

County of Cumberland

NORTH CAROLINA

Comprehensive
Annual
Financial
Report

CUMBERLAND COUNTY COURTHOUSE

Fiscal Year Ended
June 30, 2014

COUNTY OF CUMBERLAND
NORTH CAROLINA

Board of County Commissioners

Jeannette M. Council, Chairman

Kenneth S. Edge, Vice Chairman
Marshall Faircloth
Charles Evans

Jimmy Keefe
Billy R. King
Edward Melvin

Comprehensive Annual
Financial Report

For the Year Ended June 30, 2014

Prepared by:
Cumberland County Finance Department

County Officials

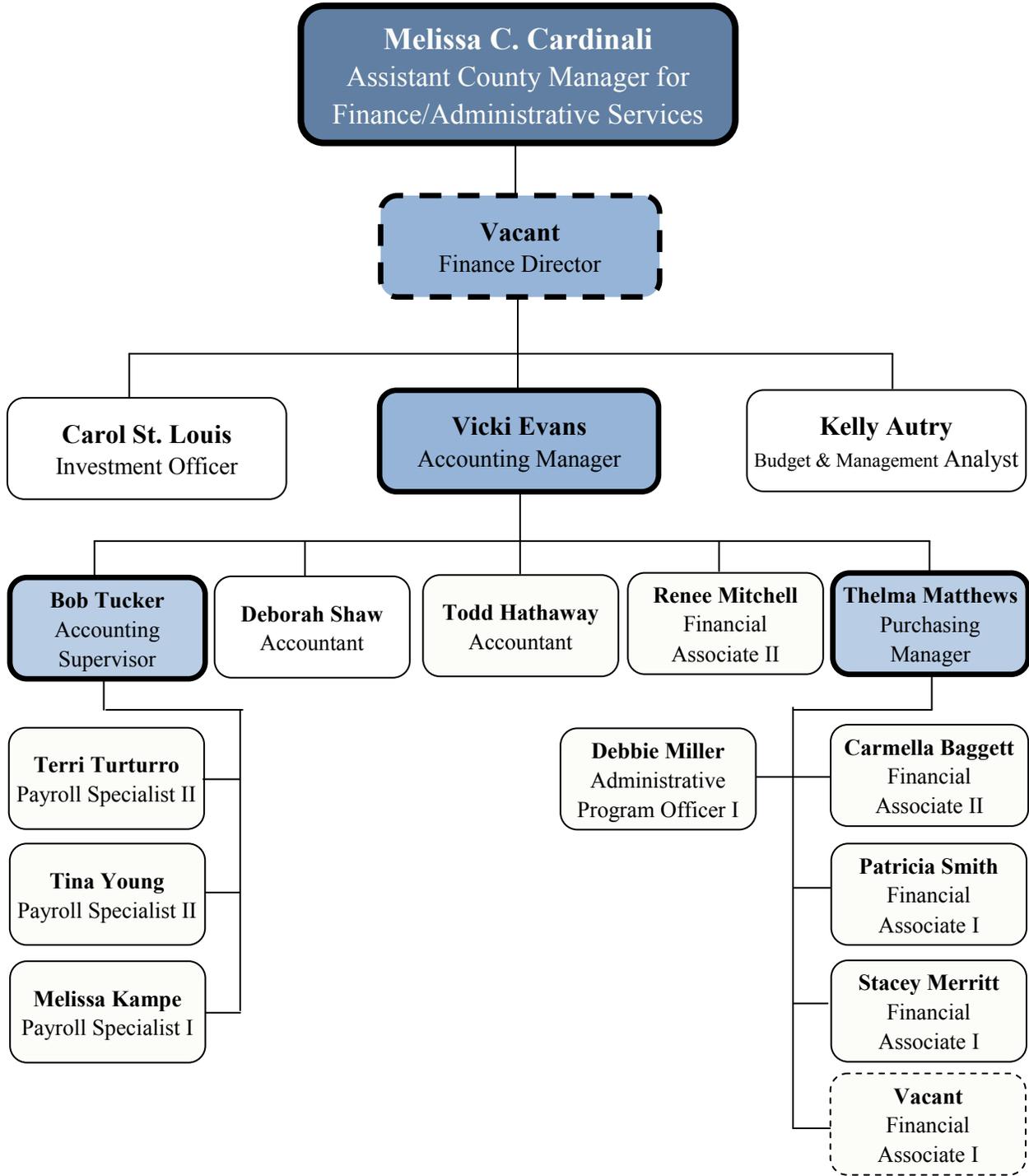
County Manager
County Attorney
Deputy County Manager
Assistant County Manager/Finance

Amy H. Cannon, CPA
Rick L. Moorefield
James E. Lawson
Melissa C. Cardinali



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

Finance Department



COUNTY OF CUMBERLAND, NORTH CAROLINA

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FINANCE OFFICE

December 3, 2014

The Honorable Jeannette M. Council, Chairman
The Honorable Kenneth S. Edge, Vice Chairman
The Honorable Charles Evans
The Honorable Marshall Faircloth
The Honorable Jimmy Keefe
The Honorable Billy R. King
The Honorable Edward Melvin 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, 2014. 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, however, is presented by the County, which is responsible for the accuracy of the data and for the completeness and fairness of its presentation including all disclosures. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

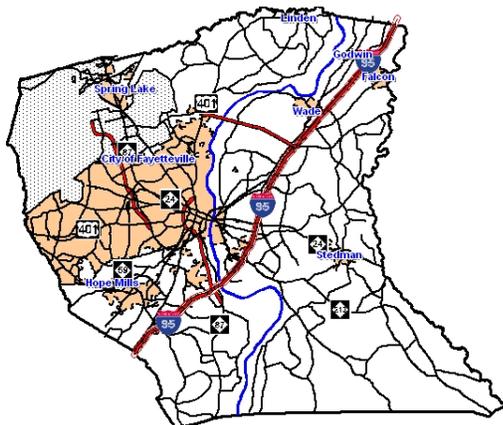
Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent 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 U.S. Office Of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Information related to this single audit, including: the 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 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.



