current				
Cultural and recreational	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>5,918,735</u>	<u>6,694,202</u>	<u>775,467</u>	<u>6,508,336</u>
Other financing sources (uses)				
Transfers (out)	(7,582,802)	(5,608,739)	1,974,063	(5,697,550)
Appropriated fund balance	1,664,067	-	(1,664,067)	-
Total other financing sources (uses)	<u>(5,918,735)</u>	<u>(5,608,739)</u>	<u>309,996</u>	<u>(5,697,550)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>1,085,463</u>	<u>\$ 1,085,463</u>	<u>810,786</u>
Fund balances				
Beginning of year - July 1		5,565,867		4,755,081
End of year - June 30		<u>\$ 6,651,330</u>		<u>\$ 5,565,867</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Emergency Telephone Fund
Year Ended June 30, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,808,203	\$ 957,955	\$ (850,248)	\$ 1,180,957
Interest earned on investments	-	5,010	5,010	5,570
Miscellaneous	-	2,914	2,914	-
Total revenues	<u>1,808,203</u>	<u>965,879</u>	<u>(842,324)</u>	<u>1,186,527</u>
Expenditures				
Economic and physical development:				
Implemental functions	259,000	245,127	13,873	230,762
Telephone/furniture	254,653	180,788	73,865	235,544
Software	143,355	133,455	9,900	107,069
Hardware	101,994	223,428	(121,434)	145,732
Training	53,000	16,043	36,957	28,872
Capital outlay	975,131	-	975,131	-
Other	146,201	-	146,201	4,685
Total expenditures	<u>1,933,334</u>	<u>798,841</u>	<u>1,134,493</u>	<u>752,664</u>
Revenues over expenditures	<u>(125,131)</u>	<u>167,038</u>	<u>292,169</u>	<u>433,863</u>
Other financing sources (uses)				
Appropriated fund balance	125,131	-	(125,131)	-
Total other financing sources (uses)	<u>125,131</u>	<u>-</u>	<u>(125,131)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>167,038</u>	<u>\$ 167,038</u>	<u>\$ 433,863</u>
Fund balances				
Beginning of year - July 1		<u>2,190,684</u>		<u>1,756,821</u>
End of year - June 30		<u>\$ 2,357,722</u>		<u>\$ 2,190,684</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Workforce Development Fund
Year Ended June 30, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 5,002,244	\$ 3,569,522	\$ (1,432,722)	\$ 3,335,801
Sales and services	6,939	6,939	-	9,248
Total revenues	<u>5,009,183</u>	<u>3,576,461</u>	<u>(1,432,722)</u>	<u>3,345,049</u>
Expenditures				
Economic and physical development:				
WIOA Title I - Administration	653,424	366,568	286,856	2,730,967
WIOA Title I - Adult	1,056,642	774,487	282,155	-
WIOA Title I - Dislocated worker	1,679,626	1,210,166	469,460	-
WIOA Title I - Youth	1,046,034	609,189	436,845	-
Senior Aides	640,002	648,801	(8,799)	680,687
Total expenditures	<u>5,075,728</u>	<u>3,609,211</u>	<u>1,466,517</u>	<u>3,411,654</u>
Revenues over expenditures	<u>(66,545)</u>	<u>(32,750)</u>	<u>33,795</u>	<u>(66,605)</u>
Other financing sources (uses)				
Transfers in	66,545	66,545	-	63,686
Transfers out	-	(221,941)	(221,941)	63,686
Total other financing sources (uses)	<u>66,545</u>	<u>(155,396)</u>	<u>(221,941)</u>	<u>63,686</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(188,146)</u>	<u>\$ (188,146)</u>	<u>(2,919)</u>
Fund balances				
Beginning of year - July 1		<u>234,384</u>		<u>237,303</u>
End of year - June 30		<u>\$ 46,238</u>		<u>\$ 234,384</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Revenues				
Ad valorem taxes	\$ 4,630,211	\$ 4,252,240	\$ (377,971)	\$ 4,162,692
Restricted intergovernmental revenue	225,000	249,475	24,475	7,602
Interest earned on investments	-	3,156	3,156	3,293
Total revenues	<u>4,855,211</u>	<u>4,504,871</u>	<u>(350,340)</u>	<u>4,173,587</u>
Expenditures				
Culture and recreational	2,909,711	4,000,726	(1,091,015)	3,759,855
Capital outlay	1,945,500	251,516	1,693,984	397,591
Total expenditures	<u>4,855,211</u>	<u>4,252,242</u>	<u>602,969</u>	<u>4,157,446</u>
Revenues over expenditures	<u>-</u>	<u>252,629</u>	<u>252,629</u>	<u>16,141</u>
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>252,629</u>	<u>\$ 252,629</u>	<u>16,141</u>
Fund balances				
Beginning of year - July 1		<u>867,573</u>		<u>851,432</u>
End of year - June 30		<u>\$ 1,120,202</u>		<u>\$ 867,573</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Juvenile Crime Prevention Fund
Year Ended June 30, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,164,157	\$ 1,096,606	\$ (67,551)	\$ 1,154,356
Sales and services	148,833	136,596	(12,237)	159,432
Interest earned on investments	-	410	410	373
Total revenues	<u>1,312,990</u>	<u>1,233,612</u>	<u>(79,378)</u>	<u>1,314,161</u>
Expenditures				
Human services				
JCP programs	1,049,357	984,015	65,342	1,056,018
Residential group home	727,516	632,917	94,599	688,208
Total expenditures	<u>1,776,873</u>	<u>1,616,932</u>	<u>159,941</u>	<u>1,744,226</u>
Revenues over expenditures	<u>(463,883)</u>	<u>(383,320)</u>	<u>80,563</u>	<u>(430,065)</u>
Other financing sources (uses)				
Transfers in	413,883	385,295	(28,588)	444,055
Appropriated fund balance	50,000	-	(50,000)	-
Total other financing sources (uses)	<u>463,883</u>	<u>385,295</u>	<u>(78,588)</u>	<u>444,055</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>1,975</u>	<u>\$ 1,975</u>	<u>13,990</u>
Fund balances				
Beginning of year - July 1		<u>207,190</u>		<u>193,200</u>
End of year - June 30		<u>\$ 209,165</u>		<u>\$ 207,190</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Transportation Fund
Year Ended June 30, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,784,274	\$ 1,102,421	\$ (681,853)	\$ 908,070
Sales and services	58,869	25,150	(33,719)	24,621
Interest earned on investments	-	650	650	311
Total revenues	<u>1,843,143</u>	<u>1,128,221</u>	<u>(714,922)</u>	<u>933,002</u>
Expenditures				
Economic and physical development	<u>1,909,967</u>	<u>1,196,832</u>	<u>713,135</u>	<u>1,015,834</u>
Total expenditures	<u>1,909,967</u>	<u>1,196,832</u>	<u>713,135</u>	<u>1,015,834</u>
Revenues over expenditures	<u>(66,824)</u>	<u>(68,611)</u>	<u>(1,787)</u>	<u>(82,832)</u>
Other financing sources (uses)				
Transfers in	60,488	60,488	-	111,722
Appropriated fund balance	<u>6,336</u>	<u>(18,413)</u>	<u>(24,749)</u>	<u>-</u>
Total other financing sources (uses)	<u>66,824</u>	<u>42,075</u>	<u>(24,749)</u>	<u>111,722</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(26,536)</u>	<u>\$ (26,536)</u>	<u>28,890</u>
Fund balances				
Beginning of year - July 1		<u>78,875</u>		<u>49,985</u>
End of year - June 30		<u>\$ 52,339</u>		<u>\$ 78,875</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, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 173	\$ 173	\$ -
Total revenues	-	173	173	-
Expenditures				
Total expenditures	-	-	-	-
Revenues over expenditures	-	173	173	-
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>173</u>	<u>\$ 173</u>	-
Fund balances				
Beginning of year - July 1		<u>75,884</u>		<u>75,884</u>
End of year - June 30		<u>\$ 76,057</u>		<u>\$ 75,884</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, 2017**

(With Comparative Totals for Year Ended June 30, 2016)

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 3,547,067	\$ 1,762,103	\$ (1,784,964)	\$ 2,741,420
Miscellaneous	50,000	30,798	(19,202)	57,661
Total revenues	<u>3,597,067</u>	<u>1,792,901</u>	<u>(1,804,166)</u>	<u>2,799,081</u>
Expenditures				
Economic and physical development				
Administration	400,453	369,536	30,917	312,637
Economic Development	1,025,239	429,577	595,662	714,072
Housing activities	1,305,142	360,470	944,672	592,675
Public facilities	250,000	98,954	151,046	498,987
Public services	111,279	107,236	4,043	115,930
Program grants	912,628	282,932	629,696	372,257
Program grants	303,542	259,264	44,278	268,597
Total expenditures	<u>4,308,283</u>	<u>1,907,969</u>	<u>2,400,314</u>	<u>2,875,155</u>
Revenues over (under) expenditures	<u>(711,216)</u>	<u>(115,068)</u>	<u>596,148</u>	<u>(76,074)</u>
Other financing sources (uses)				
Sale of capital assets	-	-	-	148,094
Transfers in	459,048	153,938	(305,110)	-
Appropriated fund balance	252,168	-	(252,168)	-
Total other financing sources (uses)	<u>711,216</u>	<u>153,938</u>	<u>(557,278)</u>	<u>148,094</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>38,870</u>	<u>\$ 38,870</u>	<u>72,020</u>
Fund balances				
Beginning of year - July 1		102,314		30,294
End of year - June 30		<u>\$ 141,184</u>		<u>\$ 102,314</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Fire Protection Fund
Year Ended June 30, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes	\$ 8,284,801	\$ 8,088,604	\$ (196,197)	\$ 7,907,434
Interest earned on investments	2,450	1,348	(1,102)	1,424
Total revenues	<u>8,287,251</u>	<u>8,089,952</u>	<u>(197,299)</u>	<u>7,908,858</u>
Expenditures				
Public safety	<u>8,263,251</u>	<u>8,049,420</u>	<u>213,831</u>	<u>7,916,802</u>
Total expenditures	<u>8,263,251</u>	<u>8,049,420</u>	<u>213,831</u>	<u>7,916,802</u>
Revenues over expenditures	<u>24,000</u>	<u>40,532</u>	<u>16,532</u>	<u>(7,944)</u>
Other financing sources (uses)				
Transfers out	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>	<u>(24,000)</u>
Total other financing sources (uses)	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>	<u>(24,000)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>16,532</u>	<u>\$ 16,532</u>	<u>(31,944)</u>
Fund balances				
Beginning of year - July 1		<u>261,382</u>		<u>293,326</u>
End of year - June 30		<u>\$ 277,914</u>		<u>\$ 261,382</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Federal Drug Justice Fund
Year Ended June 30, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ 135,113
Interest earned on investments	50	573	523	645
Total revenues	<u>50</u>	<u>573</u>	<u>523</u>	<u>135,758</u>
Expenditures				
Public safety	166,545	152,270	14,275	88,412
Capital outlay	18,290	18,290	-	5,000
Total expenditures	<u>184,835</u>	<u>170,560</u>	<u>14,275</u>	<u>93,412</u>
Revenues over expenditures	<u>(184,785)</u>	<u>(169,987)</u>	<u>14,798</u>	<u>42,346</u>
Other financing sources (uses)				
Appropriated fund balance	184,785	-	(184,785)	-
Total other financing sources (uses)	<u>184,785</u>	<u>-</u>	<u>(184,785)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(169,987)</u>	<u>\$ (169,987)</u>	<u>42,346</u>
Fund balances				
Beginning of year - July 1		344,580		302,234
End of year - June 30		<u>\$ 174,593</u>		<u>\$ 344,580</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, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Miscellaneous	\$ 15,000	\$ 273,026	\$ 258,026	\$ -
Interest income	-	480	480	65
Total revenues	<u>15,000</u>	<u>273,506</u>	<u>258,506</u>	<u>65</u>
Expenditures				
Public safety	15,000	5,185	9,815	-
Total expenditures	<u>15,000</u>	<u>5,185</u>	<u>9,815</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>268,321</u>	<u>268,321</u>	<u>65</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>268,321</u>	<u>\$ 268,321</u>	<u>65</u>
Fund balances				
Beginning of year - July 1		<u>20,284</u>		<u>20,219</u>
End of year - June 30		<u>\$ 288,605</u>		<u>\$ 20,284</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, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 40,000	\$ 28,909	\$ (11,091)	\$ 36,083
Interest earned on investments	250	681	431	633
Total revenues	<u>40,250</u>	<u>29,590</u>	<u>(10,660)</u>	<u>36,716</u>
Expenditures				
Public safety	<u>40,250</u>	<u>11,102</u>	<u>29,148</u>	<u>32,496</u>
Total expenditures	<u>40,250</u>	<u>11,102</u>	<u>29,148</u>	<u>32,496</u>
Revenues over expenditures	<u>-</u>	<u>18,488</u>	<u>18,488</u>	<u>4,220</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>18,488</u>	<u>\$ 18,488</u>	<u>4,220</u>
Fund balances				
Beginning of year - July 1		<u>286,437</u>		<u>282,217</u>
End of year - June 30		<u>\$ 304,925</u>		<u>\$ 286,437</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Injured Animal Stabilization Fund
Year Ended June 30, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 12,352	\$ 4,090	\$ (8,262)	\$ 14,994
Interest earned on investments	-	124	124	-
Total revenues	<u>12,352</u>	<u>4,214</u>	<u>(8,138)</u>	<u>14,994</u>
Expenditures				
Public safety	<u>12,352</u>	<u>3,502</u>	<u>8,850</u>	<u>7,708</u>
Total expenditures	<u>12,352</u>	<u>3,502</u>	<u>8,850</u>	<u>7,708</u>
Revenues over expenditures	<u>-</u>	<u>712</u>	<u>712</u>	<u>7,286</u>
Other financing sources (uses)				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>712</u>	<u>\$ 712</u>	<u>7,286</u>
Fund balances				
Beginning of year - July 1		<u>49,142</u>		<u>41,856</u>
End of year - June 30		<u>\$ 49,854</u>		<u>\$ 49,142</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, 2017
(With Comparative Totals for Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Miscellaneous	\$ 181,500	\$ 199,310	\$ 17,810	\$ 330,801
Total revenues	<u>181,500</u>	<u>199,310</u>	<u>17,810</u>	<u>330,801</u>
Expenditures				
Public safety	<u>391,500</u>	<u>333,022</u>	<u>58,478</u>	<u>160,622</u>
Total expenditures	<u>391,500</u>	<u>333,022</u>	<u>58,478</u>	<u>160,622</u>
Revenues over expenditures	<u>(210,000)</u>	<u>(133,712)</u>	<u>76,288</u>	<u>170,179</u>
Other financing sources (uses)				
Appropriated fund balance	<u>210,000</u>	<u>-</u>	<u>(210,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>210,000</u>	<u>-</u>	<u>(210,000)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(133,712)</u>	<u>\$ (133,712)</u>	<u>170,179</u>
Fund balances				
Beginning of year - July 1		<u>638,782</u>		<u>468,603</u>
End of year - June 30		<u>\$ 505,070</u>		<u>\$ 638,782</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2017**

	<u>Cultural and Recreation Fund</u>	<u>Winding Creek Fund</u>	<u>Governmental Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
Assets				
Other receivables, net	\$ 61	\$ -	\$ 7	\$ 68
Restricted assets:				
Cash and cash equivalents	423,741	365,440	601,682	1,390,863
Total assets	<u>\$ 423,802</u>	<u>\$ 365,440</u>	<u>\$ 601,689</u>	<u>\$ 1,390,931</u>
Liabilities and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ -	\$ 356,031	\$ 3,513	\$ 359,544
Total liabilities	<u>-</u>	<u>356,031</u>	<u>3,513</u>	<u>359,544</u>
Fund balances:				
Restricted:				
Stabilization by State Statute	61	-	7	68
Cultural and recreational	423,741	-	-	423,741
Economic and physical development	-	-	598,169	598,169
Human services	-	9,409	-	9,409
Total fund balances	<u>423,802</u>	<u>9,409</u>	<u>598,176</u>	<u>1,031,387</u>
Total liabilities and fund balances	<u>\$ 423,802</u>	<u>\$ 365,440</u>	<u>\$ 601,689</u>	<u>\$ 1,390,931</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended June 30, 2017**

	Cultural and Recreation Fund	Winding Creek Fund	Governmental Fund	Total Nonmajor Capital Project Funds
Revenues				
Interest earned on investments	\$ 2,070	\$ -	\$ 2,261	\$ 4,331
Miscellaneous	-	-	67,900	67,900
Total revenues	<u>2,070</u>	<u>-</u>	<u>70,161</u>	<u>72,231</u>
Expenditures				
Capital outlay				
Economic and physical development	-	-	370,851	370,851
Human services	-	1,232,286	-	1,232,286
Debt issuance costs	-	-	10,697	10,697
Total expenditures	<u>-</u>	<u>1,232,286</u>	<u>381,548</u>	<u>1,613,834</u>
Revenues over (under) expenditures	2,070	(1,232,286)	(311,387)	(1,541,603)
Fund balance				
Beginning of year - July 1	<u>421,732</u>	<u>1,241,695</u>	<u>909,563</u>	<u>2,572,990</u>
End of year - June 30	<u>\$ 423,802</u>	<u>\$ 9,409</u>	<u>\$ 598,176</u>	<u>\$ 1,031,387</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Cultural and Recreation Fund**

From Inception and for Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 21,553	\$ -	\$ 2,070	\$ 23,623
Total revenues	<u>-</u>	<u>21,553</u>	<u>-</u>	<u>2,070</u>	<u>23,623</u>
Expenditures					
Capital outlay					
Cultural and recreation	5,237,218	4,837,490	-	-	4,837,490
Debt issuance costs	<u>77,006</u>	<u>76,555</u>	<u>-</u>	<u>-</u>	<u>76,555</u>
Total expenditures	<u>5,314,224</u>	<u>4,914,045</u>	<u>-</u>	<u>-</u>	<u>4,914,045</u>
Revenues over (under) expenditures	<u>(5,314,224)</u>	<u>(4,892,492)</u>	<u>-</u>	<u>2,070</u>	<u>(4,890,422)</u>
Other financing sources (uses)					
Bond proceeds	5,285,165	5,285,165	-	-	5,285,165
Premium on debt issuance	29,059	29,059	-	-	29,059
Transfers in	402,962	402,962	-	-	402,962
Transfers out	<u>(402,962)</u>	<u>(402,962)</u>	<u>-</u>	<u>-</u>	<u>(402,962)</u>
Total other financing sources	<u>5,314,224</u>	<u>5,314,224</u>	<u>-</u>	<u>-</u>	<u>5,314,224</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 421,732</u>	<u>\$ -</u>	<u>2,070</u>	<u>\$ 423,802</u>
Fund balance					
Beginning of year - July 1				<u>421,732</u>	
End of year - June 30				<u>\$ 423,802</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Intergovernmental	\$ 1,300,000	\$ 1,300,000	\$ -	\$ -	\$ 1,300,000
Total revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>	<u>1,300,000</u>
Expenditures					
Capital outlay					
Human Services	1,300,000	58,305	-	1,232,286	1,290,591
Total expenditures	<u>1,300,000</u>	<u>58,305</u>	<u>-</u>	<u>1,232,286</u>	<u>1,290,591</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,241,695</u>	<u>-</u>	<u>(1,232,286)</u>	<u>9,409</u>
Other financing sources (uses)					
Appropriated fund balance	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,241,695</u>	<u>\$ -</u>	<u>(1,232,286)</u>	<u>\$ 9,409</u>
Fund balance					
Beginning of year - July 1				<u>1,241,695</u>	
End of year - June 30				<u>\$ 9,409</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Miscellaneous	\$ 69,535	\$ 6,344	\$ -	\$ 67,900	\$ 74,244
Interest	-	-	-	2,261	2,261
Total revenues	<u>69,535</u>	<u>6,344</u>	<u>-</u>	<u>70,161</u>	<u>76,505</u>
Expenditures					
Capital outlay					
Economic development	6,945,903	432,785	-	370,851	803,636
Total expenditures	<u>6,945,903</u>	<u>432,785</u>	<u>-</u>	<u>370,851</u>	<u>803,636</u>
Revenues over (under) expenditures	<u>(6,876,368)</u>	<u>(426,441)</u>	<u>-</u>	<u>(300,690)</u>	<u>(727,131)</u>
Other financing sources (uses)					
Proceeds from installment purchase	6,650,365	1,100,000	-	-	1,100,000
Debt issuance costs	(43,400)	(33,399)	-	(10,697)	(44,096)
Transfers in	1,369,403	1,369,403	-	-	1,369,403
Transfers out	(1,100,000)	(1,100,000)	-	-	(1,100,000)
Total other financing sources	<u>6,876,368</u>	<u>1,336,004</u>	<u>-</u>	<u>(10,697)</u>	<u>1,325,307</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 909,563</u>	<u>\$ -</u>	<u>(311,387)</u>	<u>\$ 598,176</u>
Fund balance					
Beginning of year - July 1				<u>909,563</u>	
End of year - June 30				<u>\$ 598,176</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, 2017
(With Comparative Totals for June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ 100	\$ 109	\$ 9	\$ 128
Burial Fees	2,700	1,800	(900)	2,400
Total revenues	<u>2,800</u>	<u>1,909</u>	<u>(891)</u>	<u>2,528</u>
Expenditures				
Capital outlay				
Maintenance	2,800	2,777	23	-
Total expenditures	<u>2,800</u>	<u>2,777</u>	<u>23</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>(868)</u>	<u>(868)</u>	<u>2,528</u>
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>(868)</u>	<u>\$ (868)</u>	<u>2,528</u>
Fund balance				
Beginning of year - July 1		<u>48,451</u>		<u>45,923</u>
End of year - June 30		<u>\$ 47,583</u>		<u>\$ 48,451</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, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Operating revenues				
Charges for services	\$ 3,774,133	\$ 4,615,491	\$ 841,358	\$ 3,936,708
Other operating revenue	8,541	11,388	2,847	11,388
Solid waste fees	4,961,946	4,975,987	14,041	4,958,018
Total operating revenues	<u>8,744,620</u>	<u>9,602,866</u>	<u>858,246</u>	<u>8,906,114</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	131,792	183,559	51,767	232,419
Gain (loss) on disposal of capital assets	17,889	194,768	176,879	-
Miscellaneous	209,398	28,384	(181,014)	697,799
Grant revenue	491,362	3,384,721	2,893,359	493,139
Transfers in	591,224	-	(591,224)	37,190
sources	<u>1,441,665</u>	<u>3,791,432</u>	<u>2,349,767</u>	<u>1,460,547</u>
Appropriated fund balance	<u>10,255,057</u>	<u>-</u>	<u>(10,255,057)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 20,441,342</u>	<u>\$ 13,394,298</u>	<u>\$ (7,047,044)</u>	<u>\$ 10,366,661</u>
Operating expenditures				
Salaries and employee benefits	\$ 3,522,533	\$ 3,519,965	\$ 2,568	\$ 3,155,816
Repairs and maintenance	1,497,500	1,344,493	153,007	1,620,406
Utilities	131,233	126,969	4,264	124,904
Administrative costs	4,492,745	3,794,838	697,907	3,295,391
Landfill closure and postclosure care costs	700,000	648,547	51,453	444,469
Total operating expenditures	<u>10,344,011</u>	<u>9,434,812</u>	<u>909,199</u>	<u>8,640,986</u>
Other expenditures and financing uses				
Capital outlay	10,048,578	2,328,339	7,720,239	2,327,953
Transfers out	48,753	-	48,753	-
Total other expenditures and financing uses	<u>10,097,331</u>	<u>2,328,339</u>	<u>7,768,992</u>	<u>2,327,953</u>
Total expenditures and other financing uses	<u>\$ 20,441,342</u>	<u>\$ 11,763,151</u>	<u>\$ 8,678,191</u>	<u>\$ 10,968,939</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 13,394,298		
Total expenditures and other financing uses		<u>11,763,151</u>		
		1,631,147		
Capital outlay		2,328,339		
Depreciation		(755,169)		
Contributions made to the pension plan in the current year		134,509		
Pension expense		<u>(134,509)</u>		
Change in net position		<u>\$ 3,204,317</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Cumberland County Crown Center Fund
Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Operating revenues				
Charges for services	\$ -	\$ 1,853,954	\$ 1,853,954	\$ 1,834,124
Total operating revenues	-	1,853,954	1,853,954	1,834,124
Nonoperating revenues and other financing sources				
Interest earned on investments	-	30,342	(30,342)	31,314
Motel occupancy tax	1,308,686	1,529,650	(220,964)	1,370,356
Gain (loss) on disposal of capital assets	-	1,415	(1,415)	-
Grant revenue	40,000	159,663	(119,663)	-
Installment purchase proceeds	3,173,260	-	3,173,260	-
Transfers in	7,526,396	5,552,333	1,974,063	5,642,832
Total Nonoperating revenues and other financing sources	<u>12,048,342</u>	<u>7,273,403</u>	<u>4,774,939</u>	<u>7,044,502</u>
Appropriated fund balance	378,445	-	378,445	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 12,426,787</u>	<u>\$ 9,127,357</u>	<u>\$ 7,007,338</u>	<u>\$ 8,878,626</u>
Operating expenditures				
Salaries and employee benefits	\$ -	\$ -	\$ -	\$ 6,551
Repairs and maintenance	82,647	20,478	62,169	-
Administrative costs	518,591	(14,994)	533,585	2,053
Global Spectrum, LP	4,656,738	4,616,654	40,084	4,633,180
Total operating expenditures	<u>5,257,976</u>	<u>4,622,138</u>	<u>635,838</u>	<u>4,641,784</u>
Interest expense	1,147,410	1,141,392	6,018	1,238,662
Nonoperating expenditures	<u>1,147,410</u>	<u>1,141,392</u>	<u>6,018</u>	<u>1,238,662</u>
Other expenditures and financing (sources) uses				
Principal payments	2,848,141	2,698,761	149,380	2,613,761
Capital outlay	3,173,260	308,898	2,864,362	-
Total other expenditures and financing uses	<u>6,021,401</u>	<u>3,007,659</u>	<u>3,013,742</u>	<u>2,613,761</u>
Total expenditures and other financing uses	<u>\$ 12,426,787</u>	<u>\$ 8,771,189</u>	<u>\$ 3,655,598</u>	<u>\$ 8,494,207</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 9,127,357		
Total expenditures and other financing uses		<u>8,771,189</u>		
		356,168		
Capital outlay		308,898		
Depreciation		(1,982,260)		
Principal payments		<u>2,698,761</u>		
Change in net position		<u>\$ 1,381,567</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures
Budget and Actual - Solid Waste Cell Construction Fund**

From Inception and for Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 64,551	\$ 31,902	\$ -	\$ (34,129)	\$ (2,227)
Miscellaneous	-	2,227	-	-	2,227
Total revenues	<u>64,551</u>	<u>34,129</u>	<u>-</u>	<u>(34,129)</u>	<u>-</u>
Expenditures					
Capital outlay					
Other	8,459,216	374,215	-	-	374,215
Total expenditures	<u>8,459,216</u>	<u>374,215</u>	<u>-</u>	<u>-</u>	<u>374,215</u>
Revenues over (under) expenditures	<u>(8,394,665)</u>	<u>(340,086)</u>	<u>-</u>	<u>(34,129)</u>	<u>(374,215)</u>
Other financing sources (uses)					
Transfers in	8,394,665	7,803,441	-	-	7,803,441
Total other financing sources	<u>8,394,665</u>	<u>7,803,441</u>	<u>-</u>	<u>-</u>	<u>7,803,441</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 7,463,355</u>	<u>\$ -</u>	<u>\$ (34,129)</u>	<u>\$ 7,429,226</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
Capital outlay					
Economic & Physical Development	3,173,260	-	-	-	-
Total expenditures	3,173,260	-	-	-	-
Revenues over (under) expenditures	(3,173,260)	-	-	-	-
Other financing sources (uses)					
Installment purchase revenue	3,173,260	-	-	-	
Transfers in	88,212	-	-	88,212	88,212
Transfers out	-	88,212	-	-	88,212
Appropriated fund balance	(88,212)	-	-	-	-
Total other financing sources	3,173,260	88,212	-	88,212	176,424
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>88,212</u>	<u>\$ -</u>	88,212	<u>\$ 176,424</u>
Fund balance					
Beginning of year - July 1				88,212	
End of year - June 30				<u>\$ 176,424</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Kelly Hills Water and Sewer District Fund
Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 75,770	\$ 77,952	\$ 2,182	\$ 93,318
Interest earned on investments	-	346	346	-
Total operating revenues	<u>75,770</u>	<u>78,298</u>	<u>2,528</u>	<u>93,318</u>
Total revenues	<u>\$ 75,770</u>	<u>\$ 78,298</u>	<u>\$ 2,528</u>	<u>\$ 93,318</u>
Operating expenditures				
Repairs and maintenance	\$ 72,724	\$ 48,374	\$ 24,350	\$ 50,415
Administrative	96,153	3,194	92,959	2,320
Miscellaneous	-	116	(116)	-
Capital Outlay	(93,107)	-	(93,107)	-
Total operating expenditures	<u>75,770</u>	<u>51,684</u>	<u>24,086</u>	<u>52,735</u>
Total expenditures	<u>\$ 75,770</u>	<u>\$ 51,684</u>	<u>\$ 24,086</u>	<u>\$ 52,735</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 78,298		
Total expenditures and other financing uses		<u>51,684</u>		
		26,614		
Depreciation		<u>(66,429)</u>		
Change in net position		<u>\$ (39,815)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 NORCRESS Water and Sewer District Fund
 Year Ended June 30, 2017
 (With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Operating revenues				
Charges for services	\$ 489,485	\$ 350,328	\$ (139,157)	\$ 397,195
Interest earned on investments	-	806	806	-
Total operating revenues	<u>489,485</u>	<u>351,134</u>	<u>(138,351)</u>	<u>397,195</u>
Total Nonoperating revenues and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 689,485</u>	<u>\$ 351,134</u>	<u>\$ (338,351)</u>	<u>\$ 397,195</u>
Operating expenditures				
Repairs and maintenance	\$ 345,000	\$ 298,314	\$ 46,686	\$ 34,010
Utilities	260,000	223,178	36,822	241,453
Administrative costs	18,233	8,888	9,345	1,994
Total operating expenditures	<u>623,233</u>	<u>530,380</u>	<u>92,853</u>	<u>277,457</u>
Nonoperating expenditures				
Interest expense	<u>66,252</u>	<u>45,179</u>	<u>21,073</u>	<u>46,008</u>
Total nonoperating expenditures	<u>66,252</u>	<u>45,179</u>	<u>21,073</u>	<u>46,008</u>
Other expenditures and financing uses+A7	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 689,485</u>	<u>\$ 575,559</u>	<u>\$ 113,926</u>	<u>\$ 323,465</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 351,134		
Total expenditures and other financing uses		<u>575,559</u>		
		<u>(224,425)</u>		
Depreciation		<u>(228,228)</u>		
Change in net position		<u>\$ (452,653)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Southpoint Water and Sewer District Fund
Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 31,717	\$ 35,754	\$ 4,037	\$ 41,013
Interest earned on investments	-	192	192	-
Total operating revenues	<u>31,717</u>	<u>35,946</u>	<u>4,229</u>	<u>41,013</u>
Total revenues	<u>\$ 31,717</u>	<u>\$ 35,946</u>	<u>\$ 4,229</u>	<u>\$ 41,013</u>
Operating expenditures				
Miscellaneous	\$ 2,500	\$ 2,878	\$ (378)	\$ 2,291
Utilities	13,721	4,645	9,076	4,330
Administrative costs	10,500	6,620	3,880	8,131
Total operating expenditures	<u>26,721</u>	<u>14,143</u>	<u>12,578</u>	<u>14,752</u>
Nonoperating expenditures				
Total nonoperating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures				
Principal payments	4,996	-	4,996	-
Total other expenditures	<u>4,996</u>	<u>-</u>	<u>4,996</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 31,717</u>	<u>\$ 14,143</u>	<u>\$ 17,574</u>	<u>\$ 14,752</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 35,946		
Total expenditures and other financing uses		<u>14,143</u>		
		21,803		
Depreciation		<u>(11,793)</u>		
Change in net position		<u>\$ 10,010</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Overhills Park Water and Sewer District Capital Project Fund**

From Inception and for Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ -	\$ -	\$ 3,065	\$ 3,065
USDA Rural Development grant	2,961,000	-	-	1,380,422	1,380,422
Total revenues	<u>2,961,000</u>	<u>-</u>	<u>-</u>	<u>1,383,487</u>	<u>1,383,487</u>
Expenditures					
Capital outlay					
Economic & Physical Development	4,240,392	150,308	-	2,605,920	2,756,228
Total expenditures	<u>4,240,392</u>	<u>150,308</u>	<u>-</u>	<u>2,605,920</u>	<u>2,756,228</u>
Revenues over (under) expenditures	<u>(1,279,392)</u>	<u>(150,308)</u>	<u>-</u>	<u>(1,222,433)</u>	<u>(1,372,741)</u>
Other financing sources (uses)					
Bond issuance proceeds	1,379,000	-	-	1,379,000	1,379,000
Transfers in	-	99,500	-	-	99,500
Transfers out	(48,800)	-	-	-	-
Appropriate fund balance	(50,808)	-	-	-	-
Total other financing sources	<u>1,279,392</u>	<u>99,500</u>	<u>-</u>	<u>1,379,000</u>	<u>1,478,500</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (50,808)</u>	<u>\$ -</u>	156,567	<u>\$ 105,759</u>
Fund balance					
Beginning of year - July 1				<u>(50,808)</u>	
End of year - June 30				<u>\$ 105,759</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Bragg Estates Water and Sewer District Capital Project Fund**