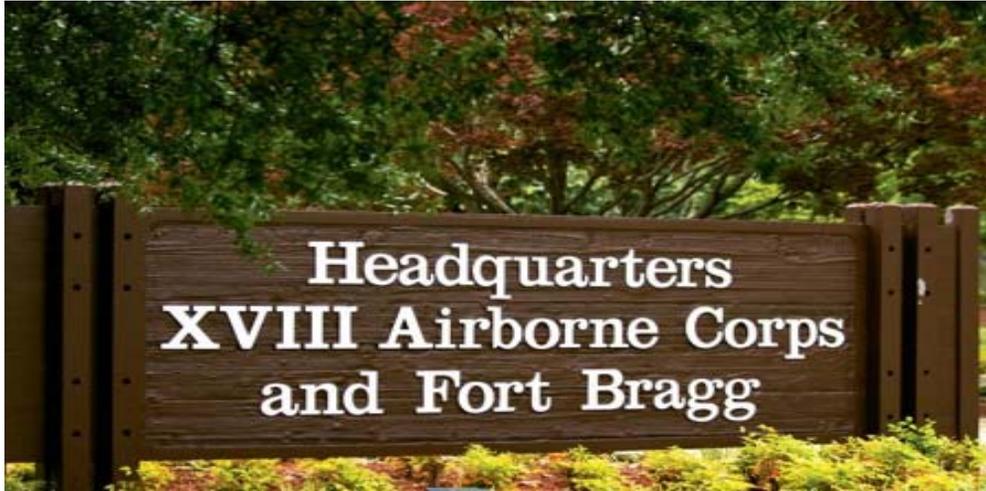
Cumberland County is located in the southeast section of North Carolina, with a land area of approximately 661 square miles. The County's population, estimated at 332,553 is the fifth largest in the state. The City of Fayetteville is the largest municipality in the County and serves as the County seat. Fayetteville's estimated population of 210,468 is the sixth largest municipality in the state.

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 which is the largest U.S. Army post by population. Fort Bragg encompasses approximately 162,816 acres. 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.

Fort Bragg, one of the largest military complexes in the world, is located approximately 10 miles from Downtown Fayetteville. The close proximity of the post adds significantly to the culture of the community and the local economy. Fort Bragg has traditionally been known as the home of the Army's only Airborne Corps and the 82nd Airborne Division, as well as the U.S. Army Special Operations Command.

Since November 2005 when the Base Closure and Realignment Commission (BRAC) became law, Fort Bragg has undergone a major transformation. The move of the U.S. Army Forces Command (FORSCOM) and the U.S. Army Reserve Command (USARC) from Fort McPherson, Georgia to Fort Bragg was completed in August 2011. With this transition, Fort Bragg is the headquarters for the Army's combat ready conventional forces, the Army Reserves, as well as the Army's special operations forces and the U.S. military's counterterrorist forces.

ECONOMIC CONDITIONS AND OUTLOOK

Military

Fort Bragg is a large contributor to the local economy, particularly in the area of wages and salaries to civilian and military personnel. Fort Bragg is the post assignment for nearly 60,000 military servicemen and women and provides thousands of civilian jobs locally. The federal budget pumps about \$11 billion a year into our local economy. 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.

In terms of building space and population, Fort Bragg is the largest military installation in the United States. Since the last round of BRAC, Fort Bragg's buildings have grown from 20 million square feet to 52.4 million square feet. Construction projects underway are valued at more than \$860 million. A 20-year reconstruction of 82nd Airborne buildings has cost nearly \$1 billion. In addition, there is a \$155 million training campus for the John F. Kennedy Special Warfare Center and School and additional special operations expansions in the Patriot Point portion of the post that will cost \$370 million. Federal investment at Fort Bragg is almost certain to continue. While there will be cuts in spending on conventional forces, the Pentagon plans to increase spending on special operations troops – hence investing more than half a billion dollars in the next few years on the JFK School and Patriot Point.

Sequestration, (federal, across-the-board spending cuts in the face of annual budget deficits) a ten-year program that went into effect March 1, 2013, resulted in a mandatory \$37 billion cut to defense spending, which in turn resulted in furloughs for some 650,000 civilian defense workers nationwide. President Obama exempted the armed services from furloughs. Locally, as a result of the federal government shutdown on October 1, 2013, over half of Fort Bragg's civilian workforce was temporarily furloughed. Although these cuts aim for a smaller more modern Army, the potential reduction in troops at Fort Bragg is no more than 2,000 which is good news for the county's economy. While Fort Bragg is likely to be affected in some ways, it won't be as severe as defense communities in other states.

Local

Over the years, the City of Fayetteville 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. Evidence of the strong retail sector is reflected by one of the largest shopping areas of the Carolinas, a two-square mile area located within the city of Fayetteville. Cross Creek Mall, the anchor of the shopping district, has more than one million square feet of floor space and four major department stores. The District at Cross Creek Mall added 46,000 square feet of floor space in November of 2013. The expansion included a number of clothing retailers, a jeweler as well as an eatery. In addition, the Fayetteville Regional Chamber is looking harder to recruit upscale retailers to Cumberland County. The Chamber along with its economic development team, has hired a consultant to better evaluate the Fayetteville market's spending levels and shopping habits. The consultant will identify high-end retail chains that are best suited for the Fayetteville area, equipping chamber executives and local commercial developers with fresh information for courting outside chains.

As shown in the Taxable Sales Table 1, there was a slight decrease in sales in the County in the past year. However, growth is expected to continue in fiscal year 2015, although consumer confidence may be negatively impacted by uncertainty stemming from the federal government shutdown in the fall of 2013 and its impact on the broader US economy.

TAXABLE SALES
Table 1

Year	Cumberland County	% Change	Fort Bragg Commissaries & Exchanges	% Change	Total	% Change
2014	\$3,509,005,624	-1.39%	Not available	---	---	---
2013	\$3,558,501,389	1.34%	\$395,732,635	15.06%	\$3,954,234,024	2.56%
2012	\$3,511,570,535	4.02%	\$343,938,856	9.44%	\$3,855,509,391	4.48%
2011	\$3,375,817,327	9.71%	\$314,274,283	7.23%	\$3,690,091,610	9.49%
2010	\$3,077,026,323	8.18%	\$293,080,505	-18.43%	\$3,370,106,828	5.19%

Source: North Carolina Department of Revenue and Fort Bragg Resource Management Office

As shown in Table 2, Cumberland County's population continues to grow at a rate below the state average.

Since 2005, the County's population has grown 9.1% versus the state average of 12.2%. The major reason for this growth trend is the lengthy deployments of military personnel on Fort Bragg due to the conflicts in Iraq and Afghanistan and other regions around the world. If a military person is deployed more than six months, then the person is not counted as part of the County's population.

POPULATION
Table 2

	2005	2010		2013 Certified		2020 Projected	
	Population	Population	% Change from 2005	Population	% Change from 2010	Population	% Change from 2013
Cumberland County	302,576	327,445	7.6%	332,553	1.5%	345,704	3.8%
North Carolina	8,685,811	9,574,477	9.3%	9,861,952	2.9%	10,564,551	6.7%

Source: North Carolina Office of State Budget and Management

As shown in Table 3, between 2012 and June 2014, the County's average unemployment rate decreased by 2%. The state's average unemployment rate decreased during the same timeframe by 2.4%. The trend of declining unemployment rates for the County mirrors that of the State for comparable periods.

EMPLOYMENT
Table 3

Year	Total Civilian Labor Force	Number Employed	Number Unemployed	Cumberland County Unemployment Rate	State Unemployment Rate
2014 (6 mo.)	140,118	129,509	10,609	7.6%	6.5%
2013	139,153	128,553	10,620	7.6%	6.6%
2012	142,726	128,969	13,757	9.6%	8.9%
2011	140,758	126,980	13,778	9.8%	9.7%
2010	139,729	126,480	13,249	9.5%	10.4%

Source: Employment Security Commission of North Carolina

In keeping with the push to diversify the economy, local leaders continue to seek expansion in military contracting, financial services such as payroll and insurance; electrical manufacturing; and specialized chemical and plastics manufacturing. The Fayetteville Regional Chamber is the catalyst for growing this community into a major economic center in the Southeastern United States for business, defense and industrial development. Additionally, the chamber has formed the Economic Development Alliance to lead job-creating efforts. The group, armed with collective funding from the city, county and the Public Works Commission, is aimed at driving the economic diversity that economists say the area needs as a bulwark against shifts in military spending. Growth in several areas is described below.

Sykes Enterprises opened a call center with 150 workers in Cross Creek Plaza in 2013. Keystone Corporation, in a joint venture with Fayetteville based C&S Commercial Properties, developed and constructed a new call center for Sykes Enterprises, Inc. The call center is ultimately expected to bring as many as 350 more jobs to the area. The one-story Class "A" call center encompasses 49,650 square feet and features administrative offices, work spaces and a conference room along with parking spaces for 400 employees. Based in Tampa, Florida, Sykes Enterprises, Inc. maintains more than 75 centers globally. The call center serves as Sykes' first 'customer contact' center in North Carolina.

Blue Cross Blue Shield of North Carolina has announced it will open a regional customer service center by the end of 2014. BCBS will be leasing office space at Festival Park Plaza, downtown Fayetteville. This will bring 107 jobs to Fayetteville by mid-2015. The positions will be full time with benefits.

The new health care facility of the Fayetteville VA Medical Center is slated to be completed in 2015 at a cost of \$130 million. It will enhance and improve the outpatient health care environment for up to 38,000 Veterans and their families. The new facility should accommodate the projected impact of the Department of Defense's BRAC actions that were projected to bring an estimated 15,000 to 20,000 additional soldiers to the Fayetteville VA Medical Center catchment area. The new facility will provide primary care, specialty care, day surgery, audiology, pharmacy and radiology services and will include an eye clinic. The health care clinic will also house ancillary and diagnostic services in support of the primary and specialty care clinics. This project has a promise to create more than 650 jobs with the majority of these jobs employing people who live and work in the Fayetteville area. The Fayetteville VA Medical Center and its Community Based Outpatient Clinics currently serve more than 90,000 Veterans from 19 counties in southeastern North Carolina and two counties in northeastern South Carolina. The Medical Center is located within 10 miles of Fort Bragg and Pope Army Air Field. In addition, Camp Lejeune Marine Corps Base and Seymour Johnson Air Force base lie in the facility's catchment area.