From Inception and for Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
USDA Rural Development grant	\$ 1,453,000	\$ -	\$ -	\$ -	
Interest earned on investments	-	-	-	-	-
Total revenues	<u>1,453,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
Economic & Physical Development	2,000,000	84,011	-	2,700	86,711
Total expenditures	<u>2,000,000</u>	<u>84,011</u>	<u>-</u>	<u>2,700</u>	<u>86,711</u>
Revenues over (under) expenditures	<u>(547,000)</u>	<u>(84,011)</u>	<u>-</u>	<u>(2,700)</u>	<u>(86,711)</u>
Other financing sources (uses)					
Bond anticipation note proceeds	497,000	-			
Transfers in	50,000	50,000	-	-	50,000
Total other financing sources	<u>547,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (34,011)</u>	<u>\$ -</u>	<u>(2,700)</u>	<u>\$ (36,711)</u>
Fund balance					
Beginning of year - July 1				<u>(34,011)</u>	
End of year - June 30				<u>\$ (36,711)</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Net Position
Internal Service Funds
June 30, 2017**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total
Assets						
Current assets						
Other receivables, net	\$ 258,388	\$ 40	\$ 75,564	\$ 70	\$ 50	\$ 334,112
Inventories	322,108	-	-	-	-	322,108
Total current assets	<u>580,496</u>	<u>40</u>	<u>75,564</u>	<u>70</u>	<u>50</u>	<u>656,220</u>
Noncurrent assets						
Restricted:						
Cash and cash equivalents	8,081,354	119,338	3,287,962	503,457	345,309	12,337,420
Total noncurrent assets	<u>8,081,354</u>	<u>119,338</u>	<u>3,287,962</u>	<u>503,457</u>	<u>345,309</u>	<u>12,337,420</u>
Total assets	<u>8,661,850</u>	<u>119,378</u>	<u>3,363,526</u>	<u>503,527</u>	<u>345,359</u>	<u>12,993,640</u>
Deferred outflows of resources	<u>71,212</u>	<u>-</u>	<u>32,698</u>	<u>-</u>	<u>-</u>	<u>103,910</u>
Liabilities and net position						
Current liabilities						
Accounts and vouchers payable	294,655	-	186,718	-	5,441	486,814
Accrued payroll	13,568	-	4,378	-	-	17,946
Incurred but not reported	2,033,717	-	-	-	-	2,033,717
Other payables	228	-	-	-	-	228
Current portion of long-term debt and accrued vacation	23,085	-	9,267	-	-	32,352
Total current liabilities	<u>2,365,253</u>	<u>-</u>	<u>200,363</u>	<u>-</u>	<u>5,441</u>	<u>2,571,057</u>
Noncurrent liabilities						
Accrued vacation	1,215	-	488	-	-	1,703
Net pension liability	80,327	-	26,260	-	-	106,587
Other postemployment benefits liability	156,145	-	225,257	-	-	381,402
Total noncurrent liabilities	<u>237,687</u>	<u>-</u>	<u>252,005</u>	<u>-</u>	<u>-</u>	<u>489,692</u>
Total liabilities	<u>2,602,940</u>	<u>-</u>	<u>452,368</u>	<u>-</u>	<u>5,441</u>	<u>3,060,749</u>
Deferred inflows of resources	<u>23,624</u>	<u>-</u>	<u>27,890</u>	<u>-</u>	<u>-</u>	<u>51,514</u>
Net position						
Restricted net position - claims	8,081,354	119,338	3,287,962	503,457	345,309	12,337,420
Unrestricted	(1,974,856)	40	(371,996)	70	(5,391)	(2,352,133)
Total net position	<u>\$ 6,106,498</u>	<u>\$ 119,378</u>	<u>\$ 2,915,966</u>	<u>\$ 503,527</u>	<u>\$ 339,918</u>	<u>\$ 9,985,287</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2017**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total
Operating revenues						
Contributions	\$ -	\$ 566,134	\$ 2,263,471	\$ -	\$ 719,421	\$ 3,549,026
Contributions - Group health insurance	24,598,900	-	-	-	-	24,598,900
Pharmacy services	3,182,529	-	-	-	-	3,182,529
Total operating revenues	<u>27,781,429</u>	<u>566,134</u>	<u>2,263,471</u>	<u>-</u>	<u>719,421</u>	<u>31,330,455</u>
Operating expenses						
Salaries and employee benefits	-	547,760	1,440,451	-	-	1,988,211
Administrative costs	-	-	45,869	8,622	709,838	764,329
Group health insurance	18,970,090	-	-	-	-	18,970,090
Employee pharmacy	3,590,037	-	-	-	-	3,590,037
Employee clinic	353,889	-	-	-	-	353,889
Employee wellness program	134,761	-	-	-	-	134,761
Total operating expenses	<u>23,048,777</u>	<u>547,760</u>	<u>1,486,320</u>	<u>8,622</u>	<u>709,838</u>	<u>25,801,317</u>
Operating income (loss)	<u>4,732,652</u>	<u>18,374</u>	<u>777,151</u>	<u>(8,622)</u>	<u>9,583</u>	<u>5,529,138</u>
Nonoperating revenue (expense)						
Interest earned on investments	14,352	202	6,206	1,003	749	22,512
Miscellaneous	(10,285)	-	-	-	-	(10,285)
Total nonoperating revenue (expense)	<u>4,067</u>	<u>202</u>	<u>6,206</u>	<u>1,003</u>	<u>749</u>	<u>12,227</u>
Income (loss) before transfers	<u>4,736,719</u>	<u>18,576</u>	<u>783,357</u>	<u>(7,619)</u>	<u>10,332</u>	<u>5,541,365</u>
Transfers in	110,000	-	-	102,200	-	212,200
Transfers out	-	(110,000)	-	-	-	(110,000)
Change in net position	<u>4,846,719</u>	<u>(91,424)</u>	<u>783,357</u>	<u>94,581</u>	<u>10,332</u>	<u>5,643,565</u>
Total net position - beginning	<u>1,259,779</u>	<u>210,802</u>	<u>2,132,609</u>	<u>408,946</u>	<u>329,586</u>	<u>4,341,722</u>
Total net position - ending	<u>\$ 6,106,498</u>	<u>\$ 119,378</u>	<u>\$ 2,915,966</u>	<u>\$ 503,527</u>	<u>\$ 339,918</u>	<u>\$ 9,985,287</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2017**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total Internal Service Funds
Operating activities						
Contributions	\$ 24,599,083	\$ 566,134	\$ 2,387,936	\$ -	\$ 719,421	\$ 28,272,574
Cash paid to employees	(568)	(547,760)	60	-	-	(548,268)
Cash paid for goods and services	-	-	-	(8,851)	(704,397)	(713,248)
Cash received for goods and services	3,060,506	(40)	(24,962)	-	-	3,035,504
Cash paid for claims	(23,451,029)	-	(1,620,185)	-	-	(25,071,214)
Net cash provided by (used in) operating activities	<u>4,207,992</u>	<u>18,334</u>	<u>742,849</u>	<u>(8,851)</u>	<u>15,024</u>	<u>4,975,348</u>
Noncapital financing activities						
Transfers in	110,000	-	-	102,200	-	212,200
Transfers (out)	-	(110,000)	-	-	-	(110,000)
Net cash provided (used) by noncapital financing activities	<u>110,000</u>	<u>(110,000)</u>	<u>-</u>	<u>102,200</u>	<u>-</u>	<u>102,200</u>
Capital and related financing activities						
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investing activities						
Investment earnings	14,352	202	6,206	933	699	22,392
Net cash provided (used) in investing activities	<u>14,352</u>	<u>202</u>	<u>6,206</u>	<u>933</u>	<u>699</u>	<u>22,392</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>4,332,344</u>	<u>(91,464)</u>	<u>749,055</u>	<u>94,282</u>	<u>15,723</u>	<u>5,099,940</u>
Cash and cash equivalents						
Beginning of year	<u>3,749,010</u>	<u>210,802</u>	<u>2,538,907</u>	<u>409,175</u>	<u>329,586</u>	<u>7,237,480</u>
End of year	<u>\$ 8,081,354</u>	<u>\$ 119,338</u>	<u>\$ 3,287,962</u>	<u>\$ 503,457</u>	<u>\$ 345,309</u>	<u>\$ 12,337,420</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2017**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 4,732,652	\$ 18,374	\$ 777,151	\$ (8,622)	\$ 9,583	\$ 5,529,138
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Net pension expense	64,826	-	26,895	-	-	91,721
Change in assets and liabilities						
(Increase) decrease in accounts receivable	183	-	-	-	-	183
(Increase) decrease in other receivables	(46,832)	(40)	124,465	5	-	77,598
(Increase) decrease in inventories	(107,730)	-	-	-	-	(107,730)
Increase (decrease) in accounts payable and accrued liabilities	(413,964)	-	(161,267)	(234)	5,441	(570,024)
Increase (decrease) in compensated absences payable	7,249	-	60	-	-	7,309
Increase (decrease) in OPEB	31,193	-	-	-	-	31,193
Increase (decrease) in deferred outflows of resources - pensions	(59,585)	-	(24,455)	-	-	(84,040)
Total adjustments	<u>(524,660)</u>	<u>(40)</u>	<u>(34,302)</u>	<u>(229)</u>	<u>5,441</u>	<u>(553,790)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 4,207,992</u></u>	<u><u>\$ 18,334</u></u>	<u><u>\$ 742,849</u></u>	<u><u>\$ (8,851)</u></u>	<u><u>\$ 15,024</u></u>	<u><u>\$ 4,975,348</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Revenues				
Operating revenues				
Contributions - Group health insurance	\$ 19,815,743	\$ 24,598,900	\$ 4,783,157	\$ 19,813,170
Pharmacy services	2,099,000	3,182,529	1,083,529	2,063,919
	<u>21,914,743</u>	<u>27,781,429</u>	<u>5,866,686</u>	<u>21,877,089</u>
Non-operating revenues				
Litigation settlement	-	(10,285)	(10,285)	(7,847)
Interest earned on investments	250	14,352	14,102	634
	<u>250</u>	<u>4,067</u>	<u>3,817</u>	<u>(7,213)</u>
Other financing sources				
Transfers in	2,310,000	110,000	(2,200,000)	5,430,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 24,224,993</u>	<u>\$ 27,895,496</u>	<u>\$ 3,670,503</u>	<u>\$ 27,299,876</u>
Operating expenditures				
Employee pharmacy	\$ 3,457,721	\$ 3,590,037	\$ (132,316)	\$ 2,579,038
Employee clinic	403,200	353,889	49,311	281,947
Group health insurance	20,117,959	18,970,090	1,147,869	23,618,571
Employee wellness program	246,113	134,761	111,352	156,554
	<u>24,224,993</u>	<u>23,048,777</u>	<u>1,176,216</u>	<u>26,636,110</u>
Other financing uses				
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 24,224,993</u>	<u>\$ 23,048,777</u>	<u>\$ 1,176,216</u>	<u>\$ 26,636,110</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 27,895,496		
Total expenditures and other financing uses		<u>23,048,777</u>		
Subtotal		<u>4,846,719</u>		
Contributions made to the pension plan in the current year		21,277		
Pension expense		<u>(21,277)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ 4,846,719</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Revenues				
Operating revenues				
Contributions	\$ 600,000	\$ 566,134	\$ (33,866)	\$ 450,385
Non-operating revenues				
Interest earned on investments	-	202	202	-
Miscellaneous	110,000	-	(110,000)	-
Total non-operating revenues	110,000	202	(109,798)	-
Total revenues	<u>\$ 710,000</u>	<u>\$ 566,336</u>	<u>\$ (143,664)</u>	<u>\$ 450,385</u>
Operating expenditures				
Salaries and employee benefits	\$ 600,000	\$ 547,760	\$ 52,240	\$ 444,862
Other financing uses				
Transfers out	(110,000)	(110,000)	(220,000)	-
Total expenditures and other financing uses	<u>\$ 710,000</u>	<u>\$ 657,760</u>	<u>\$ (167,760)</u>	<u>\$ 444,862</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 566,336		
Total expenditures and other financing uses		<u>657,760</u>		
Subtotal		<u>(91,424)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ (91,424)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Revenues				
Operating revenues				
Contributions	\$ 1,766,249	\$ 2,263,471	\$ 497,222	\$ 1,861,407
Non-operating revenues				
Interest earned on investments	-	6,206	6,206	6,254
Total revenues	<u>\$ 1,766,249</u>	<u>\$ 2,269,677</u>	<u>\$ 503,428</u>	<u>\$ 1,867,661</u>
Operating expenditures				
Administrative costs	\$ 51,900	\$ 45,869	\$ 6,031	\$ 47,126
Salaries and employee benefits	1,714,349	1,440,451	273,898	1,331,045
Total expenditures	<u>1,766,249</u>	<u>1,486,320</u>	<u>279,929</u>	<u>1,378,171</u>
Total expenditures and other financing uses	<u>\$ 1,766,249</u>	<u>\$ 1,486,320</u>	<u>\$ 279,929</u>	<u>\$ 1,378,171</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 2,269,677		
Total expenditures		<u>1,486,320</u>		
Subtotal		<u>783,357</u>		
Contributions made to the pension plan in the current year		7,103		
Pension expense		<u>(7,103)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ 783,357</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Revenues				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	-	1,003	1,003	753
Other financing sources				
Transfers in	102,200	102,200	-	147,200
Appropriated fund balance	-	-	-	-
Total revenues and other financing sources	<u>\$ 102,200</u>	<u>\$ 103,203</u>	<u>\$ 1,003</u>	<u>\$ 147,953</u>
Operating expenditures				
Administrative costs	\$ 102,200	\$ 8,622	\$ 93,578	\$ 60,855
Other financing uses				
Transfers out	-	-	-	-
Total expenditures and other financing uses	<u>\$ 102,200</u>	<u>\$ 8,622</u>	<u>\$ 93,578</u>	<u>\$ 60,855</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 103,203		
Total expenditures		<u>8,622</u>		
Subtotal		<u>94,581</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ 94,581</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Revenues				
Operating revenues				
Contributions	\$ 726,900	\$ 719,421	\$ (7,479)	\$ 631,090
Interest	-	749	749	-
	<u>\$ 726,900</u>	<u>\$ 720,170</u>	<u>\$ (6,730)</u>	<u>\$ 631,090</u>
Operating expenditures				
Administrative costs	<u>\$ 726,900</u>	<u>\$ 709,838</u>	<u>\$ 17,062</u>	<u>\$ 632,397</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 720,170		
Total expenditures		<u>709,838</u>		
Subtotal		<u>10,332</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ 10,332</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017**

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Vehicle Interest Fund	Totals
Assets							
Taxes receivable	\$ 3,330,108	\$ -	\$ -	\$ -	\$ 11,704	\$ -	\$ 3,341,812
Due from other governments	880,766	-	-	-	-	-	880,766
Restricted cash and cash equivalents	142,005	390,942	102,716	79,728	37,230	-	752,621
Total assets	\$ 4,352,879	\$ 390,942	\$ 102,716	\$ 79,728	\$ 48,934	\$ -	\$ 4,975,199
Liabilities							
Accounts and vouchers payable	\$ 4,332,217	\$ 390,942	\$ 102,716	\$ 79,728	\$ 48,934	\$ -	\$ 4,954,537
Due to other governments	20,662	-	-	-	-	-	20,662
Total liabilities	\$ 4,352,879	\$ 390,942	\$ 102,716	\$ 79,728	\$ 48,934	\$ -	\$ 4,975,199

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2017**

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2017</u>
<u>City Tax Fund</u>				
Assets				
Taxes receivable	\$ 3,412,689	\$ 85,828,918	\$ 85,911,499	\$ 3,330,108
Due from other governments	783,974	1,640,074	1,543,282	880,766
Restricted cash and cash equivalents	112,089	96,492,276	96,462,360	142,005
Total assets	\$ 4,308,752	\$ 183,961,268	\$ 183,917,141	\$ 4,352,879
Liabilities				
Accounts and vouchers payable	\$ 4,305,626	\$ 183,940,606	\$ 183,914,015	\$ 4,332,217
Due to other governments	3,126	20,662	3,126	20,662
Total liabilities	\$ 4,308,752	\$ 183,961,268	\$ 183,917,141	\$ 4,352,879
<u>Payee Account Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 367,900	\$ 1,172,512	\$ 1,149,470	\$ 390,942
Total assets	\$ 367,900	\$ 1,172,512	\$ 1,149,470	\$ 390,942
Liabilities				
Accounts and vouchers payable	\$ 367,900	\$ 1,172,512	\$ 1,149,470	\$ 390,942
Total liabilities	\$ 367,900	\$ 1,172,512	\$ 1,149,470	\$ 390,942
<u>Inmate Payee Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ 71,009	\$ 1,680,885	\$ 1,649,178	\$ 102,716
Total assets	\$ 71,009	\$ 1,680,885	\$ 1,649,178	\$ 102,716
Liabilities				
Accounts and vouchers payable	\$ 71,009	\$ 1,680,885	\$ 1,649,178	\$ 102,716
Total liabilities	\$ 71,009	\$ 1,680,885	\$ 1,649,178	\$ 102,716
<u>Intergovernmental Custodial Fund</u>				
Assets				
Due from other governments	\$ 85	\$ -	\$ 85	\$ -
Restricted cash and cash equivalents	58,590	1,619,156	1,598,018	79,728
Total assets	\$ 58,675	\$ 1,619,156	\$ 1,598,103	\$ 79,728
Liabilities				
Accounts and vouchers payable	\$ 58,675	\$ 1,619,156	\$ 1,598,103	\$ 79,728
Total liabilities	\$ 58,675	\$ 1,619,156	\$ 1,598,103	\$ 79,728

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2017**

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2017</u>
<u>Stormwater Utility Fund</u>				
Assets				
Taxes receivable	\$ 24,935	\$ 13,727	\$ 26,958	\$ 11,704
Restricted cash and cash equivalents	73,882	6,457,872	6,494,524	37,230
Total assets	\$ 98,817	\$ 6,471,599	\$ 6,521,482	\$ 48,934
Liabilities				
Accounts and vouchers payable	\$ 98,817	6,471,599	6,521,482	\$ 48,934
Total liabilities	\$ 98,817	\$ 6,471,599	\$ 6,521,482	\$ 48,934
<u>Vehicle Interest Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ -	\$ 182	\$ 182	\$ -
Total assets	\$ -	\$ 182	\$ 182	\$ -
Liabilities				
Due to other governments	\$ -	182	182	\$ -
Total liabilities	\$ -	\$ 182	\$ 182	\$ -
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Taxes receivable	\$ 3,437,624	\$ 85,842,645	\$ 85,938,457	\$ 3,341,812
Due from other governments	784,059	1,640,074	1,543,367	880,766
Restricted cash and cash equivalents	683,470	107,422,883	107,353,732	752,621
Total assets	\$ 4,905,153	\$ 194,905,602	\$ 194,835,556	\$ 4,975,199
Liabilities				
Accounts and vouchers payable	\$ 4,902,027	\$ 194,884,758	\$ 194,832,248	\$ 4,954,537
Due to other governments	3,126	20,844	3,308	20,662
Total liabilities	\$ 4,905,153	\$ 194,905,602	\$ 194,835,556	\$ 4,975,199

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Fiduciary Assets and Liabilities
Agency Fund - City Tax Fund
June 30, 2017**

	Fayetteville Tax Fund	Downtown Revitalization Tax Fund	Falcon Tax Fund	Godwin Tax Fund	Hope Mills Tax Fund	Linden Tax Fund	Spring Lake Tax Fund	Stedman Tax Fund	Wade Tax Fund	Eastover Tax Fund	Totals
Assets											
Taxes receivable	\$ 2,922,268	\$ 3,873	\$ 1,335	\$ 789	\$ 134,410	\$ 1,292	\$ 239,845	\$ 6,945	\$ 3,101	\$ 16,250	\$ 3,330,108
Due from other governments	782,226	315	318	541	56,818	-	27,061	4,298	1,112	8,077	880,766
Restricted cash and cash equivalents	85,185	-	17,471	244	5,304	-	29,750	178	445	3,428	142,005
Total assets	\$ 3,789,679	\$ 4,188	\$ 19,124	\$ 1,574	\$ 196,532	\$ 1,292	\$ 296,656	\$ 11,421	\$ 4,658	\$ 27,755	\$ 4,352,879
Liabilities											
Accounts and vouchers payable	\$ 3,789,679	\$ 1,073	\$ 19,124	\$ 1,574	\$ 196,497	\$ (16,220)	\$ 296,656	\$ 11,421	\$ 4,658	\$ 27,755	\$ 4,332,217
Due to other governments	-	3,115	-	-	35	17,512	-	-	-	-	20,662
Total liabilities	\$ 3,789,679	\$ 4,188	\$ 19,124	\$ 1,574	\$ 196,532	\$ 1,292	\$ 296,656	\$ 11,421	\$ 4,658	\$ 27,755	\$ 4,352,879

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Eastover Sanitary District
Statement of Net Position
June 30, 2017

Assets

Current assets

Cash and cash equivalents	\$ 1,386,168
Accounts receivable, net	201,321
Other receivables, net	251
Total current assets	<u>1,587,740</u>

Noncurrent assets

Restricted:

Cash and cash equivalents	339,356
Capital assets, net of accumulated depreciation	<u>18,742,830</u>
Total noncurrent assets	<u>19,082,186</u>

Total assets

20,669,926

Liabilities and net position

Current liabilities

Accounts and vouchers payable	77,456
Accrued payroll	2,722
Accrued interest payable	37,599
Other payables	8,003
Current portion of long-term debt	<u>294,208</u>
Total current liabilities	<u>419,988</u>

Noncurrent liabilities

Long-term debt	<u>10,971,039</u>
Total noncurrent liabilities	<u>10,971,039</u>

Total liabilities

11,391,027

Net position

Net investment in capital assets	7,485,421
Restricted net position - debt service	190,242
Restricted net position - maintenance and repairs	110,000
Restricted net position - facility investment fee	39,114
Unrestricted	<u>1,454,122</u>

Total net position

\$ 9,278,899

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Eastover Sanitary District
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2017

Operating revenues	
Charges for services	\$ 2,112,628
Total operating revenues	<u>2,112,628</u>
Operating expenses	
Salaries and employee benefits	160,704
Repairs and maintenance	44,260
Utilities	15,658
Administrative costs	157,256
Bulk water purchases	309,004
Sewer treatment	82,130
Contracted services	281,667
Depreciation	584,574
Total operating expenses	<u>1,635,253</u>
Operating income (loss)	<u>477,375</u>
Nonoperating revenue (expense)	
Interest earned on investments	4,071
Miscellaneous	2,741
Grant revenue	30,349
Interest expense	(476,520)
Total nonoperating revenue (expense)	<u>(439,359)</u>
Income (loss) before capital contributions	38,016
Capital contributions	<u>388,289</u>
Change in net position	426,305
Total net position - beginning	<u>8,852,594</u>
Total net position - ending	<u>\$ 9,278,899</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Discretely Presented Component Unit
Eastover Sanitary District
Statement of Cash Flows
Year Ended June 30, 2017**

Operating activities	
Cash received from customers	\$ 2,115,087
Cash paid to employees	(163,191)
Cash paid for goods and services	(881,777)
Net cash provided by (used in) operating activities	<u>1,070,119</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>
Capital and related financing activities	
Proceeds from grant	30,349
Principal paid on long-term debt	(271,870)
Interest paid on debt	(477,787)
Other miscellaneous transactions	2,741
Net cash provided (used) by capital and related financing activities	<u>(716,567)</u>
Investing activities	
Investment earnings	3,820
Net cash provided (used) in investing activities	<u>3,820</u>
Net increase in cash and cash equivalents	<u>357,372</u>
Cash and cash equivalents	
Beginning of year	<u>1,368,152</u>
End of year	<u>\$ 1,725,524</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 477,375
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	584,574
Change in assets and liabilities	
(Increase) decrease in accounts receivable	5,105
(Increase) decrease in inventories	318
Increase (decrease) in accounts payable and accrued liabilities	2,747
Total adjustments	<u>592,744</u>
Net cash provided by (used in) operating activities	<u>\$ 1,070,119</u>
Reconciliation to cash and cash equivalents	
Cash and cash equivalents - unrestricted	\$ 1,386,168
Cash and cash equivalents - restricted	339,356
	<u>\$ 1,725,524</u>
Noncash investing, capital, and financing activities:	
Contributed assets	<u>\$ 388,289</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Eastover Sanitary District
Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Operating revenues				
Charges for services	\$ 1,935,660	2,112,628	\$ 176,968	\$ 2,059,967
Total operating revenues	1,935,660	2,112,628	176,968	2,059,967
Nonoperating revenues and other financing sources				
Interest earned on investments	2,000	4,071	2,071	3,532
Miscellaneous	1,500	2,741	1,241	1,102
Grant revenue	-	30,349	30,349	-
Transfers in	784,509	784,508	(1)	784,670
Capital contributions	-	388,289	388,289	616,146
Total Nonoperating revenues and other financing sources	788,009	1,209,958	421,949	1,405,450
Appropriated fund balance	17,926	-	(17,926)	-
appropriations	\$ 2,741,595	\$ 3,322,586	\$ 580,991	\$ 3,465,417
Operating expenditures				
Salaries and employee benefits	\$ 157,295	\$ 160,704	\$ (3,409)	\$ 148,014
Repairs and maintenance	89,888	44,260	45,628	22,965
Utilities	19,200	15,658	3,542	16,735
Administrative costs	203,118	157,256	45,862	170,661
Bulk water purchases	317,920	309,004	8,916	309,006
Sewer treatment	96,000	82,130	13,870	88,508
Contracted services	279,156	281,667	(2,511)	370,126
Miscellaneous	10,000	-	10,000	-
Total operating expenditures	1,172,577	1,050,679	121,898	1,126,015
Nonoperating expenditures				
Debt Service	784,509	476,520	307,989	487,288
Total nonoperating expenditures	784,509	476,520	307,989	487,288
Other expenditures and financing uses				
Transfers out	784,509	784,508	1	784,670
Total other expenditures and financing uses	784,509	784,508	1	784,670
Total expenditures and other financing uses	\$ 2,741,595	\$ 2,311,707	\$ 429,888	\$ 2,397,973
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 3,322,586		
Total expenditures and other financing uses		2,311,707		
		1,010,879		
Depreciation		(584,574)		
Income (loss) per Statement of Revenue, Expenses, and Changes in net position		\$ 426,305		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures
Budget and Actual - Eastover Sanitary District Capital Project Fund**