From 2007 to 2012 personal income rose in Fayetteville by 25.6 percent, more than double the average of the state. Area Development magazine, which ranks economic and workforce indicators, rated Fayetteville 50th among the 365 US metros, ahead of both Durham-Chapel Hill and Raleigh-Cary. Since 2009, the annual economic impact of Fort Bragg on the region has increased from \$9 billion a year to \$11 billion a year. That is \$2 billion of new investment each and every year. Wallet Hub ranks Fayetteville number 2 out of 150 as 2014's best cities to start a business and states that two of the biggest things Fayetteville has going for it are strong industrial variety (7th nationally) and a deep, relatively inexpensive and extremely hardworking employee pool. In addition, the I-295 Outer Loop received funding that will connect I-95 to Cliffdale Road, costing the state more than \$1 billion to be completed in 2016; the section between Bragg Boulevard and Murchison Road opens next year; from Ramsey to All American in 2017; and from Yadkin Road to Cliffdale Road in 2019. The area recently saw an \$18 million economic investment at Nitta Gelatin, a company that produces and exports collagen peptide to Japan; a residential unit overlooking the North Carolina Veterans Park; and the construction of 900 apartments around the All American Freeway.

The housing market is moving and it is moving in a positive manner. The Fayetteville housing market continues to emerge slowly from the prolonged economic downturn. Cumberland County home values have gone up 1.1% over the past year and Zillow, an online real estate database founded in 2005, predicts home values will rise 5.3% within the next year. Utilizing statistics provided by Fayetteville Regional Association of Realtors, in comparing new and existing home sales in June 2014 to June 2013, 9% more homes were sold and the comparative increase in value at closing was over 7%.

Table 4 focuses on permits obtained for *new* construction, as new construction permits serves as a strong indicator of the economy. The total number of new residential building permits for the first six months of 2014 is down 49% compared to the same period in 2013. The value of new residential permits is down 36% over the same period. While the total number of new non-residential permits in the first six months of 2014 is down 6%, the value of the new non-residential permits is up 149% over the same period. The dramatic increase in that timeframe is a result of the permit being obtained for the VA Fayetteville Health Care Center.

BUILDING PERMITS

Table 4

Calendar Year	New Residential		New Non-Residential	
	Number	Value	Number	Value
2014 (6 mo.)	388	\$61,207,908	47	\$84,804,783
2013	1,235	\$170,894,335	93	\$70,265,759
2012	2,230	\$223,447,127	123	\$64,995,113
2011	1,930	\$241,609,901	124	\$66,131,097
2010	2,058	\$218,503,430	122	\$75,329,951
2009	1,680	\$179,072,431	100	\$45,182,368

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 64% and 10.4% respectively, of the operating budget for the Cumberland County School Administrative Unit's 2013-2014 School Year. For the fiscal year ended June 30, 2014, the County appropriated \$76,220,676 from General Fund revenues for school current operations. For the fiscal year ending June 30, 2015, the County's budgeted appropriation is \$76,982,883 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, 2014, those actual sales taxes totaled \$8,824,674. An additional \$757,303 was received as part of the inter-local Sales Tax Hold Harmless agreement with its municipalities. The County received \$3,863,323 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2014. As of June 30, 2014, the County has received \$40,241,101 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 5 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 ADM
Table 5

Year	K-5		6-8		9-12		Total ADM
	# Schools	ADM	# Schools	ADM	# Schools	ADM	
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
2011-2012*	53	24,035	15	11,941	14	16,190	52,166
2010-2011*	53	24,290	15	12,111	14	15,999	52,400
2009-2010*	52	24,271	15	11,815	14	16,101	52,187

* Number of schools excludes special schools and academies.

Source: Cumberland County Schools

Non-Public Schools

There are 25 independent private and religious schools in the County. The enrollment for the 2013-2014 school year was 4,057.

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 40,000 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 *2014 Guide to Military Friendly Schools*. This list honors the top 20 percent of colleges, universities, and trade schools that are doing the most to assist 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, 2014 totaled \$9,552,404. The County also appropriated capital outlay funds in the amount of \$814,312. For the fiscal year ending June 30, 2015, the appropriations from the County to FTCC are \$9,647,928 for operating expenses and \$3,282,299 for capital outlay.

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 35 undergraduate programs, eight master’s degree programs, and one

doctoral program in educational leadership. FSU Online offers degree completion programs in seven 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 masters 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 6 presents the enrollment figures for the institutions of higher education located in the County:

2013-2014 ENROLLMENT
Table 6

Institution	Total Enrollment	Full-Time/FTEs
Fayetteville State University		
Undergraduate	5,410	3,971
Graduate	769	354
Methodist University		
Undergraduate	2,171	1,886
Graduate	199	181
Fayetteville Technical Community College		
Curriculum Students	18,089	9,050
Continuing Education Students	24,158	3,218

MAJOR INITIATIVES

More and more, Federal and State governments are imposing mandates to local governments. Localities continue to be asked to do more with less. The challenge for local governments is how to maintain service levels with reduced available funding. The County regularly assesses the influence of economic factors and makes budgetary adjustments as necessary to minimize the impact on key services to ensure the County continues to remain financially sound.

Major initiatives have been prioritized to be aligned with the County's core values and strategic goals and objectives. Mandates encompass the allocation of resources to continue the mission of providing quality services while being fiscally responsible. Infrastructure repairs and maintenance continues the Board's goal of providing adequate infrastructure and specifically addresses the objective of ensuring that facilities are well-maintained. Technology updates seek to address the Board's objectives to advance the County's automation capabilities and to optimize service delivery through innovation, automation and technology to enhance current

services and create new service opportunities. Economic Development addresses the Board's objective of ensuring that practices are in place to attract and retain business and industry.

Detention Center Expansion Project: In September 2012, the County broke ground for the construction expansion to the County's Detention Center. The expansion was completed in January 2014 and a dedication ceremony was held on February 3, 2014. The expansion resulted in an additional 322 beds and 36 additional County positions to support it. The project cost was \$15 million and was paid for without borrowing money. The FY15 budget annualizes the cost to operate the expanded detention center.

Cumberland County Civic Center Complex: Philadelphia-based Global Spectrum entered into a five-year management agreement with the County to run the Civic Center facilities starting November 1, 2013. Officials hope that private management will help boost the bottom line at the county-owned complex. Global Spectrum manages more than 100 additional venues and has pledged to bring more visitors, events and revenue to the complex. The County will pay the company \$96,000 per year, plus \$50,000 in transitional costs. Global will also be paid 22% of any increase in revenue above the average of the last three years. The County will remain responsible for operating costs, which are supported by dedicated tax revenue from money spent on lodging and in restaurants and bars in the County. In the initial phase of transition, the coliseum's concourse was stripped and refinished, the bathrooms and locker rooms were deep-cleaned and the club seats in the coliseum were recovered, new signs were added and rebranding began to include a revamping of the website and marketing efforts. Global is also working with the concessions contractor to improve the food offerings and has imposed a new customer service philosophy. As of June 30, Global was on track to have cut previously projected losses by about \$500,000. A recent announcement stated: *The Crown Complex, a Global Spectrum managed facility, was recently ranked the number four venue in the Carolinas by Venues Today Magazine. The ranking was compiled based upon capacity, total gross sales, total attendance and number of shows from August 2013 – July 2014.*

Infrastructure repairs and maintenance: The County is in the process of evaluating parking lots and roof systems. The goal is to develop a plan to proactively fund and maintain facilities. Due to limited resources for many years, maintenance of building mechanical systems has been delayed to the point of significant cooling and chiller system and other facility issues that now need to be addressed. This includes DSS window replacement, LEC lobby security upgrade, brick replacement at the Library headquarters, chiller replacements at the Detention Center and DSS and the replacement of air/heat control system at DSS. Total cost is estimated at \$1.5 million with expected completion during fiscal year 2015.

Technology Upgrades: Multi-year technology improvements have been budgeted for a document imaging system for DSS and Child Support and the conversion to an integrated Financial, Human Resources and Employee Benefit software. The document imaging system will archive records electronically and will create the ability for departments to share documents electronically. This capability will enhance customer service as well as provide operational efficiencies. Funding of \$92,000 has been budgeted for this purpose. In addition, fund balance has been assigned to cover the cost of the integrated Financial, Human Resources and Employee Benefit software. A comprehensive needs assessment was developed by County Information Services staff to determine the critical applications and functions needed in these areas. This major system replacement will not only streamline operations for Finance, HR and Benefits, but each County department will benefit from this technology enhancement as they process electronic requisitions, purchase orders, invoice payment, personnel action forms and timesheets.

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.

The County's improved financial performance due to prudent fiscal management, coupled with an expanded economic base have led to recent upgrades in the County's Bond Ratings. In September 2008, Standard and Poor's Rating Group upgraded the County's General Obligation Bond Rating from AA- to AA+- and the County's Certificates of Participation from A+ to AA. In March 2009, Moody's Investor Service upgraded the County's General Obligation Bond Rating from Aa3 to Aa2, which has since been recalibrated to Aa1, and the County's Certificates of Participation from A1 to Aa3.

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. Any appropriations remaining in the department at the end of the fiscal year automatically lapse and are transferred to available fund balances. The year-end fund balance, along with projected revenues, becomes available for appropriation the following year. An encumbrance accounting system is used to facilitate effective budgetary control. An encumbrance reserves a portion of an appropriation at the time a commitment is made to acquire goods or services. Open encumbrances are reported as reservations of fund balance at fiscal year-end and are re-appropriated as part of the following year's budget ordinance.

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, 2013. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

We appreciate the assistance and dedication of the Finance Department and Internal Auditor throughout the year, especially during the preparation of this CAFR. We would like to thank all members of the Department who contributed to its preparation and the County’s independent certified public accountants, Cherry Bekaert LLP, for their assistance and guidance. The cooperation of each County Department is appreciated as we work together in conducting the County’s financial operations. We also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance and advice in planning and conducting the financial activities of the County in a responsible and progressive manner.

Respectfully submitted,



Amy H. Cannon
County Manager



Melissa C. Cardinali
Assistant County Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**County of Cumberland
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Citizens of Cumberland County

Board of County Commissioners

County Manager

Clerk to the Board

County Attorney

Assistant County Manager
Auxiliary Services

Parks & Recreation

Print & Graphic Services

Animal Control

Planning & Inspections

Engineering & Infrastructure
Building Maintenance
Electrical & Mechanical
Public Utilities
Carpentry
Court Facilities

Central Maintenance

Emergency Services

Landscaping

Solid Waste Management

Deputy County Manager
HR Development &
Support Services

Human Resources

Child Support Enforcement

Social Services

Library

Pretrial Services

Veterans Services

Public Health

Mail Management

Liaison to:
Communicare, Inc.
Court Ordered Care

Crown Complex

Public Information

Board of Elections

Senior Employment

Cooperative Extension Service

Community Development

Assistant County Manager
Finance &
Administrative Services

Finance & Budget

Information Services

Tax Administration

Safety & Risk Management

Liaison to:
Cumberland County
Juvenile Crime
Prevention Council

Legal

Sheriff's Office &
Detention Center

Register of Deeds

Internal Audit

Employee Pharmacy

Soil & Water Conservation

Liaison to:
Airborne & Special Operations Museum
Cape Fear Valley Health System
Economic Development Alliance
Fayetteville Area Convention &
Visitors Bureau, Inc.
Human Services Transportation System
Southeastern Economic Development
Commission
Mid-Carolina Council of Governments
Board of Education
Smart Start

Report of Independent Auditor

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

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, 2014 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, 2014, 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.