From Inception and for Year Ended June 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
Water and sewer	50,000	32,074	-	-	32,074
Total expenditures	<u>50,000</u>	<u>32,074</u>	<u>-</u>	<u>-</u>	<u>32,074</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>(32,074)</u>	<u>-</u>	<u>-</u>	<u>(32,074)</u>
Other financing sources (uses)					
Transfers in	50,000	50,000	-	-	50,000
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 17,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,926</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Net Position
June 30, 2017

Assets	
Current assets	
Cash and cash equivalents	\$ 1,524,648
Other receivables, net	225
Total current assets	<u>1,524,873</u>
Total assets	<u>1,524,873</u>
Liabilities and net position	
Current liabilities	
Accounts and vouchers payable	<u>652,983</u>
Total liabilities	<u>652,983</u>
Net position	
Unrestricted	<u>871,890</u>
Total net position	<u>\$ 871,890</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2017

Operating revenues	
Occupancy taxes	\$ 6,253,674
Operating expenses	
Cultural and recreational	<u>6,299,386</u>
Operating income (loss)	<u>(45,712)</u>
Nonoperating revenue (expense)	
Interest earned on investments	<u>2,855</u>
Income (loss) before transfers and contributions	<u>(42,857)</u>
Change in net position	(42,857)
Total net position - beginning	<u>914,747</u>
Total net position - ending	<u><u>\$ 871,890</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Cash Flows
Year Ended June 30, 2017

Operating activities	
Cash received from operations	\$ 6,253,674
Cash paid for goods and services	<u>(6,239,486)</u>
Net cash provided by (used in) operating activities	<u>14,188</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>
Net cash provided (used) in investing activities	<u>2,630</u>
Net increase in cash and cash equivalents	<u>16,818</u>
Cash and cash equivalents	
Beginning of year	<u>1,507,830</u>
End of year	<u><u>\$ 1,524,648</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (45,712)
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	<u>59,900</u>
Total adjustments	<u>59,900</u>
Net cash provided by (used in) operating activities	<u><u>\$ 14,188</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 Tourism Development Authority
 Year Ended June 30, 2017
 (With Comparative Totals for June 30, 2016)**

	2017		Variance Positive (Negative)	2016
	Budget	Actual		
Operating revenues				
Charges for services	\$ 6,402,128	\$ 6,253,674	\$ (148,454)	\$ 5,639,495
Nonoperating revenues				
Interest	-	2,855	2,855	-
Total revenues	<u>\$ 6,402,128</u>	<u>\$ 6,256,529</u>	<u>\$ (145,599)</u>	<u>\$ 5,639,495</u>
Operating expenditures				
Cultural and recreational	\$ 6,402,128	\$ 6,299,386	\$ 102,742	\$ 5,631,472
Total expenditures	<u>\$ 6,402,128</u>	<u>\$ 6,299,386</u>	<u>\$ 102,742</u>	<u>\$ 5,631,472</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues		\$ 6,256,529		
Total expenditures		<u>6,299,386</u>		
		<u>(42,857)</u>		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses, and Changes in Net Position		<u>\$ (42,857)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Current Tax Levy
Year Ended June 30, 2017**

	County-Wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
County-wide	\$ 23,707,318,416	0.00740	\$ 175,437,717		
Late listing penalties		0.10000	<u>99,865</u>	\$ 157,962,540	\$ 17,575,042
Discoveries					
County-wide	74,635,777	0.00740	552,305		
Late listing penalties		0.10000	<u>177,292</u>	729,597	683,943
Abatements					
County wide	(31,917,349)	0.00740	(236,188)		
Late listing penalties		0.10000	<u>(97,186)</u>	<u>(332,475)</u>	<u>(899)</u>
	<u>\$ 23,750,036,844</u>				
Adjusted tax levy				175,933,805	17,619,797
Uncollected taxes at June 30, 2016				<u>(2,027,726)</u>	<u>(12,247)</u>
Current year's taxes collected				<u>\$ 173,906,079</u>	<u>\$ 17,607,550</u>
Percent of current year's taxes collected				<u>98.85%</u>	<u>99.93%</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Ad Valorem Taxes Receivable
June 30, 2017**

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 175,933,805	\$ 173,906,079	\$ 2,027,726
Prior years	6,453,789	(13,492)	1,108,199	5,332,098
	<u>\$ 6,453,789</u>	<u>\$ 175,920,313</u>	<u>\$ 175,014,278</u>	7,359,824
Less allowance for uncollectible ad valorem taxes receivable				<u>(5,923,951)</u>
				<u>\$ 1,435,873</u>

RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES

Collections and credits per above	\$ 175,014,278
Interest	485,961
Processing fees	177,663
Rental Car/Equipment Taxes	841,261
Other	26,986
Releases from prior years	<u>(15,095)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 176,531,054</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Emergency Telephone System Unspent Balance
PSAP Reconciliation
June 30, 2017**

Amounts reported on the Emergency Telephone System Fund budget to actual (J-6) are different from the PSAP Revenue-Expenditure Report because:

Net Change in Fund Balance, reported on Budget to Actual	\$	167,038
Market adjustment on investments after PSAP report submitted		324
Ineligible 911 expenditures - prior years		<u>-</u>
Beginning Balance, PSAP Revenue-Expenditure Report***		<u>2,186,735</u>
Ending Balance, PSAP Revenue-Expenditure Report	\$	<u><u>2,354,097</u></u>

STATISTICAL SECTION
(Unaudited)

The schedules in this section provide additional information concerning the County's financial performance and position over time. The information provided is limited to the primary government (the County and its blended component units) and therefore does not include information for discrete component units. The schedules are organized in the following categories:

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 46,663,703	\$ 113,222,386	\$ 130,423,459	\$ 145,718,565	\$ 144,858,779	\$ 152,206,505	\$ 159,441,226	\$ 160,482,008	\$ 161,376,329	\$ 163,004,686
Restricted	59,131,948	32,513,194	31,401,643	91,003,476	54,474,736	51,350,047	55,508,183	51,285,265	54,946,069	66,301,394
Unrestricted	5,969,240	(43,920,792)	(62,322,028)	(136,915,906)	(102,125,872)	(107,618,490)	(120,546,496)	(119,598,444)	(112,796,933)	(119,952,268)
Prior period adjustment	-	-	-	-	(1,464,823)	-	-	-	-	-
Total governmental activities net position	<u>\$ 111,764,891</u>	<u>\$ 101,814,788</u>	<u>\$ 99,503,074</u>	<u>\$ 99,806,135</u>	<u>\$ 95,742,820</u>	<u>\$ 95,938,062</u>	<u>\$ 94,402,913</u>	<u>\$ 92,168,829</u>	<u>\$ 103,525,465</u>	<u>\$ 109,353,812</u>
Business-type activities										
Net investment in capital assets	\$ 34,904,003	\$ 35,922,541	\$ 37,024,911	\$ 36,170,451	\$ 32,823,195	\$ 32,095,383	\$ 31,819,848	\$ 31,557,533	\$ 33,490,377	\$ 37,152,240
Restricted	5,328,277	8,544,807	8,646,797	8,927,040	11,838,655	11,525,551	19,988,485	14,589,748	-	10,374,109
Unrestricted	28,607,695	26,985,168	26,701,894	26,268,296	25,781,447	25,993,379	18,426,927	24,812,220	39,387,855	30,809,678
Prior period adjustment	-	-	-	-	(254,826)	-	-	-	-	-
Total business-type activities net position	<u>\$ 68,839,975</u>	<u>\$ 71,452,516</u>	<u>\$ 72,373,602</u>	<u>\$ 71,365,787</u>	<u>\$ 70,188,471</u>	<u>\$ 69,614,313</u>	<u>\$ 70,235,260</u>	<u>\$ 70,959,501</u>	<u>\$ 72,878,232</u>	<u>\$ 78,336,027</u>
Primary government										
Net investment in capital assets	\$ 81,567,706	\$ 149,144,927	\$ 167,448,370	\$ 181,889,016	\$ 177,681,974	\$ 184,301,888	\$ 191,261,074	\$ 192,039,541	\$ 194,866,706	\$ 200,156,926
Restricted	64,460,225	41,058,001	40,048,440	99,930,516	66,313,391	62,875,598	75,496,668	65,875,013	54,946,069	76,675,503
Unrestricted	34,576,935	(16,935,624)	(35,620,134)	(110,647,610)	(76,344,425)	(81,625,111)	(102,119,569)	(94,786,224)	(73,409,078)	(89,142,590)
Prior period adjustment	-	-	-	-	(1,719,649)	-	-	-	-	-
Total primary government net position	<u>\$ 180,604,866</u>	<u>\$ 173,267,304</u>	<u>\$ 171,876,676</u>	<u>\$ 171,171,922</u>	<u>\$ 165,931,291</u>	<u>\$ 165,552,375</u>	<u>\$ 164,638,173</u>	<u>\$ 163,128,330</u>	<u>\$ 176,403,697</u>	<u>\$ 187,689,839</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
General government	\$ 23,237,459	\$ 27,423,609	\$ 23,337,278	\$ 26,113,873	\$ 26,438,229	\$ 26,044,059	\$ 28,905,546	\$ 26,795,436	\$ 29,528,752	\$ 30,128,456
Public safety	51,535,695	52,605,678	57,441,883	57,268,195	59,658,090	61,955,844	66,897,589	65,033,036	68,675,832	70,034,152
Economic & physical development	13,898,530	15,361,627	18,944,001	16,199,629	13,147,908	12,806,612	12,557,762	11,911,261	13,667,168	13,008,901
Human services	118,152,732	115,362,990	113,529,432	115,603,566	117,628,689	110,237,271	105,177,910	101,196,588	107,291,125	110,361,150
Cultural & recreational	14,240,374	14,464,541	15,095,287	16,019,975	16,416,067	17,031,729	17,973,551	16,715,175	17,100,127	17,527,672
Education	96,807,818	98,329,043	98,360,208	93,248,232	92,463,573	96,686,785	94,841,212	99,040,656	97,089,412	97,230,388
Interest on long-term debt	8,179,997	10,948,170	8,285,618	8,080,259	7,322,300	6,746,530	6,049,811	5,259,142	4,684,877	4,010,962
Total governmental activities expenses	<u>\$ 326,052,605</u>	<u>\$ 334,495,658</u>	<u>\$ 334,993,707</u>	<u>\$ 332,533,729</u>	<u>\$ 333,074,856</u>	<u>\$ 331,508,830</u>	<u>\$ 332,403,381</u>	<u>\$ 325,951,294</u>	<u>\$ 338,037,293</u>	<u>\$ 342,301,681</u>
Business type activities										
Solid Waste	\$ 8,777,111	\$ 8,088,765	\$ 9,268,378	\$ 10,631,856	\$ 10,362,349	\$ 9,717,623	\$ 7,274,208	\$ 8,367,442	\$ 9,382,539	\$ 10,189,981
Crown Center	10,374,820	10,062,189	9,166,951	9,348,450	9,227,595	9,134,040	9,004,249	7,829,562	7,436,596	7,745,790
Kelly Hills water and sewer district	602	66,862	66,845	66,855	72,569	75,337	68,661	67,709	139,826	118,113
NORCRESS water and sewer district	475,019	469,528	531,425	560,100	667,009	517,050	576,691	572,121	872,557	803,787
Southpoint water district	-	-	-	-	-	3,529	24,674	30,673	26,564	25,936
Overhills Park water and sewer district	-	-	-	-	-	-	-	-	-	29,118
Total business-type activities	<u>\$ 19,627,552</u>	<u>\$ 18,687,344</u>	<u>\$ 19,033,599</u>	<u>\$ 20,607,261</u>	<u>\$ 20,329,522</u>	<u>\$ 19,447,579</u>	<u>\$ 16,948,483</u>	<u>\$ 16,867,507</u>	<u>\$ 17,858,082</u>	<u>\$ 18,912,725</u>
Total primary government expenses	<u>\$ 345,680,157</u>	<u>\$ 353,183,002</u>	<u>\$ 354,027,306</u>	<u>\$ 353,140,990</u>	<u>\$ 353,404,378</u>	<u>\$ 350,956,409</u>	<u>\$ 349,351,864</u>	<u>\$ 342,818,801</u>	<u>\$ 355,895,375</u>	<u>\$ 361,214,406</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 3,053,211	\$ 2,746,345	\$ 2,858,960	\$ 2,832,221	\$ 3,099,848	\$ 2,773,636	\$ 2,302,492	\$ 2,264,053	\$ 2,277,018	\$ 2,410,131
Public safety	2,735,035	2,822,042	3,419,961	3,310,454	3,847,775	4,190,473	3,588,254	4,176,589	3,571,955	3,824,951
Economic & physical development	918,059	907,184	969,652	1,660,379	1,509,164	1,440,607	1,387,921	1,330,020	1,394,180	1,354,788
Human services	10,563,755	11,672,005	12,388,227	10,466,993	11,018,446	8,358,643	4,858,269	5,092,117	6,144,958	6,093,677
Cultural & recreational	262,982	316,123	364,878	347,121	325,891	290,288	227,669	196,460	206,028	181,280
Operating grants and contributions										
General government	722,308	766,005	752,384	1,362,164	1,343,499	1,273,932	1,210,508	1,210,223	1,290,179	2,207,743
Public safety	1,258,882	3,000,993	1,274,393	1,251,625	924,305	572,249	553,242	646,878	948,585	611,451
Economic & physical development	6,479,821	5,880,722	10,942,151	7,901,581	4,401,963	5,031,215	4,570,441	5,209,718	7,193,042	6,680,711
Human services	58,407,822	58,022,758	61,167,757	67,653,598	62,937,668	59,693,157	53,687,957	57,238,248	59,695,265	61,630,079
Cultural & recreational	1,038,876	1,148,277	886,957	859,040	739,037	690,144	940,764	629,495	644,904	690,437
Capital grants and contributions										
General government	11,123,266	3,397,118	6,046,938	7,566,686	4,230,817	5,397,336	3,863,323	3,802,117	3,724,973	3,674,258
Public safety	1,545,270	752,035	746,372	228,701	293,661	467,535	774,769	56,472	171,196	301,935
Economic & physical development	973,716	1,349,603	1,336,432	1,153,621	929,630	935,972	1,165,423	917,914	1,180,957	957,955
Human services	630,824	497,549	348,341	-	-	-	-	-	-	-
Cultural & recreational	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Total governmental activities programs revenues	<u>\$ 99,713,827</u>	<u>\$ 93,278,759</u>	<u>\$ 103,503,403</u>	<u>\$ 106,594,184</u>	<u>\$ 95,601,704</u>	<u>\$ 91,115,187</u>	<u>\$ 79,131,032</u>	<u>\$ 82,770,304</u>	<u>\$ 88,443,240</u>	<u>\$ 90,619,396</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Solid Waste	\$ 4,042,647	\$ 3,824,892	\$ 3,304,501	\$ 3,725,540	\$ 3,523,978	\$ 2,897,533	\$ 2,884,517	\$ 3,407,640	\$ 3,948,096	\$ 4,626,879
Crown Center	2,682,260	2,482,167	2,467,261	2,515,822	2,466,218	2,392,763	2,035,391	1,785,734	1,834,124	1,853,954
Kelly Hills water and sewer district	-	-	-	1,951	2,082	6,097	5,641	2,856	93,318	77,952
NORCRESS water and sewer district	231,570	250,755	294,027	370,612	391,357	385,599	392,137	423,601	397,195	350,328
Southpoint water district	-	-	-	-	-	4,700	32,009	31,371	41,013	35,754
Overhills Park water and sewer district	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions										
Solid Waste	-	10,472	518,723	591,983	456,766	729,269	589,023	621,463	493,139	3,384,721
Capital grants and contributions										
Kelly Hills water and sewer district	-	-	-	-	-	-	-	-	-	-
NORCRESS water and sewer district	-	-	-	-	-	-	-	-	-	-
Southpoint water and sewer district	-	-	-	-	-	361,239	40,053	-	-	-
Overhills Park water and sewer district	-	-	-	-	-	-	-	-	-	1,380,422
Total business-type activities program revenues	<u>\$ 6,956,477</u>	<u>\$ 6,568,286</u>	<u>\$ 6,584,512</u>	<u>\$ 7,205,908</u>	<u>\$ 6,840,401</u>	<u>\$ 6,777,200</u>	<u>\$ 5,978,771</u>	<u>\$ 6,272,665</u>	<u>\$ 6,806,885</u>	<u>\$ 11,869,673</u>
Total primary government program revenues	<u>\$ 106,670,304</u>	<u>\$ 99,847,045</u>	<u>\$ 110,087,915</u>	<u>\$ 113,800,092</u>	<u>\$ 102,442,105</u>	<u>\$ 97,892,387</u>	<u>\$ 85,109,803</u>	<u>\$ 89,042,969</u>	<u>\$ 95,250,125</u>	<u>\$ 102,489,069</u>
Net (expense)/revenue										
Governmental activities	\$ (226,338,778)	\$ (241,216,899)	\$ (231,490,304)	\$ (225,939,545)	\$ (237,473,152)	\$ (240,393,643)	\$ (253,272,349)	\$ (243,180,990)	\$ (249,594,053)	\$ (251,682,285)
Business-type activities	(12,671,075)	(12,119,058)	(12,449,087)	(13,401,353)	(13,489,121)	(12,670,379)	(10,969,712)	(10,594,842)	(11,051,197)	(7,043,052)
Total primary government net expense	<u>\$ (239,009,853)</u>	<u>\$ (253,335,957)</u>	<u>\$ (243,939,391)</u>	<u>\$ (239,340,898)</u>	<u>\$ (250,962,273)</u>	<u>\$ (253,064,022)</u>	<u>\$ (264,242,061)</u>	<u>\$ (253,775,832)</u>	<u>\$ (260,645,250)</u>	<u>\$ (258,725,337)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Ad valorem taxes	\$ 153,067,580	\$ 155,334,243	\$ 168,579,799	\$ 167,672,376	\$ 171,683,119	\$ 176,659,705	\$ 184,443,830	\$ 182,564,817	\$ 185,971,389	\$ 189,961,506
Other taxes	63,209,326	60,658,983	50,815,261	50,238,808	53,075,353	54,126,583	54,497,219	57,502,019	59,433,120	60,818,546
Unrestricted grants and contributions	8,498,758	9,354,732	10,663,034	10,313,488	10,614,999	10,434,412	11,708,537	11,250,145	12,746,032	12,493,334
Investment earnings	5,932,341	2,237,751	423,070	307,459	212,121	204,969	187,033	188,401	350,879	499,798
Miscellaneous	6,647,488	10,958,032	6,045,932	5,772,310	5,587,620	4,874,901	6,141,380	5,606,531	6,033,427	7,109,669
Transfers	(7,386,525)	(7,276,945)	(7,348,506)	(8,061,835)	(6,298,552)	(5,711,685)	(5,141,299)	(5,441,959)	(5,680,022)	(5,552,333)
Total governmental activities	<u>\$ 229,968,968</u>	<u>\$ 231,266,796</u>	<u>\$ 229,178,590</u>	<u>\$ 226,242,606</u>	<u>\$ 234,874,660</u>	<u>\$ 240,588,885</u>	<u>\$ 251,836,700</u>	<u>\$ 251,669,954</u>	<u>\$ 258,854,825</u>	<u>\$ 265,330,520</u>
Business-type activities:										
Other taxes	\$ 5,780,859	\$ 5,827,811	\$ 5,811,507	\$ 6,051,624	\$ 6,097,110	\$ 6,181,215	\$ 6,189,859	\$ 6,349,741	\$ 6,328,374	\$ 6,505,637
Investment earnings	2,045,131	1,336,681	190,657	193,799	73,141	123,773	123,409	123,897	263,733	218,310
Miscellaneous	28,779	290,162	19,503	153,030	97,828	79,548	36,592	-	697,799	224,567
Transfers	7,386,525	7,276,945	7,348,506	8,061,835	6,298,552	5,711,685	5,141,299	5,441,959	5,680,022	5,552,333
Total business-type activities	<u>\$ 15,241,294</u>	<u>\$ 14,731,599</u>	<u>\$ 13,370,173</u>	<u>\$ 14,460,288</u>	<u>\$ 12,566,631</u>	<u>\$ 12,096,221</u>	<u>\$ 11,491,159</u>	<u>\$ 11,915,597</u>	<u>\$ 12,969,928</u>	<u>\$ 12,500,847</u>
Total primary government	<u>\$ 245,210,262</u>	<u>\$ 245,998,395</u>	<u>\$ 242,548,763</u>	<u>\$ 240,702,894</u>	<u>\$ 247,441,291</u>	<u>\$ 252,685,106</u>	<u>\$ 263,327,859</u>	<u>\$ 263,585,551</u>	<u>\$ 271,824,753</u>	<u>\$ 277,831,367</u>
Change in Net Position										
Governmental activities	\$ 3,630,190	\$ (9,950,103)	\$ (2,311,714)	\$ 303,061	\$ (2,598,492)	\$ 195,242	\$ (1,435,649)	\$ 8,488,964	\$ 9,260,772	\$ 13,648,235
Business-type activities	2,570,219	2,612,541	921,086	1,058,935	(922,490)	(574,158)	521,447	1,320,755	1,918,731	5,457,795
Total primary government	<u>\$ 6,200,409</u>	<u>\$ (7,337,562)</u>	<u>\$ (1,390,628)</u>	<u>\$ 1,361,996</u>	<u>\$ (3,520,982)</u>	<u>\$ (378,916)</u>	<u>\$ (914,202)</u>	<u>\$ 9,809,719</u>	<u>\$ 11,179,503</u>	<u>\$ 19,106,030</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable:										
Inventories	\$ 230,328	\$ 194,096	\$ 156,802	\$ 179,164	\$ 144,603	\$ 139,885	\$ 161,583	\$ 172,503	\$ 191,535	\$ 174,458
Prepays	-	-	-	-	-	-	2,387,765	2,381,625	210	11,628
Restricted:										
Mental Health programs	-	-	-	14,331,047	-	-	-	-	-	-
Stabilization by state statute	30,294,819	29,184,653	27,238,569	30,902,011	28,676,134	29,317,680	34,692,443	30,590,474	27,929,111	29,406,164
Register of Deeds	463,139	461,343	498,743	498,743	623,297	820,471	714,243	754,325	867,507	901,098
County Schools	-	-	-	5,796,008	4,746,081	5,439,575	4,996,993	6,529,769	8,294,625	12,184,346
Committed:										
Property revaluation	-	-	-	416,927	443,426	494,773	631,503	758,093	602,906	1,167,295
LEO special separation allowance	-	-	-	-	-	-	-	-	2,215,961	2,290,100
Hope VI project	3,375,000	3,375,000	3,375,000	-	-	-	-	-	-	-
Assigned										
Subsequent year's expenditures	15,778,274	12,606,247	18,261,131	12,245,321	6,289,246	13,214,992	18,376,960	14,523,875	16,337,899	8,889,652
Property revaluation	175,000	-	-	-	-	-	-	-	-	-
Finance & tax office software	1,000,000	1,175,000	1,175,000	1,175,000	1,175,000	7,175,000	4,000,000	4,500,000	4,500,000	4,406,300
Water and sewer industrial expansion	-	-	-	5,897,670	6,236,961	5,845,409	4,421,513	4,876,523	4,626,523	4,527,610
Economic development incentives	-	-	-	2,531,854	1,500,448	1,500,448	695,665	1,500,000	968,841	1,065,139
Mental Health services	-	-	-	-	14,364,212	10,448,756	7,849,970	4,633,970	2,364,920	2,160,841
Public Health	-	-	-	-	-	-	-	-	2,510,625	3,200,854
Capital investment fund	-	-	-	-	-	-	-	-	-	1,324,938
Renovations and maintenance	3,258,222	3,536,479	2,265,121	2,258,117	1,641,942	3,472,205	-	5,131,898	3,621,105	1,250,000
Jail expansion	-	-	-	6,274,760	6,274,760	-	-	-	-	-
Potential medicaid increase	-	-	-	-	-	-	-	-	-	-
Backup E911 system	-	-	-	-	-	-	-	-	-	-
Health department renovations	-	5,682,892	3,882,892	-	-	-	-	-	-	-
Courthouse/plaza renovations	262,793	-	-	-	-	-	-	-	-	-
Special purposes	876,004	-	-	-	9,025,135	267,719	-	2,500,000	4,500,000	2,247,143
Current year's expenditures	-	-	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	2,500,000	2,000,000	1,500,000
School buses	-	-	-	-	-	-	-	-	-	-
Unassigned	42,003,181	39,869,822	39,409,785	28,994,728	31,043,762	31,763,738	32,584,014	31,823,417	32,603,540	47,016,763
Total general fund	\$ 97,716,760	\$ 96,085,532	\$ 96,263,043	\$ 111,501,350	\$ 112,185,007	\$ 109,900,651	\$ 111,512,652	\$ 113,176,472	\$ 114,135,308	\$ 123,724,329