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 financial statements as a whole. 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act 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 by us. In our opinion, based on our audit and the procedures described above, 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 Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014 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.

Cherry Bekasort LLP

Fayetteville, North Carolina
December 3, 2014

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, 2014. 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.

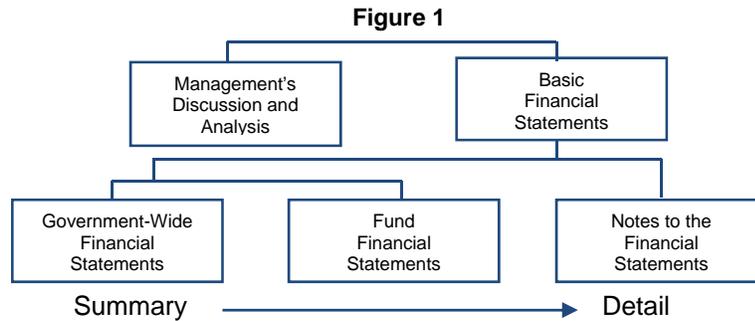
Financial Highlights

- 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 \$164,638,173 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$40,119,720 in long-term debt associated with assets belonging to the Cumberland County Board of Education. Also, the County has an installment financing agreement with a balance of \$2,238,691 to pay for 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 decreased total of \$914,202, a decrease of .55% due to a decrease in Governmental Activities of \$1,435,649 and an increase in Business-type Activities of \$521,447.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$121,309,285 a decrease of \$4,656,548 from the prior year. Approximately 55.77% of this total amount or \$67,649,949 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 was \$111,512,652 or 34.22% of the total \$325,840,143 general fund expenditures. Of this amount, \$43,584,530 or 13.38% is non-spendable, restricted or committed. Another \$35,344,108 or 10.85% is assigned leaving \$32,584,014 or 10.0% of total general fund expenditures as unassigned.
- The County's total outstanding debt decreased by \$10,387,344 (3.34%) during the current fiscal year.
- In September 2008, Standard Poor's Rating Group upgraded the County's General Obligation Bond Rating from AA- to AA+ and the Certificates of Participation from A+ to AA. In March 2009, Moody's Investor Service upgraded the County's General Obligation Bond Rating for Aa3 to Aa2, which has since been recalibrated to Aa1, and the County's Certificates of Participation from A1 to Aa3.

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-11) 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 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.

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

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 24 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, the Health Department and Gray's Creek Middle School Capital Project Funds—all of which are considered to be major funds. 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 six 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. A Special Allowance pension trust and 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 certain pension benefits to its qualified sworn law enforcement officers and other postemployment health care benefits (OPEB) 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**

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 153,548,477	\$ 148,983,715	\$ 54,930,717	\$ 55,294,524	\$ 208,479,194	\$ 204,278,239
Capital assets	217,578,321	218,474,474	64,939,955	62,418,555	282,518,276	280,893,029
Total assets	<u>371,126,798</u>	<u>367,458,189</u>	<u>119,870,672</u>	<u>117,713,079</u>	<u>490,997,470</u>	<u>485,171,268</u>
Deferred outflows of resources	3,409,355	2,226,143	2,379,101	2,170,713	5,788,456	4,396,856
Long-term liabilities outstanding	260,044,518	253,312,014	51,188,667	47,533,827	311,233,185	300,845,841
Other liabilities	17,759,528	21,544,820	1,446,793	1,632,199	19,206,321	23,177,019
Total liabilities	<u>277,804,046</u>	<u>274,856,834</u>	<u>52,635,460</u>	<u>49,166,026</u>	<u>330,439,506</u>	<u>324,022,860</u>
Deferred inflows of resources	794,045	424,585	-	482,506	794,045	907,091
Net position:						
Net investment in						
capital assets	152,206,505	159,441,226	32,095,383	31,819,848	184,301,888	191,261,074
Restricted	51,350,047	55,508,183	11,525,551	19,988,485	62,875,598	75,496,668
Unrestricted	(107,618,490)	(120,546,496)	25,993,379	18,426,927	(81,625,111)	(102,119,569)
Total net position	<u>\$ 95,938,062</u>	<u>\$ 94,402,913</u>	<u>\$ 69,614,313</u>	<u>\$ 70,235,260</u>	<u>\$ 165,552,375</u>	<u>\$ 164,638,173</u>

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 \$164,638,173 as of June 30, 2014. The County’s net position decreased by \$914,202 for the fiscal year ended June 30, 2014. Net position is negatively affected by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities. The decrease in net position is also due to the liability associated with providing postemployment healthcare benefits (OPEB) to retirees of the County. For FY2014, the net OPEB obligation (expense) of \$14,199,399 was allocated between the governmental activities functional areas and business-type activities.

The net OPEB obligation at year end is \$97,001,821 a 17.15% increase. Of total net position, one of the largest portions, \$191,261,074, 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, \$75,496,668 Fund Balance Allocation represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a negative \$102,119,569 Fund Balance Allocation.

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 \$42,358,411 of the outstanding debt on the County's financial statements was 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 99.14% for real and personal property and 94.43% for motor vehicles. The average 5-year overall tax collection rate including collection of all prior year taxes is 99.40%.
- Program revenues covered 23.8% of program expenses, decreasing from 27.5% last year.
- Program revenues totaled \$79,131,032 decreasing by \$11,984,155 from the previous year.
- Operating grants from the State and Federal government and charges for services decreased a total of \$10,986,827 to \$73,327,517. Continued transition of Mental Health services to the Managed Care Organization resulted in a revenue decrease of \$11,973,184.
- Capital Grants and contributions decreased \$997,328 to \$5,803,515 due to a \$1,534,013 decrease in the use of NC Education Lottery funds for school debt service.
- General revenues, excluding transfers, totaled \$256,977,999 increasing by \$10,677,429 from the previous year.
- Property tax revenue increased \$7,784,125 due to growth in the tax base and continued high tax collection rate. Also, due to the three month overlap in the transition from the County collecting motor vehicle taxes to the state-wide "Tax and Tag Together" program, the County received a one-time increase in revenue estimated to be about \$3,000,000.
- Sales tax revenue increased \$370,612 to \$47,126,328 or .79% due to the slowing of the local economy.
- Governmental activities expenses increased by \$894,551 to \$332,403, or 0.27%.