COUNTY OF CUMBERLAND, NORTH CAROLINA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
All other governmental funds										
Nonspendable:										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,334	\$ 35,715	\$ -	\$ 500
Restricted:										
Stabilization by state statute	6,302,440	5,771,716	5,759,546	3,294,515	1,458,636	1,491,278	1,356,802	995,242	1,120,972	1,688,092
Inmates	54,648	23,566	23,566	125,212	135,440	264,683	374,799	466,736	638,782	505,070
Cemetery	39,125	41,139	42,296	42,540	42,565	44,980	45,587	45,923	48,451	47,583
School capital	-	-	-	19,091,481	6,158,810	1,744,183	344,806	314,714	-	-
Fire protection	-	-	-	299,841	403,678	227,257	201,946	195,046	180,022	194,844
Public safety	-	-	-	1,846,688	2,026,803	1,168,645	1,968,231	2,253,584	2,722,758	3,029,407
Economic and physical development	-	-	-	315,108	315,276	583,024	468,277	682,412	796,225	674,215
Human services	-	-	-	1,826,613	1,878,210	119,324	81,672	94,776	1,398,421	168,535
Cultural and recreational	-	-	-	4,354,582	3,281,232	3,689,809	4,998,917	2,893,538	5,134,837	6,487,337
Committed:										
Public safety	-	-	-	2,764,806	3,823,564	5,298,480	196,435	122,390	-	-
Assigned reported in other major funds										
Subsequent year's expenditures- special revenue	3,021,881	-	-	-	-	2,276,469	295,689	3,177,259	1,803,902	1,803,902
Unassigned reported in other major funds										
Special revenue	12,610,892	6,802,625	6,391,536	-	-	-	-	-	-	-
Capital projects	39,775,254	10,008,587	2,702,773	-	-	-	-	-	-	-
Assigned reported in nonmajor funds										
Subsequent year's expenditures- special revenue	-	3,155,966	5,182,510	1,588,147	1,588,147	-	-	-	-	-
Subsequent year's expenditures- capital projects	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unassigned reported in nonmajor funds										
Special revenue	17,234,733	14,664,366	13,022,215	(978,187)	(773,963)	(743,450)	(573,862)	(582,116)	(299,551)	(1,265,317)
Capital projects	987,936	20,229,259	14,942,491	-	-	-	-	-	-	-
Total all other governmental funds	\$ 80,026,909	\$ 60,697,224	\$ 48,066,933	\$ 34,571,346	\$ 20,338,398	\$ 16,164,682	\$ 9,796,633	\$ 10,695,219	\$ 13,544,819	\$ 13,334,168
Change in fund classification						\$ (99,500)				
Total all governmental funds	\$ 177,743,669	\$ 156,782,756	\$ 144,329,976	\$ 146,072,696	\$ 132,523,405	\$ 125,965,833	\$ 121,309,285	\$ 123,871,691	\$ 127,680,127	\$ 137,058,497

Note: All years prior to FY 2011 have been restated/formated to comply with GASB 54 guidance that was effective for FY2011.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

Schedule 4

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Ad valorem taxes	\$ 153,840,044	\$ 154,079,637	\$ 169,741,239	\$ 167,525,335	\$ 172,060,308	\$ 176,550,408	\$ 186,599,051	\$ 184,434,796	\$ 186,035,597	\$ 188,871,898
Other taxes	63,333,195	60,658,983	50,836,545	50,238,808	53,075,353	54,126,583	54,497,219	57,502,019	59,433,120	60,818,546
Unrestricted Intergovernmental	8,720,504	9,396,585	11,655,040	11,034,949	11,568,980	11,175,941	11,708,537	11,255,038	12,746,032	12,493,334
Restricted Intergovernmental	81,482,041	74,559,352	83,468,125	88,077,437	75,813,478	74,586,602	66,766,427	69,639,674	74,823,227	76,705,822
Licenses and permits	2,841,307	2,630,642	2,471,947	2,626,234	2,573,132	2,628,527	2,291,257	2,263,956	2,248,884	2,533,749
Sales and services	14,924,481	16,181,728	16,570,637	15,169,052	16,166,037	13,438,278	10,073,348	10,793,783	11,325,255	11,276,669
Investment earnings	5,694,409	2,253,863	411,269	323,232	213,148	204,317	184,759	186,167	343,238	477,286
Other general revenues	6,640,826	10,244,184	5,976,393	5,758,820	5,479,404	5,467,383	6,085,295	5,408,695	5,813,705	7,376,388
Total revenues	337,476,807	330,004,974	341,131,195	340,753,867	336,949,840	338,178,039	338,205,893	341,484,128	352,769,058	360,553,692
Expenditures										
General government	20,760,735	24,297,883	20,405,042	23,007,884	22,839,074	23,036,995	24,675,393	25,668,164	26,250,791	27,720,014
Public safety	44,953,991	46,240,025	50,997,670	52,273,973	53,893,878	63,336,548	66,757,676	61,760,956	63,152,331	63,749,936
Economic and physical development	12,750,827	14,440,533	17,912,506	15,566,827	12,555,173	11,295,650	12,312,111	10,594,359	13,511,856	13,002,856
Human services	109,860,802	108,391,349	106,044,694	107,562,119	108,744,079	101,970,567	97,163,671	98,724,331	100,953,854	104,321,862
Cultural and recreational	12,233,311	12,678,564	13,112,830	14,934,525	14,674,542	14,950,120	15,864,055	15,233,536	15,519,128	15,780,744
Education	103,367,194	110,002,055	98,360,208	105,744,251	105,549,244	100,386,158	94,993,970	97,713,376	97,090,796	97,230,388
Capital outlay	6,499,102	24,897,478	30,506,601	-	-	-	-	-	-	-
Debt service										
Principal	14,100,329	15,538,661	15,848,042	18,067,605	18,530,350	18,325,685	18,711,637	18,838,421	19,310,871	19,149,018
Interest and fees	7,984,798	10,713,417	8,779,875	8,259,775	7,639,054	7,524,594	6,647,785	5,848,011	5,349,679	4,785,439
Debt issuance costs	-	-	-	-	-	-	-	-	-	10,697
Total expenditures	332,511,089	367,199,965	361,967,468	345,416,959	344,425,394	340,826,317	337,126,298	334,381,154	341,139,306	345,750,954
Revenues over (under) expenditures	4,965,718	(37,194,991)	(20,836,273)	(4,663,092)	(7,475,554)	(2,648,278)	1,079,595	7,102,974	11,629,752	14,802,738
Other financing sources (uses)										
Debt issuance costs	46,500,000	74,656,315	51,862,540	14,805,000	50,490,000	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	5,528,808	-	15,070,000	-	-	-
Premium on debt issuance	-	3,331,681	-	-	-	-	-	-	-	-
Discount on issuance of bonds	-	(29,238)	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	(55,622,909)	(36,414,948)	-	(55,560,424)	-	(15,204,915)	-	-	-
Sale of capital assets	172,355	547,666	174,040	172,674	239,985	221,680	215,878	348,691	273,441	230,165
Proceeds from issuance of debt	-	-	-	-	-	3,198,130	-	3,000,000	1,100,000	-
Debt issuance costs	-	846,413	320,367	(300,027)	(371,354)	-	(73,607)	(45,100)	(33,399)	-
Transfers in	8,220,078	11,226,447	9,379,386	5,138,793	1,165,227	10,672,931	1,016,060	1,076,789	3,481,990	987,026
Transfers out	(16,663,339)	(18,722,297)	(16,937,892)	(13,410,628)	(7,565,979)	(17,486,816)	(6,759,559)	(8,920,948)	(14,739,212)	(6,641,559)
Payment from/to component unit	-	-	-	-	-	(425,520)	-	-	-	-
Total other financing sources (uses)	38,229,094	16,234,078	8,383,493	6,405,812	(6,073,737)	(3,819,595)	(5,736,143)	(4,540,568)	(9,917,180)	(5,424,368)
Net change in fund balances	\$ 43,194,812	\$ (20,960,913)	\$ (12,452,780)	\$ 1,742,720	\$ (13,549,291)	\$ (6,467,873)	\$ (4,656,548)	\$ 2,562,406	\$ 1,712,572	\$ 9,378,370
Debt service as a percentage of noncapital expenditures	6.77%	7.69%	7.44%	7.62%	7.97%	7.92%	7.75%	7.45%	7.30%	7.00%

Beginning in FY 2011, capital outlay is no longer reported as a separate expenditure category, but is incorporated in the functional expenditure categories. Prior years are not restated. Beginning with FY 2011, the calculation of debt service as a percentage of noncapital expenditures removes capital outlay (as reported on Page E-4) from total expenditures.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

Sources of Governmental Funds Tax Revenues									
Fiscal Year	Ad Valorem Tax	Sales Tax	Video Sales Tax¹	Beer and Wine Tax	Other Tax	Real Estate Transfer Tax	Dog and Cat Registration Tax	Prepared Food and Beverage Tax	Total Tax
2008	\$ 153,840,044	\$ 55,804,658	\$ 710,663	\$ 507,004	\$ -	\$ 1,184,893	\$ 348,201	\$ 4,777,776	\$ 217,173,239
2009	154,079,637	53,117,161	755,814	473,232	-	875,787	333,916	5,103,073	214,738,620
2010	169,741,239	43,711,312	643,799	110,064	-	820,502	323,484	5,227,384	220,577,784
2011	167,525,335	42,771,418	527,836	350,202	-	845,975	312,250	5,431,127	217,764,143
2012	172,060,308	45,358,069	624,782	372,519	-	793,061	312,494	5,614,428	225,135,661
2013	176,550,408	46,171,161	584,555	348,753	-	840,163	372,925	5,809,026	230,676,991
2014	186,599,051	46,568,851	557,477	388,608	-	795,980	289,249	5,897,054	241,096,270
2015	184,434,796	49,211,337	525,750	420,124	-	869,424	204,911	6,270,473	241,936,815
2016	186,035,597	50,951,553	509,025	381,333	-	879,459	213,492	6,498,258	245,468,717
2017	188,871,898	51,932,970	513,433	392,044	-	1,091,362	208,931	6,679,806	249,690,444

¹ Sales Tax on Video Programming Services was implemented in FY2007.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Assessed Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)
Unaudited

Fiscal Year Ended June 30	Real Property	Public Service ¹	Personal Property		Less: Tax Exempt Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Assessed Value as a Percentage of Actual Value ³
			Motor Vehicle	Other					
2008	\$ 14,654,940	\$ 340,324	\$ 2,094,609	\$ 1,144,309	\$ 1,852,697	\$ 16,381,485	\$ 1.0350	\$ 19,048,238	86.00%
2009	15,256,387	313,954	2,126,672	1,175,694	2,051,163	16,821,544	1.0150	20,584,366	81.72%
2010	19,873,921	353,743	2,058,957	1,196,304	2,829,620	20,653,305	0.9210	20,676,049	99.89%
⁴ 2011	21,827,755	348,880	2,050,229	1,239,005	4,463,684	21,002,185	0.9025	21,035,842	99.84%
2012	22,414,175	369,870	2,132,938	1,310,970	4,670,700	21,557,253	0.9025	21,542,173	100.07%
2013	21,274,270	375,488	2,233,690	1,369,721	3,104,069	22,149,100	0.9025	22,115,926	100.15%
2014	21,692,891	367,912	2,813,072	1,430,381	3,157,526	23,146,730	0.9025	22,368,904	103.48%
2015	22,096,679	365,032	2,203,857	1,504,336	3,225,523	22,944,381	0.9025	22,064,505	103.99%
2016	22,340,806	429,285	2,296,048	1,461,372	3,272,888	23,254,623	0.9025	22,241,399	104.56%
2017	22,590,259	429,243	2,374,525	1,712,686	3,356,676	23,750,037	0.9025	22,601,863	105.08%

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

² Estimated actual taxable value reflects an increase in real and exempt property. Estimated Actual Taxable Value was computed by using Real Estate Assessment Sales Ratio Study Percentages from the North Carolina Department of Revenue.

³ 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.

⁴ Denotes the year in which a revaluation was effective on the January 1st preceding the beginning of the fiscal year.

Source: Cumberland County Tax Department

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. Assessed valuations are established by the Board of Commissioners at 100% of market value as of the year of the revaluation. The last revaluation was effective January 1, 2009 and is reflected beginning in Fiscal Year 2010.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	County of Cumberland Direct Rates					Overlapping Rates Levied by Municipalities									
	County Basic Rate	County Recreation Rate	Fire Protection Districts (1)	Special Fire District (2)	Total Direct Rate	City of Fayetteville (3)	Fayetteville Revitalization District	Town of Hope Mills	Town of Spring Lake (3)	Town of Eastover (4)	Town of Falcon	Town of Godwin	Town of Linden (3)	Town of Stedman	Town of Wade
2008	\$ 0.880	\$ 0.050	\$ 0.100	\$ 0.0050	\$ 1.0350	\$ 0.5300	\$ 0.1000	\$ 0.4600	\$ 0.6600	\$ 0.2050	\$ 0.1500	\$ 0.1900	\$ 0.1500	\$ 0.3700	\$ 0.2350
2009	0.860	0.050	0.100	0.0050	1.0150	0.5300	0.1000	0.4600	0.7600	0.2050	0.1500	0.1950	0.1500	0.3700	0.2400
2010	0.766	0.050	0.100	0.0050	0.9210	0.4560	0.1000	0.3900	0.6600	0.2050	0.1500	0.1950	0.1500	0.3000	0.2400
2011	0.740	0.050	0.100	0.0125	0.9025	0.4560	0.1000	0.4200	0.6600	0.2050	0.1500	0.1950	0.1500	0.3200	0.2400
2012	0.740	0.050	0.100	0.0125	0.9025	0.4560	0.1000	0.4200	0.6600	0.2050	0.1500	0.1950	0.1500	0.3200	0.2400
2013	0.740	0.050	0.100	0.0125	0.9025	0.4560	0.1000	0.4200	0.6600	0.2050	0.1500	0.1950	0.1500	0.3200	0.2400
2014	0.740	0.050	0.100	0.0125	0.9025	0.4560	0.1000	0.4200	0.6600	0.2050	0.1500	0.1950	0.2000	0.3200	0.2400
2015	0.740	0.050	0.100	0.0125	0.9025	0.4860	0.1000	0.4600	0.7000	0.2050	0.1500	0.2400	0.2000	0.3200	0.2500
2016	0.740	0.050	0.100	0.0125	0.9025	0.4860	0.1000	0.4600	0.7000	0.2050	0.1500	0.2400	0.2500	0.3200	0.2500
2017	0.740	0.050	0.100	0.0125	0.9025	0.4995	0.1000	0.4600	0.7000	0.2050	0.1500	0.2400	0.2500	0.3200	0.2500

(1) Cumberland County has seventeen fire protection districts

(2) Established in FY1990 to assist fire departments that have limited resources available for funding

(3) Municipalities that are excluded from paying the County Recreation Tax

(4) Town of Eastover was incorporated in FY2008

Source: Cumberland County Tax Department

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Principal Property Taxpayers
Ten Year Comparison
(Dollars in Thousands)
Unaudited**

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	2016 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2007 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 344,875	1	1.45%	\$ 181,253	1	1.11%
Cross Creek Mall, LLC	150,935	2	0.64%	86,054	4	0.53%
Wal-Mart Stores, Inc.	143,448	3	0.60%	128,917	2	0.79%
Innovative Solar 46, LLC	119,619	5	0.50%			
Duke Energy Progress, Inc.	91,222	4	0.38%			
Fayetteville, VA Co., LLC	82,255	9	0.35%			
Purolator Filters NA, LLC	70,639	6	0.30%	51,903	6	0.32%
DAK Americas, LLC	62,733	7	0.26%	45,763	9	0.28%
Piedmont Natural Gas Co., Inc.	62,090	8	0.26%	51,172	7	0.31%
Cargill	54,816	10	0.23%			
Carolina Telephone				101,583	3	0.62%
Progress Energy				59,286	5	0.36%
South River EMC				31,531	10	0.19%
Centurion Aviation Service				50,833	8	0.31%
	<u>\$ 1,182,632</u>		<u>4.97%</u>	<u>\$ 788,295</u>		<u>4.82%</u>

Source: Cumberland County Tax Department

COUNTY OF CUMBERLAND, NORTH CAROLINA
Property Tax Levies and Collections - General Fund
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Total Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected	² Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Net Levy
2008	\$ 144,435,397	\$ 140,172,406	97.05%	\$ 3,384,361	\$ 143,556,767	99.39%
2009	144,914,639	140,776,733	97.14%	3,324,082	144,100,815	99.44%
2010 ¹	158,424,003	154,634,400	97.61%	3,029,501	157,663,901	99.52%
2011	155,671,269	151,707,302	97.45%	3,147,763	154,855,065	99.48%
2012	159,824,747	155,867,130	97.52%	3,116,393	158,983,523	99.47%
2013	164,274,193	160,024,057	97.41%	3,217,034	163,241,091	99.37%
2014	171,641,426	169,217,802	98.59%	1,735,271	170,953,073	99.60%
2015	170,223,065	168,914,935	99.23%	852,634	169,767,569	99.73%
2016	172,307,349	170,999,219	99.24%	783,175	171,782,394	99.70%
2017	175,933,805	173,906,079	98.85%	NA	173,906,079	98.85%

Source: Cumberland County Tax Department

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

² Collections for FY2008 include all collections through 9th prior year.
Collections for FY2009 include all collections through 8th prior year.
Collections for FY2010 include all collections through 7th prior year.
Collections for FY2011 include all collections through 6th prior year.
Collections for FY2012 include all collections through 5th prior year.
Collections for FY2013 include all collections through 4th prior year.
Collections for FY2014 include all collections through 3rd prior year.
Collections for FY2015 include all collections through 2nd prior year.
Collections for FY2016 include all collections through 1st prior year.

NA - Not Applicable

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	COPS and Limited Obligation Bonds	Capital Leases	Installment Purchase	General Obligation Bonds	COPS and Limited Obligation Bonds	Capital Leases	Installment Purchase			
2008	\$ 92,254,480	\$ 57,950,000	\$ 3,908,523	\$ 49,554,052	\$ 1,236,000	\$ 43,198,781	\$ -	\$ -	\$ 248,101,836	1.92%	783
2009	84,127,362	78,247,122	3,562,009	46,666,905	1,221,000	40,630,262	-	-	254,454,660	1.94%	793
2010	76,686,270	89,702,189	3,201,690	43,274,182	1,205,000	37,048,301	-	3,118,000	254,235,632	1.85%	784
2011	68,316,237	97,733,506	2,827,016	40,025,000	1,189,000	35,949,129	-	2,806,200	248,846,088	NA	762
2012	60,755,177	128,414,197	2,437,416	-	1,172,000	34,052,849	-	2,494,400	229,326,039	NA	700
2013	52,440,072	118,020,741	2,032,294	2,878,317	1,154,000	32,046,017	-	2,182,600	210,754,041	NA	636
2014	43,428,866	107,612,285	1,611,032	2,238,691	1,136,000	29,921,676	-	1,870,800	187,819,350	NA	565
2015	35,206,484	97,178,829	1,172,987	4,599,065	1,117,000	27,709,715	-	1,648,919	168,632,999	NA	512
2016	27,189,102	86,685,373	717,492	4,459,439	1,097,000	25,407,754	-	1,332,124	146,888,284	NA	447
2017	19,457,140	76,156,917	243,850	3,219,813	1,076,000	23,020,793	-	2,394,328	125,568,841	NA	388

Debt balances are shown at carrying value net of related unamortized premium and other adjustments.

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

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

NA: Information not available

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited**

Fiscal Year	Total General Obligation Bonds	Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	G.O. Debt Per Capita (1)
2008	\$ 93,490,480	0.72%	0.49%	\$ 295
2009	85,348,362	0.65%	0.41%	266
2010	77,891,270	0.57%	0.38%	240
2011	69,505,237	0.61%	0.33%	213
2012	61,927,177	0.54%	0.29%	189
2013	53,594,072	0.46%	0.24%	162
2014	44,564,866	0.38%	0.20%	134
2015	36,323,484	0.30%	0.16%	110
2016	28,286,102	NA	0.13%	86
2017	20,533,140	NA	0.09%	63

Debt balances are shown at carrying value net of related unamortized premium and other adjustments.

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

(1) See Schedule 13 for personal income and population data. (Page S-15)

(2) See Schedule 6 for property value data.(Page S-8)

NA: Information not available

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Computation of Legal Debt Margin
Last Ten Fiscal Years
(Dollars in Thousands)
Unaudited**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 1,458,735	\$ 1,509,817	\$ 1,878,634	\$ 2,037,270	\$ 2,098,236	\$ 2,020,254	\$ 2,104,340	\$ 2,093,592	\$ 2,122,201	\$ 2,168,537
Total net debt applicable to limit	90,235	82,295	73,815	65,845	56,830	49,115	42,711	34,857	27,207	19,771
Legal debt margin	<u>\$ 1,368,500</u>	<u>\$ 1,427,522</u>	<u>\$ 1,804,819</u>	<u>\$ 1,971,425</u>	<u>\$ 2,041,406</u>	<u>\$ 1,971,139</u>	<u>\$ 2,061,629</u>	<u>\$ 2,058,735</u>	<u>\$ 2,094,994</u>	<u>\$ 2,148,766</u>
Total net debt applicable to the limit as a percentage of debt limit	6.19%	5.45%	3.93%	3.23%	2.71%	2.43%	2.03%	1.66%	1.28%	0.91%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Property Value	\$ 23,750,037
Plus : Exempt Property	<u>3,356,676</u>
Total Assessed Value	<u>\$ 27,106,713</u>
Debt Limit (8% of total assessed value)	2,168,537
Debt applicable to limit:	
Total Bonded debt	19,771
Authorized and unissued debt	<u>3,195</u>
	22,966
Less: Statutory deductions	
Authorized and unissued debt	3,195
Revenue bonds	<u>-</u>
	3,195
Total amount of debt applicable to debt limit	<u>19,771</u>
Legal debt margin	<u>\$ 2,148,766</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Demographic and Economic Statistics

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30	Population ¹	Personal Income ²	Per Capita Income ²	Median Age ¹	School Enrollment ³	Unemployment Rate ^{4/5}
2008	316,662	\$ 12,916,959,642	\$ 40,791	NA	52,912	6.2%
2009	321,071	13,121,121,789	41,627	NA	53,162	8.8%
2010	324,225	13,732,225,650	42,354	NA	52,187	9.5%
2011	326,673	11,306,461,000	34,911	NA	52,400	9.8%
2012	327,643	11,563,587,000	35,785	NA	52,166	10.2%
2013	331,279	11,567,254,000	35,444	NA	52,729	8.2%
2014	332,553	11,780,298,000	36,157	NA	51,845	6.4%
2015	329,411	12,179,768,000	37,611	NA	51,855	6.7%
2016	328,860	*	*	32.5	50,939	6.1%
2017	323,838	*	*	32.0	50,655	5.3%

Sources:

1. North Carolina Office of State Budget and Management
2. Bureau of Economic Analysis (2016 and 2017 data not available)
3. Cumberland County Schools
4. US Bureau of Labor Statistics for employment and unemployment

* data not available

COUNTY OF CUMBERLAND, NORTH CAROLINA

Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	Fiscal Year 2017			Fiscal Year 2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Department of Defense-Civilians	9,000	+ 1	7.47%	10,818	1	8.32%
Cape Fear Valley Health System	6,500	+ 2	5.39%	5,000	3	3.85%
Cumberland County Schools	6,000	+ 3	4.98%	6,700	2	5.16%
Cumberland County Government	2,800	+ 4	2.32%	2,492	6	1.92%
Wal-Mart Associates Inc.	2,500	+ 5	2.07%	3,448	4	2.65%
Goodyear Tire & Rubber Co.	2,500	+ 6	2.07%	2,650	5	2.04%
City of Fayetteville	1,500	+ 7	1.24%	1,996	7	1.54%
Veterans Administration	1,000	+ 8	0.83%			
Fayetteville Technical Community College	1,000	+ 9	0.83%			
Food Lion	1,000	+ 10	0.83%			
State of North Carolina				1,530	8	1.18%
U.S. Postal Service				1,312	9	1.01%
Methodist University				1,300	10	1.00%
Total Employment (Ten Largest Civilian Employers)	<u>33,800</u>		<u>28.04%</u>	<u>37,246</u>		<u>28.66%</u>
Total Employment	<u>120,492</u>			<u>129,964</u>		

Sources:

Cumberland County Chamber of Commerce

Ft. Bragg Civilian Personnel Advisory Center (most recent data available)

COUNTY OF CUMBERLAND, NORTH CAROLINA
Full-Time County Government Employees by Function
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	245	245	238	239	232	250	248	247	245	234
Public Safety										
Sheriff	381	385	378	377	377	378	395	395	398	322
Detention Facility	188	187	190	188	200	254	266	266	251	255
Other	57	73	91	96	101	97	97	101	55	54
Human Services										
Public Health	233	239	247	251	289	280	276	274	242	245
Mental Health	215	218	208	145	72	5	4	4	-	-
Social Services	635	635	652	643	636	636	636	655	608	602
Other	7	7	73	76	77	77	77	80	75	161
Cultural & Recreation										
Library	176	175	195	191	188	188	188	186	153	178
Economic and Physical Development	116	105	106	102	102	80	80	86	79	78
Crown Center	41	41	40	40	40	40	0	0	0	0
Solid Waste	60	60	68	68	68	68	68	68	59	55
Total	2,354	2,370	2,486	2,416	2,382	2,353	2,335	2,362	2,165	2,184

Source: County Budget System (BRASS)

COUNTY OF CUMBERLAND, NORTH CAROLINA
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Number of persons voting in elections	18,385	128,873	53,454	69,644	53,878	134,566	63,062	76,615	90,038	198,833
Number of registered voters *	177,718	208,513	194,383	195,242	199,194	215,084	202,486	204,462	202,770	211,971
Number of birth certificates processed	8,046	8,800	8,547	8,502	8,401	8,865	8,973	8,206	8,035	7,844
Number of death certificates processed	2,790	2,715	2,657	2,862	2,842	2,985	3,015	3,101	2,976	3,098
Number of land record instruments	49,243	47,970	45,072	43,487	46,217	49,619	41,770	39,515	39,206	41,309
Number of marriage licenses issued	4,003	4,676	3,967	4,407	3,946	3,964	3,751	3,772	3,591	3,676
Number of pieces of mail handled	725,028	709,172	676,736	674,100	837,402	683,304	502,486	626,820	613,235	671,513
* List Maintenance every 4 years (non-voters removed)										
Public Safety										
Number of fire calls answered	11,056	11,585	18,135	15,113	30,632	14,968	14,080	15,327	15,753	16,653
Number fire permits issued	274	381	324	161	122	223	243	193	220	211
Number of emergency calls dispatched	60,116	190,041*	221,147	367,109	326,410	309,872	303,011	322,475	341,488	323,491
Number of sheriff calls answered	144,689	152,069	145,879	189,149	190,335	174,953	172,367	189,184	213,486	212,864
Number of civil court papers handled	57,872	62,574	47,723	50,363	47,142	47,419	47,893	45,368	44,119	43,220
Average daily inmate population	536	541	563	586	601	658	721	740	714	766
Number of inmates admitted	11,257	12,044	12,128	12,280	12,537	11,359	11,253	11,643	12,065	11,565
Number of animals impounded (dogs and cats)	18,590	12,162	17,786	15,691	14,111	14,143	12,987	12,208	11,085	11,378
Number of animal investigations	14,240	17,223	19,555	15,093	21,121	33,424	43,075	41,518	37,745	36,264
*2009 consolidated emergency service and sheriff dispatchers										
Human Services										
Number of health dept. clinical services	31,282	33,515	47,721	32,918	34,724	36,701	40,739	44,039	45,275	35,643
Number of health dept. lab tests processed	59,007	67,919	28,279	33,339	36,179	35,233	39,506	49,047	47,433	42,513
Number of health dept. prescriptions filled	36,619	35,635	39,856	40,566	16,146	40,574	42,799	40,521	40,689	38,321
Amount of health care provided with no compensation	\$1,788,131	\$2,029,511	\$1,895,768	\$1,997,502	\$2,626,841	\$2,428,495	\$2,938,037	\$2,831,271	\$3,354,545	\$3,439,278
Number of WIC Clients	150,370	168,342	168,114	171,260	147,977	170,450	167,541	159,461	156,032	144,476
Number of food stamp ave monthly households	18,972	20,926	24,071	28,644	31,491	32,011	32,731	34,201	33,302	34,625
Average active Medicaid *	30,010	34,555	34,784	36,546	36,980	36,983	34,115	60,048	67,199	68,235
Average TANF active cases	1,647	1,423	1,343	1,324	1,297	1,219	1,025	965	436	317
Number of protective services referrals	5,735	5,784	5,319	5,502	6,105	5,413	5,427	5,242	5,984	5,623
Number of veterans claims processed **	2,377	5,882	3,978	2,454	4,040	4,122	2,405	5,028	2,309	NA
Number of veterans served in office	7,379	9,241	8,753	8,553	10,014	8,517	10,803	10,821	9,061	6,787

*effective FY15, total includes all categories of Medicaid, while previous years only included certain categories

**no longer available

COUNTY OF CUMBERLAND, NORTH CAROLINA
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Human Services (continued)										
Number of veterans served by telephone	18,070	26,410	35,151	19,695	24,247	24,040	27,696	29,962	24,656	12,918
Number of mental health days of service (24 hrs)	45,092	31,795	46,620	69,943	42,339	32,758	NA	NA	NA	NA
Number of mental health outpatients served	6,410	6,785	5,785	6,265	6,508	5,538	NA	NA	NA	NA
Number of mental health inpatients served**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Number of workforce development applicants***	1,331	2,095	2,189	1,046	NA	NA	NA	NA	5,278	NA
Number of workforce initiative opportunity applicants****										3,217
**clients no longer contracted with hospital										
***Workforce Development not part of County FY12-15										
****residents entered Career Center for basic services; not all were eligible for WIOA programs										
Economic and Physical Development										
Number of inspections performed	20,164	19,353	22,159	20,702	19,988	16,700	16,291	16,146	14,688	14,704
Number of building permits issued	1,273	1,300	1,105	1,081	1,037	1,046	1,038	955	786	915
Culture and Recreation										
Number of library books	558,713	587,093	591,357	592,186	485,469	490,528	549,798	478,071	472,567	474,701
Number of materials circulated	2,047,346 *	1,965,299 *	2,005,059 *	2,177,794	2,644,472 *	2,377,598 *	2,220,865 *	2,078,733 *	1,689,681 *	1,538,035 *
Number of public visits	1,255,529	1,093,931	1,238,738	1,342,587	1,431,217	1,447,152	1,346,026	1,345,163	1,262,216	1,214,921
Number of E-audio, E-video & E-periodical collections									23,243	26,961
* includes books and audio visual materials										
Business Activities										
Number of civic center event days	348	326	316	291	320	266	190	227	166	155
Number in attendance	554,792	576,673	533,092	567,936	518,103	519,485	485,290	486,951	479,606	416,962
Number of solid waste tonnages processed	261,389	262,427	263,996	263,410	261,952	235,295	270,571	260,194	291,643	310,852

Source: Information provided by various County departments.

NA: Information not available

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Capital Asset Statistics by Function
Last Ten Fiscal Years
Unaudited**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire										
Number of volunteer stations	20	20	20	20	20	20	20	21	21	21
Sheriff										
Number of stations	6	5	5	5	4	4	5	5	5	5
Number of patrol vehicles	323	324	324	333	342	344	355	375	382	361
Detention facility beds	568	568	568	568	568	592	884	884	884	884
Culture and Recreation										
Number of libraries	8	8	8	9	9	9	9	9	9	9
Library collections	605,911	637,731	639,119	558,186 *	546,909	555,557	611,496	536,145	537,235	540,686
E-book collections**				10,384	9,503	16,551	53,045	218,420	61,095	90,362
Number of parks	3	3	3	3	3	3	3	3	4	4
Park acreage	185	185	170	170	170	170	170	170	177	177
Number of ball fields	63	63	65	65	65	65	65	65	65	65
Number of tennis courts	28	32	32	32	32	32	32	32	32	32
*Discarded outdated materials and foreign language collection										
**Includes local ebooks, NC Digital Library ebooks and NC Live ebooks										
Facilities and services not included in primary government										
Education:										
Number of schools	87	87	87	85	86	87	87	87	87	87
Number of students	52,912	53,162	52,187	52,400	53,063	52,729	52,725	52,740	51,846	51,480
Colleges & universities	2	2	2	2	2	2	2	2	2	2
Community colleges	1	1	1	1	1	1	1	1	1	1
Hospitals:										
Number of county hospitals	2	2	2	2	2	2	2	2	2	2
Number of patient beds	546	546	546	546	546	546	606	606	606	606

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

NA: Information not available.

CONTINUING DISCLOSURE INFORMATION
(Unaudited)

Securities Exchange Commission Rule 15c2-12 requires the County to provide continuing disclosures related to certain general obligation and non-general obligation debt. These disclosures are required to be submitted annually to the Municipal Securities Rulemaking Board (the "MSRB") through the web-based Electronic Municipal Market Access ("EMMA") system by the end of the seventh month following the County's fiscal year ended June 30. Limited continuing disclosure information is also included in this Comprehensive Annual Financial Report ("the CAFR") to provide the user with appropriate information in a functional and convenient manner.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SEC Rule 15c2-12 Continuing Disclosures (Unaudited)
June 30, 2017

AVAILABLE SOURCES OF PAYMENT OF INSTALLMENT DEBT

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

General Fund Revenues - The County's General Fund revenues (excluding other financing sources and funds restricted for Schools) for fiscal year ended June 30, 2017 were \$316,871,031. The major sources of General Fund revenues include property taxes (55.7%), sales taxes (13.1%), and intergovernmental revenues (23.8%). The County's property tax rate for FY 2018 increased from \$0.74 to \$0.799 per \$100 of assessed value. The value of one penny on the tax rate is \$2,232,571. The State Constitution permits counties to impose property taxes of up to \$1.50 per \$100 of assessed value without the requirement of a voter referendum.

Based upon the N.C. General Statutes, the net debt for any county may not exceed 8 percent of the total assessed value of real and personal property. General obligation debt principal (excluding unamortized premium of \$762,140) at June 30, 2017 is \$18,695,000 and is significantly less than the legal limit of approximately \$2 billion. Debt service payments represent 4.88% of total budgeted expenditures for FY2017 and 4.76% of total adopted budget expenditures for FY2018.

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 Prepared Food and Beverage Tax Fund. The Commission may use the proceeds of the Food and Beverage Tax to pay debt service or to expand the existing arena facilities or to pay other costs of acquiring, constructing, maintaining, operating, marketing and promoting the new coliseum or expanded arena facilities. Set forth below are the historical receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ended June 30, 2017 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2022:

<u>Fiscal Year Ended June 30 (1)</u>	<u>Historical Receipts (2)</u>
2013	\$ 5,758,211
2014	5,843,580
2015	6,216,979
2016	6,443,541
2017	6,623,400
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (3)</u>
2018	\$ 6,822,384
2019	7,027,345
2020	7,238,461
2021	7,455,919
2022	7,679,908

- (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 \$50,814 to \$56,406 per year.
- (3) Forecasted receipts assume 3.0% annual growth in tax revenue and 2.0% annual growth in the cost of collection.

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Occupancy Tax Revenues - The General Assembly has also authorized the County to levy a room occupancy and tourism development tax (the "Occupancy Tax") on the gross receipts derived from the rental of any sleeping room or lodging furnished in any hotel, motel, or inn located in the County. This is in addition to any state or local sales or occupancy tax. The Occupancy Tax does not apply to any room or rooms, lodging or accommodations supplied to the same person for a period of 90 continuous days or more or to sleeping rooms or lodgings furnished by charitable, educational, benevolent or religious institutions or organizations not operated for a profit. Prior to January 1, 2002, the Occupancy Tax rate was 3%. In 2001, the General Assembly authorized a series of 1% increases in the occupancy tax rate to be implemented over several years, eventually capping out at 6%. On January 1, 2002, the authorized rate increased to 4%. Effective January 1, 2004 the authorized rate increased to 5% and on January 1, 2005, the authorized rate capped out at 6%. The legislation also created the Cumberland Tourism Development Authority ("CTDA"). The legislation did not change the percentage of the Occupancy Tax previously allocated to the Civic Center Commission. The proceeds of the Occupancy Tax are collected monthly by the County. The County deducts 3% for administrative expenses on the first \$500,000 collected and 1% on amounts in excess of \$500,000. Fifty percent of the net proceeds from the first 3% of the Occupancy Tax is allocated to the Civic Center Commission and the remainder to CTDA. All taxes collected in excess of the first 3% are allocated to CTDA. CTDA is required to share 50% of these "additional" taxes with the Arts Council to support festivals and events that will draw tourists to the County. The remainder must be used by CTDA to promote travel and tourism in the County.

The Civic Center Commission may use the proceeds of the Occupancy Tax received by it only to finance renovations and expansions of the Cumberland County Crown (Civic) Center, and, with the permission of the Board of County Commissioners, to finance construction of new convention-oriented or multipurpose facilities. Set forth below are the historical receipts of the Civic Center Commission from the Occupancy Tax, net of administrative expenses, for the five fiscal years ended June 30, 2017 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2022:

<u>Fiscal Year Ended June 30</u>	<u>Historical Receipts (1)</u>
2013	\$ 1,236,654
2014	1,214,817
2015	1,336,237
2016	1,329,245
2017	1,483,761
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (2)</u>
2018	\$ 1,520,855
2019	1,558,876
2020	1,597,848
2021	1,637,794
2022	1,678,739

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee.
(2) Forecasted receipts assume 2.5% annual growth rate less fixed 3% collection fee.

Under the statutory distribution formula, the County will receive an equivalent amount in each fiscal year with such amount to be used for advertising the civic center complex and promoting travel and tourism within the County. The County expects to use the proceeds of the Occupancy Tax allocated to the Commission and the Food and Beverage Tax as sources from which to make its installment payments. These proceeds and transfers of amounts from the General Fund necessary to make such installment payments are deposited into a special fund created by the County. No assurance can be given that the proceeds of the Occupancy Tax and Food and Beverage Tax will be equal to the installment payments in any fiscal year. However, the County has not used any General Fund revenues since FY2010 to support debt service on the Civic Center complex. In addition, the proceeds of the Occupancy Tax and the Food and Beverage Tax have not been pledged directly or indirectly as security for any debt obligation and the registered owners of any such debt obligation have no lien on or claim against such

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proceeds, whether or not a default occurs, and although the County has no reason to believe that either event will take place, no assurance can be given that the Occupancy Tax and the Food and Beverage Tax will not be reduced or repealed by the General Assembly or the Board of County Commissioners. The General Assembly is not precluded by any existing statutory or constitutional provision from enacting legislation that may repeal, reduce or otherwise adversely affect the County's authority to impose the Occupancy Tax and the Food and Beverage Tax.

DEBT INFORMATION

RATINGS

In July 2017, Standard and Poor's Rating Group affirmed the County's AA+ General Obligation Bond Rating and AA appropriation rating on debt outstanding. The affirmations are a result of the County's very strong budgetary flexibility with available reserves, strong budgetary performance in fiscal year 2016 with slight operating surpluses to the general fund, very strong liquidity, strong management with good financial policies, and a very strong debt and contingent liabilities profile.

In July 2017, Moody's Investor Service affirmed the Aa1 rating of the County's General Obligation Bond debt and the Aa2 rating of outstanding Limited Obligation Bonds and Certificates of Participation. The Aa2 rating reflects the satisfactory legal structure, the essential nature of the pledged assets, and the long-term credit characteristics of the County. The Aa1 General Obligation rating reflects the County's robust tax base with an average socioeconomic profile, anchored by Fort Bragg. The rating reflects the County's strong financial performance, including the maintenance of General Fund balance levels consistently more than 35% of revenues and adopted financial and debt policies which demonstrate prudent and conservative management.

DEFEASANCE OF GENERAL OBLIGATION DEBT

In prior years, the County defeased various general obligation bond issues by creating separate irrevocable trust funds with various escrow agents. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been removed from the County's liabilities. As of June 30, 2017, all prior year defeased general obligation debt has been fully paid by the various escrow agents.

OUTSTANDING GENERAL OBLIGATION DEBT

	Principal Outstanding as of			
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
General Obligation Bonds				
School	\$ 40,119,720	\$ 32,518,415	\$ 25,084,931	\$ 17,868,861
Library Facilities	1,455,280	1,221,585	1,025,069	826,139
NORCRESS Sewer	<u>1,136,000</u>	<u>1,117,000</u>	<u>1,097,000</u>	<u>1,076,000</u>
Total G.O. Principal	42,711,000	34,857,000	27,207,000	19,771,000
Premium	<u>1,853,866</u>	<u>1,466,484</u>	<u>1,079,102</u>	<u>762,140</u>
G.O. Debt Carrying Value	<u>\$ 44,564,866</u>	<u>\$ 36,323,484</u>	<u>\$ 28,286,102</u>	<u>\$ 20,533,140</u>

Note: The outstanding general obligation debt shown above does not include USDA Bond obligations that are solely the responsibility of the Eastover Sanitary District (\$3,180,000), a discretely presented component unit.

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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 \$2,148,766,000 as of June 30, 2017.

GENERAL OBLIGATION DEBT RATIOS

At July 1	Total G.O. Debt (1)	Assessed Valuation	Ratio of G.O. Debt To Assessed Valuation	Population (2)	Total G.O. Debt Per Capita
2013	\$ 50,269,000	\$ 22,149,100,000	0.23%	331,279	\$ 151.74
2014	42,711,000	23,146,730,000	0.18%	332,553	128.43
2015	34,857,000	22,944,381,000	0.15%	329,411	105.82
2016	27,207,000	23,254,623,000	0.12%	328,860	82.73
2017	19,771,000	23,750,037,000	0.08%	323,838	61.05

(1) General obligation principal balances shown before amortization of premium.

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

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

Cumberland County						
FY Ending June 30	Schools (Including Related 2014 Refunding)		Libraries (Including Related 2014 Refunding)		NORCRESS Sanitary Sewer (Blended Component Unit)	
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2018	\$ 6,342,515	\$ 6,890,546	\$ 422,485	\$ 433,968	\$ 22,000	\$ 66,385
2019	6,171,346	6,544,812	403,654	409,265	22,000	65,478
2020	2,405,000	2,605,975	-	-	23,000	65,570
2021	2,285,000	2,368,725	-	-	24,000	65,621
2022	500,000	516,600	-	-	25,000	65,631
2023	165,000	168,300	-	-	26,000	65,600
2024	-	-	-	-	27,000	65,528
2025	-	-	-	-	29,000	66,413
2026	-	-	-	-	30,000	66,218
2027	-	-	-	-	31,000	65,980
2028-32	-	-	-	-	175,000	329,646
2033-37	-	-	-	-	214,000	329,501
2038-42	-	-	-	-	260,000	327,650
2043-47	-	-	-	-	168,000	181,860
	<u>\$ 17,868,861</u>	<u>\$ 19,094,958</u>	<u>\$ 826,139</u>	<u>\$ 843,233</u>	<u>\$ 1,076,000</u>	<u>\$ 1,827,081</u>

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GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u> ⁽¹⁾
School Refunding	June 6, 2011	\$ 2,265,000
Refunding	February 20, 2014	930,000
		<u>\$ 3,195,000</u>

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

GENERAL OBLIGATION DEBT INFORMATION FOR UNDERLYING UNITS AS OF JUNE 30, 2017

Please refer to the report "Analysis of Debt of North Carolina Counties, Municipalities and Districts at June 30, 2017" filed with the MSRB by the North Carolina Department of State Treasurer, Division of State and Local Government Finance.

OTHER LONG-TERM COMMITMENTS

<u>Purpose</u>	<u>Original Amount/Costs</u>	<u>Principal & Interest Repayment/Requirements</u>	<u>FY2018 Principal And Interest Requirements</u>	<u>Balance June 30, 2017</u>
Certificates of Participation - Series 2009A (Elementary School & Branch Library)	\$ 22,425,000	Principal payable annually and interest payable semi-annually in arrears ending December 1, 2028. Annual principal and interest payments range from \$171,742 to \$2,104,000; payable from General Fund.	\$ 1,794,338	\$ 14,160,000
Certificates of Participation - Series 2009B Refunding	89,490,000	Principal payable annually and interest payable semi-annually in arrears ending December 1, 2024. Annual principal and interest payments range from \$5,213,600 to \$11,354,413; payable from General Fund and Enterprise Fund.	8,684,063	38,700,000
Certificates of Participation - Tax Credit Qualified School Construction Bonds Series 2009	15,900,000	Annual sinking fund (principal) payments of \$993,750 beginning December 15, 2010 and ending December 15, 2025 plus semi-annual interest payments of \$99,375 beginning June 15, 2010 and ending December 15, 2025. The interest rate is 1.25%; payable from the General Fund.	1,192,500	8,943,750

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Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY2018 Principal and Interest Requirements	Balance June 30, 2017
Limited Obligation Bonds - Qualified School Construction Bonds Series 2011A	\$ 14,805,000	Annual sinking fund (principal) payments of \$987,000 beginning December 15, 2010 and ending December 15, 2025 plus semi-annual interest payments of \$451,553 at a rate of 6.1%. Interest payments are eligible for a 5.49% federal rebate (subject to sequester) thus reducing the semiannual net interest cost to \$45,156; payable from General Fund.	\$ 1,890,105	\$ 8,883,000
Build America Bonds - Crown Arena & Theater Renovations	1,980,000	Annual principal payments of \$198,000 beginning May 14, 2011 and ending May 14, 2020 plus semi-annual interest payments at a rate of 4.93% beginning May 14, 2010 and ending May 14, 2020. Effective interest rate is 3.2045% after 35% rebate (subject to sequester); payable from the General Fund.	227,284	594,000
Recovery Zone Economic Development Bonds - Crown Arena & Theater Renovations	1,138,000	Annual principal payments of \$113,800 beginning May 14, 2011 and ending May 14, 2020 plus semi-annual interest payments at a rate of 4.93% beginning May 14, 2010 and ending May 14, 2020. Effective interest rate is 2.7115% after 45% rebate (subject to sequester); payable from the General Fund.	130,631	341,400
Capital Lease - SunTrust Leasing – Energy Savings Equipment	4,537,080	Semi-annual payments of \$248,661 including interest of 3.945% beginning June 9, 2006 and ending June 9, 2017; payable from General Fund.	248,660	243,850
Limited Obligation Refunding Bonds Series 2011B - Refund Public Health Building and Gray's Creek Middle School	37,755,000	Principal payable annually and interest payable semi-annually in arrears ending November 1, 2028. Annual principal and interest payments range from \$459,281 to \$3,783,713; payable from the General Fund.	3,284,062	24,225,000

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Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY2018 Principal and Interest Requirements	Balance June 30, 2017
Installment Financing - NC Clean Drinking Water Loan for Southpoint Water Project	\$ 100,323	No interest loan with principal payable annually in arrears beginning May 1, 2014 and ending May 1, 2033. Annual payments range from \$4,995 to \$5,408; payable from Enterprise Fund	\$ 4,995	\$ 79,928
Installment Financing - Fayetteville Technical Community College - Roofing and HVAC Projects	3,198,130	Semi-annual payments of principal and interest in arrears beginning June 14, 2013 and ending December 14, 2017. Semi-annual payments include interest at the rate of 1.11% and range from \$321,588 to \$669,800; payable from the General Fund.	321,588	319,813
Installment Financing - Fayetteville Technical Community College - Purchase building for Auto Body Repair Facility	3,000,000	Annual payments of principal and interest in arrears beginning November 9, 2015 and ending November 9, 2019. Annual payments include interest at the rate of 1.27% and range from \$607,726 to \$641,910; payable from the General Fund	623,178	1,800,000
Installment Financing - Governmental Capital Improvement projects	1,100,000	Interest only payments for two years, then principal of \$183,333 plus interest of 1.84% for six years; payable from the General Fund	20,240	1,100,000
Bond Anticipation Notes - Overhills Park Sewer Project	<u>1,379,000</u>	One payment of principal and interest of 1.36% totaling \$1,397,651 due September 13, 2017; principal payable from proceeds of permanent financing from USDA with interest payable from Enterprise Fund.	<u>1,397,650</u>	<u>1,379,000</u>
Total:	<u>\$ 196,807,533</u>		<u>\$ 19,819,294</u>	<u>\$ 100,769,741</u>

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The County's payment obligations (principal & interest) at June 30, 2017 for the non-general obligation installment financing arrangements described in the preceding table are as follows:

Fiscal Year Ending June 30	2009A Certificates Debt Service	2009B Refunding Certificates Debt Service	2011B Refunding LOBS Debt Service	Other Agreements Debt Service	Total Non-General Obligation Debt Service
2018	\$ 1,794,338	\$ 8,684,063	\$ 3,284,062	\$ 6,056,831	\$ 19,819,294
2019	1,750,088	5,797,262	3,177,563	4,249,170	14,974,083
2020	1,703,625	5,689,762	3,080,812	4,222,696	14,696,895
2021	1,654,950	5,563,138	2,978,688	3,284,427	13,481,203
2022	1,604,062	5,447,387	2,876,312	3,281,053	13,208,814
2023	1,551,700	5,330,356	2,778,563	3,277,681	12,938,300
2024	1,498,600	5,213,600	2,680,312	3,274,308	12,666,820
2025	1,444,025	3,269,750	2,576,688	3,087,601	10,378,064
2026	1,387,237	-	2,477,687	2,536,673	6,401,597
2027	1,328,975	-	2,373,313	4,996	3,707,284
2028	1,269,975	-	2,273,562	4,995	3,548,532
2029	1,210,238	-	459,281	4,996	1,674,515
2030	-	-	-	4,995	4,995
2031	-	-	-	4,996	4,996
2032	-	-	-	4,995	4,995
2033	-	-	-	4,996	4,996
	<u>18,197,813</u>	<u>44,995,318</u>	<u>31,016,843</u>	<u>33,305,409</u>	<u>127,515,383</u>
Premium	74,739	1,963,712	2,227,509	-	4,265,960
Carrying Value	<u>\$ 18,272,552</u>	<u>\$ 46,959,030</u>	<u>\$ 33,244,352</u>	<u>\$ 33,305,409</u>	<u>\$ 131,781,343</u>

Note: The outstanding non-general obligation debt shown above does not include obligations that are solely the responsibility of the County's various discretely presented component units including the Eastover Sanitary District (\$8,076,909) and the ABC Board (\$64,167).

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

DEFEASANCE OF OTHER (NON-GENERAL OBLIGATION) DEBT

In prior years, the County defeased various certificates of participation by creating separate irrevocable trust funds with various escrow agents. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt had been considered defeased and therefore removed from the County's liabilities. As of June 30, 2017, there is no outstanding prior year defeased non-general obligation debt.

DEBT OUTLOOK

The County prepares an annual Capital Improvements Plan which projects capital needs for five years into the future with projections for annual debt service and operating requirements. Funding to support the annual debt service and operating expenses is converted to an equivalent tax rate for comparison purposes.

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During the next several years, the County will review other potential projects for funding. These projects include various governmental and enterprise capital improvements.

TAX INFORMATION

GENERAL TAX INFORMATION

	<u>Fiscal Year Ended or Ending June 30,</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u> ⁽³⁾
	(Amounts in thousands)		
Assessment Ratio ⁽¹⁾	100%	100%	100%
Real Property	\$ 19,071,710	\$ 19,247,028	\$ 18,602,166
Personal Property	1,457,580	1,699,241	1,506,192
Vehicles	2,296,048	2,374,525	2,445,761
Public Service Companies ⁽²⁾	<u>429,285</u>	<u>429,243</u>	<u>439,285</u>
Total Assessed Valuation	23,254,623	23,750,037	22,993,404
Assessed Valuation Per Capita	70.71	73.33	69.71
Rate per \$100	.740	.740	.799
County-wide Levy	\$ 172,084	\$ 175,750	\$ 183,717

(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) Valuation estimates are as of October 31, 2017 for the fiscal year ending June 30, 2018. Population figures used for assessed valuation per capita are 328,860, 323,838, and 329,824 for FY2016, FY2017, and FY2018, respectively.

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

	<u>2016</u>	<u>2017</u>	<u>2018</u> ⁽¹⁾
County-wide	\$ 172,084,203	\$ 175,750,274	\$ 183,717,298
Recreation District	3,112,104	3,821,458	3,719,595
Special Fire Districts	<u>7,002,233</u>	<u>7,281,485</u>	<u>7,059,624</u>
Total Levy	<u>\$ 182,198,540</u>	<u>\$ 186,853,217</u>	<u>\$ 194,496,517</u>

1) Valuation estimates as of October 31, 2017 for the fiscal year ending June 30, 2018.

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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>
2013	\$ 3,498,667	\$ 160,024,057	97.41%
2014	3,699,779	169,217,802	98.59%
2015	2,110,827	168,914,935	99.23%
2016	1,474,789	170,999,219	99.24%
2017	1,108,199	173,906,079	98.85%

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

During FY2014, the collection of motor vehicle taxes in North Carolina transitioned from local County collection in arrears to a new State operated system requiring payment of ad valorem vehicle taxes at the same time as the license plate is renewed annually. The new system has substantially increased the collection rate on vehicles

TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2017 (TAX YEAR 2016)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2016 Taxable Assessed Valuation*</u>	<u>% of Total Taxable Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 344,875	1.45%
Cross Creek Mall, LLC	Retail Mall	150,935	0.64
Wal-Mart Stores, Inc.	Retail/Distribution	143,448	0.60
Innovative Solar 46, LLC	Solar Energy	119,619	0.50
Duke Energy Progress, Inc.	Electric Utility	91,222	0.38
Fayetteville VA Co., Inc.	Veterans' Health Services	82,255	0.35
Purolator Filters, NA LLC	Auto Filter Manufacturer	70,639	0.30
DAK Americas, LLC	Textiles	62,733	0.26
Piedmont Natural Gas Co., Inc.	Gas Utility	62,090	0.26
Cargill	Soybean Processor	54,816	0.23
		<u>\$ 1,182,632</u>	<u>4.97%</u>

* Amounts expressed in thousands.

(continued on next page)

COUNTY OF CUMBERLAND, NORTH CAROLINA
Compiled Budget - Annually Budgeted Funds
Year Ended June 30, 2017
(Unaudited)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Estimated revenues:			
Ad valorem taxes	\$ 173,442,646	\$ 13,192,212	\$ 24,143
Other taxes	52,340,254	5,868,385	6,270,632
Unrestricted intergovernmental	11,305,025	5,000	-
Restricted intergovernmental	69,200,932	13,418,009	680,762
Licenses and permits	1,949,550	-	8,541
Sales and services	10,141,121	202,577	5,532,897
Interest earned on investments	224,741	900	75,000
Miscellaneous	6,163,616	193,852	297,610
Total estimated revenues	<u>324,767,885</u>	<u>32,880,935</u>	<u>12,889,585</u>
Appropriations:			
General government	34,746,607	-	-
Public safety	59,510,250	8,907,188	-
Economic and physical development	6,049,238	13,227,312	-
Human services	107,233,685	1,776,873	-
Cultural and recreation	12,143,705	4,855,211	-
Education	105,579,967	-	-
Salaries and employee benefits	-	-	3,564,833
Repairs and maintenance	-	-	1,437,500
Utilities	-	-	131,233
Administrative costs	-	-	4,555,600
Landfill closure and postclosure	-	-	700,000
Other operating - crown center	-	-	5,257,976
Capital outlay	-	-	3,229,615
Water and sewer	-	-	818,831
Debt service:			
Principal retirement	19,758,360	-	2,874,137
Interest and fees	4,902,657	-	1,192,662
Issuance costs	-	-	-
Total appropriations	<u>349,924,469</u>	<u>28,766,584</u>	<u>23,762,387</u>
Estimated revenues over (under) appropriations	<u>(25,156,584)</u>	<u>4,114,351</u>	<u>(10,872,802)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	999,964	-
Special revenue funds	320,760	-	7,526,396
Capital projects	-	-	-
Internal service funds	-	-	-
Enterprise funds	48,753	-	-
Transfers to other funds:			
General fund	-	(320,760)	-
Special revenue funds	(999,964)	-	(48,753)
Capital projects	-	-	-
Internal service funds	(2,302,200)	-	-
Enterprise funds	-	(7,526,396)	-
Proceeds of general long term debt	-	-	-
County contribution	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	137,700	-	-
Appropriated fund balances	27,951,535	2,732,841	3,395,159
Total other financing sources	<u>25,156,584</u>	<u>(4,114,351)</u>	<u>10,872,802</u>
Estimated revenues and other sources over appropriations and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Compiled for the Primary Government by the Cumberland County finance department from the FY2017 budget at June 30, 2017.

The General Fund includes a legally budgeted County School Fund which is consolidated into the General Fund for reporting purposes to comply with GASB 54. Transfers between the General Fund and the County School Fund have been eliminated.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Compiled Budget - Annually Budgeted Funds
Year Ending June 30, 2018
(Unaudited)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Estimated revenues:			
Ad valorem taxes	\$ 181,101,285	\$ 12,760,138	\$ 24,000
Other taxes	53,164,549	6,159,304	6,462,220
Unrestricted intergovernmental	11,907,769	-	-
Restricted intergovernmental	60,392,617	10,451,638	767,648
Licenses and permits	1,903,000	-	11,388
Sales and services	10,087,598	189,777	5,905,226
Interest earned on investments	421,443	7,139	100,000
Miscellaneous	4,706,953	168,000	35,572
Total estimated revenues	<u>323,685,214</u>	<u>29,735,996</u>	<u>13,306,054</u>
Appropriations:			
General government	30,568,584	-	-
Public safety	58,629,576	9,025,504	-
Economic and physical development	6,197,901	10,227,128	-
Human services	99,073,880	1,799,779	-
Cultural and recreation	10,915,793	4,635,934	-
Education	101,765,779	-	-
Salaries and employee benefits	-	-	3,389,761
Repairs and maintenance	-	-	1,393,856
Utilities	-	-	137,700
Administrative costs	-	-	4,136,714
Landfill closure and postclosure	-	-	700,000
Other operating - crown center	-	-	5,003,280
Capital outlay	-	-	1,417,032
Water and sewer	-	-	786,828
Debt service:			
Principal retirement	17,999,414	-	2,713,271
Interest and fees	3,981,762	-	1,054,152
Issuance costs	-	-	-
Total appropriations	<u>329,132,689</u>	<u>25,688,345</u>	<u>20,732,594</u>
Estimated revenues over (under) appropriations	<u>(5,447,475)</u>	<u>4,047,651</u>	<u>(7,426,540)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	922,583	-
Special revenue funds	80,406	-	7,333,433
Capital projects	-	-	-
Internal service funds	-	-	-
Enterprise funds	-	-	-
Transfers to other funds:			
General fund	-	(80,406)	-
Special revenue funds	(922,583)	-	-
Capital projects	-	-	-
Internal service funds	(2,600,000)	-	-
Enterprise funds	-	(7,333,433)	-
Proceeds of general long term debt	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	-	-	-
Appropriated fund balances	8,889,652	2,443,605	93,107
Total other financing sources	<u>5,447,475</u>	<u>(4,047,651)</u>	<u>7,426,540</u>
Estimated revenues and other sources over appropriations and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Compiled for the Primary Government by the Cumberland County finance department from the FY2018 adopted budget ordinance at July 1, 2017.

The General Fund includes a legally budgeted County School Fund which is consolidated into the General Fund for reporting purposes to comply with GASB 54. Transfers between the General Fund and the County School Fund have been eliminated.

**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of County Commissioners
County of Cumberland, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Cumberland, North Carolina (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2017. Our report includes a reference to other auditors who audited the financial statements of the Cumberland County ABC Board, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Fayetteville Area Convention and Visitors Bureau and the Cumberland County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chemy Bekaert LLP

Fayetteville, North Carolina
November 30, 2017

**Report of Independent Auditor on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by OMB Uniform Guidance
and the State Single Audit Implementation Act**

Board of Commissioners
County of Cumberland, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the County of Cumberland, North Carolina (the “County”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2017. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chemy Bekaert LLP

Fayetteville, North Carolina
November 30, 2017

**Report of Independent Auditor on Compliance for Each Major State Program
and on Internal Control over Compliance in Accordance With the OMB Uniform
Guidance and the State Single Audit Implementation Act**

Board of Commissioners
County of Cumberland, North Carolina

Report on Compliance for Each Major State Program

We have audited the County of Cumberland, North Carolina (the “County”) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the County’s major State programs for the year ended June 30, 2017. The County’s major State programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major State programs based on our audit of the types of compliance requirements referred to above. 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 the applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Government Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance, as described in the *Audit Manual for Governmental Auditors in North Carolina*, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001. Our opinion on each major State program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chemy Bekaert LLP

Fayetteville, North Carolina
November 30, 2017

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal Control over Financial Reporting:

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

Noncompliance material to financial statements noted

Yes No

Federal Awards

Internal Control over Major Federal Programs:

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

Noncompliance material to federal awards

Yes No

Type of Auditor's Report Issued on Compliance for Major Federal Programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2017

Section I. Summary of Auditor's Results (continued)

Identification of Major Federal Programs:

<u>CFDA#</u>	<u>Program Name</u>
	Food Stamp Cluster:
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
	Medicaid Cluster:
93.778	Medical Assistance Program Administration
93.778	Direct Benefit Payments
	Foster Care and Adoption Assistance Cluster:
93.656	Family Preservation
93.658	Foster Care – Title IV-E
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 Uniform Guidance §200.518 but were tested as a major program because the State awards met the threshold for a major State program or were required to be tested as major by the State are included in the list of major federal programs.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2017

Section I. Summary of Auditor's Results (continued)

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

Auditee qualified as low-risk auditee? X Yes _____ No

State Awards

Internal Control over Major State Programs:

- Material weakness(es) identified _____ Yes X No

- Significant deficiency(s) identified
that are not considered to be
material weaknesses _____ Yes X None reported

Noncompliance material to State awards _____ Yes X No

Type of Auditor's Report Issued on
Compliance for Major State Programs: **Unmodified**

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

Identification of Major State Programs:

Program Name

State/County Special Assistance for Adults – Direct Benefit Payments
State Foster Care Benefits Program

State match on federal programs, included in the list of major federal programs above for the Medicaid Cluster and the Foster Care and Adoption Assistance Cluster.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2017

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2017

Section IV. State Award Findings and Questioned Costs

N.C. Department of Health and Human Services, Division of Social Services
Direct Benefit Payments
State/County Special Assistance for Adults

Nonmaterial noncompliance – Eligibility

Finding 2017-001

Criteria: The County should provide notices regarding available benefits to clients in a timely manner to comply with program requirements as noted in the Integrated Eligibility Manual.

Condition: We noted seven instances where required notices were not sent to clients in a timely manner.

Questioned Costs: None. The lack of timeliness for the notification did not affect the client's eligibility.

Context: A total of 40 participant files were selected for review for the period July 2016 through June 2017. Of the 40 client files tested, we noted seven instances where the Special Assistance Approval Notice was not sent to the client in a timely manner.

Effect: The County did not provide timely notification to individuals regarding assistance from the program.

Cause: Employee oversight during the initial eligibility determination or eligibility redetermination.

Recommendation: The County should implement policies and procedures to ensure that required notices are sent to clients in a timely manner.

Views of Responsible Officials: Management acknowledges the finding.

BRENDA REID JACKSON

Director

ASSISTANT DIRECTORS

Bobbie Redding
Legal Services

Crystal Black
Adult Services

Sandy Connor
Children's Services

John Nalbone
Business Operations



DEPARTMENT OF SOCIAL SERVICES

SECTION CHIEFS

Sharon McLeod
Children's Services

Vivian Tookes
Economic Services

Kristin Bonoyer
Adult Services

Vacant
Business Operations

Corrective Action Plan

Finding #: 2017-001

Name of Contact Person: Angela Wall, IM Program Manager – AD MA/LTC

Corrective Action Plan: The attached refresher training will be provided during our December 2017 unit meetings to address Finding 2017-001. All meetings will be completed no later December 31, 2017. Copy of sign-in sheets will be provided following the training.

Proposed Completion Date: Immediately

U-12

We stand united to strengthen individuals and families and to protect children and vulnerable adults...

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

Finding #: 2016-001

Status: Corrected

Finding #: 2016-002

Status: Corrected

Finding #: 2016-003

Status: Corrected

Finding #: 2016-004

Status: Corrected

Finding #: 2016-005

Status: Corrected

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2017

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u> 1(a)	Federal CFDA <u>Number</u>	State/ Pass-through Grantor's <u>Number</u>	Fed. (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Passed-through to <u>Subrecipients</u>	Local <u>Expenditures</u>
Federal Awards:						
<u>U.S. Dept. of Agriculture</u>						
<u>Food and Consumer Service</u>						
Passed-through N.C. Dept. of Agriculture:						
Food Distribution	10.550		\$ 5,220	\$ -	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
Administration:						
<u>Food Stamp Cluster:</u>						
Food Stamp Incentive Retention	10.551		33,985	-	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		4,551,627	-	-	4,551,627
Total Food Stamp Cluster			<u>4,585,612</u>	-	-	<u>4,551,627</u>
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		2,305,513	-	-	-
Direct Benefit Payments:						
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		8,591,498	-	-	-
Total U.S. Dept. of Agriculture			<u>15,487,843</u>	-	-	<u>4,551,627</u>
<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 Solutions Grants Program	14.231		70,325	8,448	-	-
Direct Program:						
Community Development Block						
Grants/Entitlement Grants	14.218		628,013	-	-	-
Supportive Housing Program	14.235		158,138	-	158,138	-
HOME Investment Partnerships Program	14.239		218,568	-	-	-
Total U.S. Dept. of Housing and Urban Development			<u>1,075,044</u>	<u>8,448</u>	<u>158,138</u>	-
<u>U.S. Dept. of Justice</u>						
<u>Bureau of Justice Assistance</u>						
Direct Program:						
Paul Coverdell Forensic Sciences Improvement Grant Prc 16.742			128,609	-	-	-
Passed-through the N.C. Dept. of Crime Control and Public Safety:						
Direct Program:						
Edward Byrne Memorial Justice Assistance Grant	16.579		48,299	-	-	-
Paul Coverdell Forensic Sciences Improvement Grant Prc 16.742			128,609	-	-	-
Total U.S. Dept. of Justice			<u>305,517</u>	-	-	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2017

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>U.S. Dept. of Labor</u>						
<u>Employment and Training Administration</u>						
Passed-through Senior Service America, Inc.:						
Senior Community Service Employment Program	17.235		575,316	-	-	-
<u>WorkForce Innovation & Opportunity Act Cluster</u>						
Passed-through the N.C. Department of Commerce:						
Division of WorkForce Solutions						
WIA/WIOA Adult Program	17.258		898,738	-	-	-
WIA/WIOA Youth Activities	17.259		709,632	-	-	-
National Emergency Grant	17.277		481,113	-	-	-
WIA/WIOA Dislocated Workers Formula Grants	17.278		904,723	-	-	-
Total WorkForce Innovation & Opportunity Act Cluster			2,994,206	-	-	-
Total U.S. Dept. of Labor			3,569,522	-	-	-
<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		280,390	-	280,390	-
<u>Federal Transit Administration</u>						
Passed-through the N.C. Department of Transportation:						
Federal Transit - Metropolitan Planning Grants	20.505		59,994	-	-	-
Formula Grants for Other Than Urbanized Areas	20.509		112,086	-	-	-
Alcohol Open Container Requirements	20.607		44,608	-	-	-
National Priority Safety Programs	20.616		33,693	-	-	-
Total U.S. Dept. of Transportation			530,771	-	280,390	-
<u>Institute of Museum and Library Services</u>						
Passed-through the State Library of NC						
Grants to States	45.310		45,656	-	-	-
<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")						
WorkFirst/TANF - Direct	93.558		5,328,005	-	-	6,278,545
Benefit Payments	93.558		2,547,794	(329)	-	(307)
Special Children Adoption	93.558			237,600	-	-
N.C. Child Support Enforcement Section	93.563		3,724,240	-	-	-
Refugee Assistance	93.566		20,944	-	-	-
Energy Assistance Block Grant:						
Administration	93.568		233,699	-	-	-
Crisis Intervention Program	93.568		2,343,266	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program:						
Permanency Planning - Families for Kids	93.645		71,732	-	-	289,173
Adoption Subsidy - Benefit Payments	93.645			846,563	-	209,195
Total Stephanie Tubbs Jones Child Welfare Services Program			71,732	846,563	-	498,368
SSBG - Other Services and Training	93.667		1,564,346	127,182	-	3,794,142
LINKS (formerly Independent Living Grant)	93.674		141,166	28,369	-	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
1(a)						
<u>Foster Care and Adoption Cluster:</u>						
Family Preservation	93.556		302,193	-	-	921,043
Title IV-E Foster Care	93.658		3,037,590	1,304,628	-	1,499,641
Adoption Assistance - Direct Benefit Payments	93.659		1,510,026	1,224,852	-	590,493
Total Foster Care and Adoption Cluster			4,849,809	2,529,480	-	3,011,177
Division of Aging:						
Division of Social Services:						
SSBG-Adult Day Care	93.667		73,623	60,480	-	430,861
Division of Child Development:						
Subsidized Child Care (Note 4)						
<u>Child Care Development Fund Cluster</u>						
Division of Social Services:						
Child Care and Development Fund-Administration	93.596		659,898	-	-	42,252
Division of Child Development:						
Child Care and Development Fund - Discretionary	93.575		6,042,877	-	-	-
Child Care and Development Fund - Mandatory	93.596		2,258,100	-	-	-
Child Care and Development Fund - Match	93.596		2,279,338	651,322	-	-
Total Child Care Development Fund Cluster			11,240,213	651,322	-	42,252
Temporary Assistance for Needy Families	93.558		1,905,812	-	-	-
Foster Care Title IV-E	93.658		231,532	115,293	-	-
TANF - MOE			-	2,071,275	-	-
State Appropriations			-	1,547,694	-	-
Total Subsidized Child Care Cluster			13,377,557	4,385,584	-	42,252
<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:						
Projects for Assistance in Transition from Homelessness (PATH)	93.150		192,993	-	-	-
<u>Health Care Financing Administration</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Medical Assistance:						
Direct Benefit Payments:						
Medical Assistance Program	93.778		303,690,309	160,743,602	-	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2017

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Division of Social Services:						
Medical Assistance Program Administration	93.778		8,409,705	526,701	-	2,853,617
Health Choice	93.767		181,713	205	-	257
Direct Benefit Payments:						
Health Choice	93.767		5,058,353	21,800	-	-
Centers for Disease Control and Prevention passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Public Health Emergency Preparedness	93.069			-	-	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		77,182	-	-	-
Well-Integrated Screening & Evaluation for Women Across the Nation	93.094		27,195	-	-	-
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116	4552	29,120	-	-	-
Injury Prevention and Control Research and State and and Community Based Programs	93.136		8,912	-	-	-
Immunization Program/Aid to County Funding	93.268	5715	60,761	-	-	-
Centers for Disease Control And Prevention Investigations And Technical Assistance	93.283			-	-	-
National State Based Tobacco Control Programs	93.305		81,682			
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919			-	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539		86,043	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752		37,719	-	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		26,707	-	-	-
HIV Prevention Activities - Health Department Based Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.940		79,059	-	-	-
Assistance programs for Chronic Disease Prevention and Control	93.945		79,694	-	-	-
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977		988	-	-	-
Health Resources and Service Administration passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health						
Maternal and Child Health Services Block Grant	93.994		364,084	241,261	-	-
Office of Population Affairs passed-through the N.C. Dept. of Health and Human Services:						
Office of Population Affairs						
Family Planning Services	93.217		8,677	-	-	-
Total U.S. Dept. of Health and Human Services			<u>352,777,077</u>	<u>169,748,498</u>	<u>-</u>	<u>16,908,912</u>
Department of Homeland Security Passed-through N.C. Dept. of Crime Control and Public Safety:						
Division of Emergency Management:						
Preparedness Grant	97.007		80,893	-	-	-
Disaster Grants - Public Assistance	97.036		694,962	-	-	-
Emergency Management Performance Grants	97.042		80,293	-	-	-
Homeland Security Grant Program	97.067		6,997	-	-	-
Total Homeland Security			<u>863,145</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Federal awards			<u>374,654,575</u>	<u>169,756,946</u>	<u>438,528</u>	<u>21,460,539</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2017

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	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			-	1,845,122	-	1,845,630
State Foster Care Benefits Program			-	2,508,780	-	2,508,772
Energy Assistance - CP&L Energy Program			-	7,191	-	-
State CPS Caseload Reduction			-	315,235	-	7,031
CPS State			-	190,020	-	34,039
Child Welfare State In-Home Expansion			-	189,817	-	49,315
Temporary Assistance for Needy Families Incentives			-	1,958	-	-
Special Links			-	29,538	-	-
AFDC Incentives			-	178	-	-
Smart Start Administration			-	190,834	-	296,803
Family Violence Prevention Grant			-	68,747	-	-
Division of Public Health:						
General		4110	-	426,987	-	-
School Nurse Funding Initiative			-	198,565	-	-
Food and Lodging Fees			-	59,340	-	-
Cpmunity Liaisons for Health			-	20,819	-	-
Public Health Nursing			-	1,200	-	-
Breast & Cervical Cancer Program			-	22,185	-	-
General Communicable Disease Control			-	26,648	-	-
Tuberculosis			-	84,926	-	-
Women's Health Service Fund			-	5,995	-	-
Child Health			-	9,150	-	-
HMHC-Family Planning			-	18,932	-	-
Maternal Health (HMHC)			-	27,061	-	-
HIV/STD State			-	5,000	-	-
HIV/STD SSBG Aid			-	20,000	-	-
Sexually Transmitted Diseases			-	9,688	-	-
TB Medical Services		4536	-	4,969	-	-
Total N. C. Department of Health and Human Services			-	6,288,885	-	4,741,590
<u>N.C. Dept. of Environment & Natural Resources</u>						
Division of Water and Soil Conservation:						
Agriculture Cost Share Program			-	26,433	-	-
Soil and Water District Projects			-	3,600	-	-
Total N.C. Department of Environment & Natural Resources			-	30,033	-	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2017

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>Department of Public Safety</u>						
Juvenile Crime Prevention Program			-	989,843	989,843	-
<u>N.C. Dept. of Cultural Resources</u>						
State Aid to Public Libraries			-	309,955	-	-
<u>N.C. Dept. of Transportation</u>						
Rural Operating Assistance Program Cluster:						
Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	137,267	-	-
Rural General Program			-	75,678	-	-
Work First Transitional/Employment Trans. Assistance			-	73,897	-	-
Total Rural Operating Assistance Program Cluster			-	286,842	-	-
Total N.C. Department of Transportation			-	286,842	-	-
<u>Governor's Crime Commission</u>						
Crimes Against Children Conference			-	39,969	-	-
<u>N.C. Dept. of Administration</u>						
Domestic Violence Program			-	20,701	-	-
Total State awards			-	7,966,228	989,843	4,741,590
Total Federal and State awards	\$ 374,654,575		\$ 177,723,174	\$ 1,428,371	\$ 26,202,129	

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2017

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 (SEFSA) includes the federal and State grant activity of the County of Cumberland ("County") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

2. Subrecipients

Of the federal and State expenditures presented in the schedule, the County of Cumberland provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Highway Planning and Construction	20.205	\$ 280,390	\$ -
Supportive Housing Program	14.235	158,138	-
Juvenile Crime Prevention Program		-	989,843

3. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.

4. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.