CUMBERLAND COUNTY'S CHANGES IN NET POSITION
Table 2

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services	\$ 17,053,647	\$ 12,364,605	\$ 5,686,692	\$ 5,349,695	\$ 22,740,339	\$ 17,714,300
Operating grants and contributions	67,260,697	60,962,912	729,269	589,023	67,989,966	61,551,935
Capital grants and contributions	6,800,843	5,803,515	361,239	40,053	7,162,082	5,843,568
General revenues:						
Property taxes	176,659,705	184,443,830	-	-	176,659,705	184,443,830
Other taxes	54,126,583	54,497,219	6,181,215	6,189,859	60,307,798	60,687,078
Grants and contributions not restricted to specific programs	10,434,412	11,708,537	-	-	10,434,412	11,708,537
Unrestricted investment earnings	204,969	187,033	123,773	123,409	328,742	310,442
Gain on sale of assets	21,930	127,232	(1,223)	-	20,707	127,232
Miscellaneous	4,852,971	6,014,148	80,771	36,592	4,933,742	6,050,740
Total revenues	<u>337,415,757</u>	<u>336,109,031</u>	<u>13,161,736</u>	<u>12,328,631</u>	<u>350,577,493</u>	<u>348,437,662</u>
Expenses:						
General government	26,044,059	28,905,546	-	-	26,044,059	28,905,546
Public safety	61,955,844	66,897,589	-	-	61,955,844	66,897,589
Economic and physical development	12,806,612	12,557,762	-	-	12,806,612	12,557,762
Human services	110,237,271	105,177,910	-	-	110,237,271	105,177,910
Culture and recreation	17,031,729	17,973,551	-	-	17,031,729	17,973,551
Education	96,686,785	94,841,212	-	-	96,686,785	94,841,212
Interest on long-term debt	6,746,530	6,049,811	-	-	6,746,530	6,049,811
Solid Waste	-	-	9,717,623	7,274,208	9,717,623	7,274,208
Crown Center	-	-	9,134,040	9,004,249	9,134,040	9,004,249
Kelly Hills Water and Sewer District	-	-	75,337	68,661	75,337	68,661
Norcross Water and Sewer District	-	-	517,050	576,691	517,050	576,691
Southpoint Water	-	-	3,529	24,674	3,529	24,674
Total expenses	<u>331,508,830</u>	<u>332,403,381</u>	<u>19,447,579</u>	<u>16,948,483</u>	<u>350,952,880</u>	<u>349,351,864</u>
Increase in net position before transfers	5,906,927	3,705,650	(6,285,843)	(4,619,852)	(378,916)	(914,202)
Transfers	(5,711,685)	(5,141,299)	5,711,685	5,141,299	-	-
Change in net position	<u>195,242</u>	<u>(1,435,649)</u>	<u>(574,158)</u>	<u>521,447</u>	<u>(378,916)</u>	<u>(914,202)</u>
Net position - beginning	97,207,643	95,938,062	70,443,297	69,614,313	167,650,940	165,552,375
Prior period adjustment - bond issuance	(1,464,823)	-	(254,826)	-	(1,719,649)	-
Reclassification - Capital Project	-	(99,500)	-	99,500	-	-
Net assets - beginning as restated	<u>95,742,820</u>	<u>95,838,562</u>	<u>70,188,471</u>	<u>69,713,813</u>	<u>165,931,291</u>	<u>165,552,375</u>
Net assets - ending	<u>\$ 95,938,062</u>	<u>\$ 94,402,913</u>	<u>\$ 69,614,313</u>	<u>\$ 70,235,260</u>	<u>\$ 165,552,375</u>	<u>\$ 164,638,173</u>

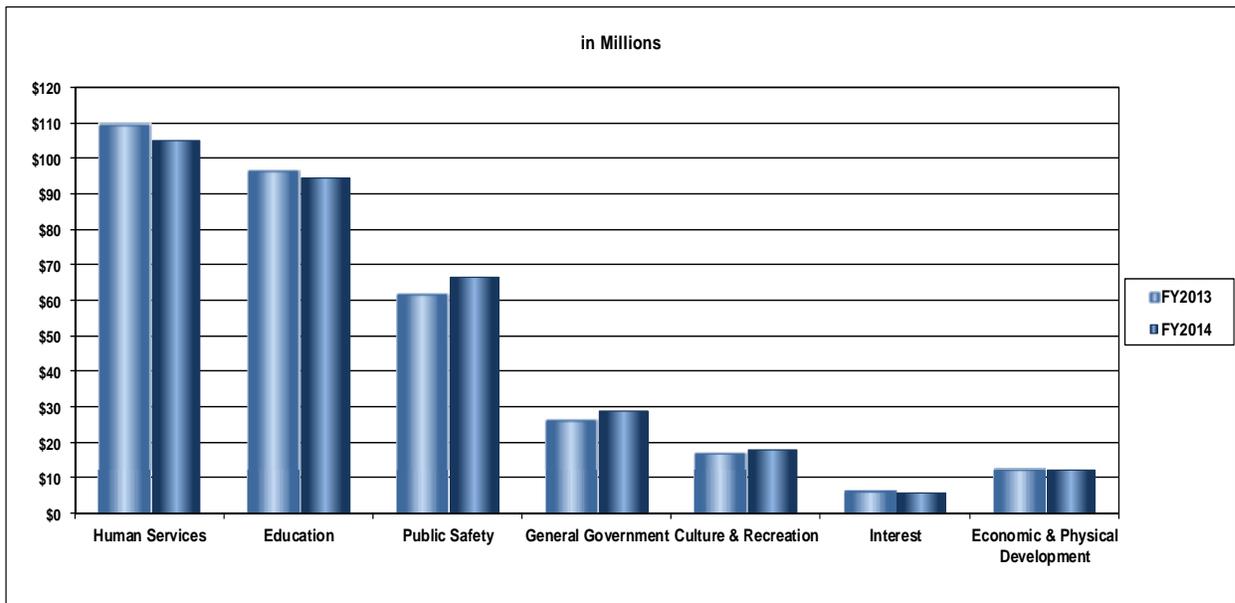
Governmental Activities. Governmental activities decreased the County's net position by \$1,435,649. Key elements of this decrease are as follows:

- As noted above, governmental activities expenses increased by \$894,551 to \$332,403, or 0.27%.
- Personnel expenses increased \$3,503,565. For FY2014 the County paid a one-time stipend to all permanent full time and part time employees which totaled \$1,418,173. Medical insurance premiums charged to each position for the County's Medical Insurance Funds increased a total amount of \$1,399,063. The remaining increase of \$686,329 can be attributed to the phase in of 36 positions for the new addition to the detention center which opened in September 2013 and the implementation of Phase II of the Classification Pay Plan for the Health and Social Services Departments effective September 2013.
- Operating expenses decreased \$6,233,879 or 14.79%. The majority of the decrease was due to the continued transition of providing direct mental health services from the County to the Managed Care Organization (MCO) and Cape Fear Valley Medical Center (CFVMC).
- Other charges and services increased \$6,723,480 or 5.11%. A large part of this increase is due to the continued transition of direct mental health services from the County to the MCO and CFVMC discussed above. Payments to the MCO increased \$743,150. In FY2014, payments to CFVMC were \$834,873 for capital expense and \$2,415,000 for mental health services versus "zero" expense in FY2013. There were two large increases in the Department of Social Services programs. Expenses

for Foster Care increased \$1,057,693 and Child Care and Development expenses increased \$1,347,049. The remaining increase of \$75,715 is spread over many expense lines.

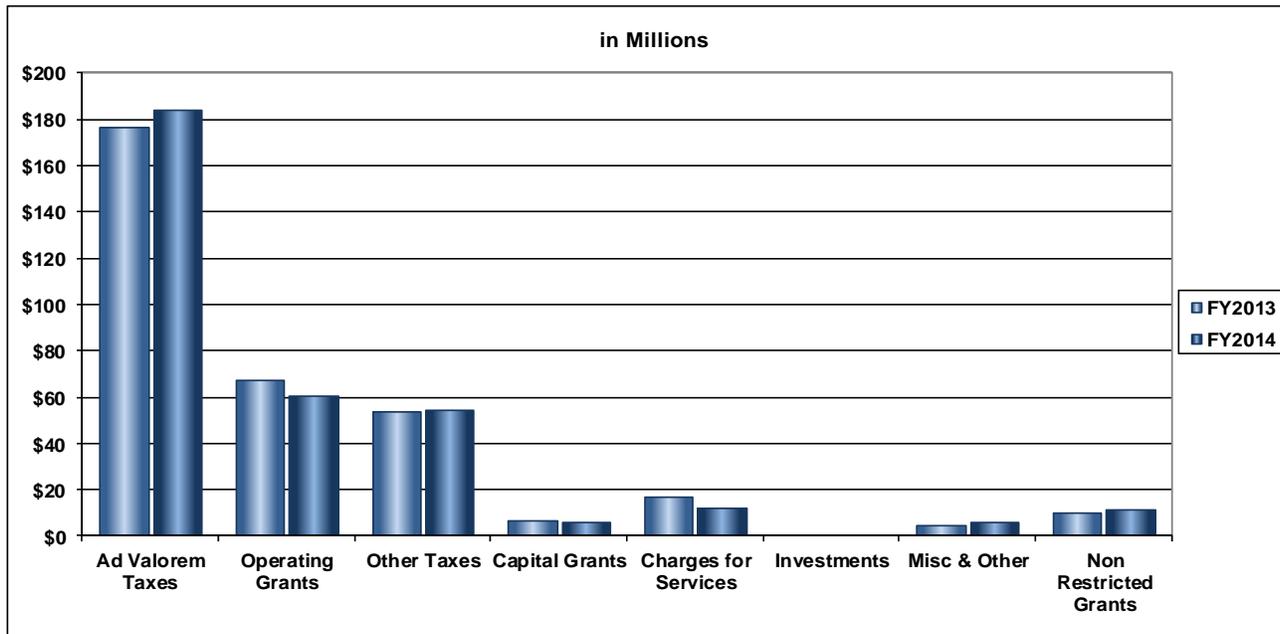
- Capital outlay, excluding capital project funds, decreased \$556,689. Most of this decrease can be attributed by a \$2,755,157 decrease in Fayetteville Tech capital outlay. This decrease was primarily offset by: a \$963,244 increase in vehicle purchases; \$1,355,155 increase in equipment purchases; and \$390,477 net increase in the School Capital Outlay categories. Capital project expenses were \$7,013,203 as construction continued on Detention Facility Expansion Project, the New Century Middle and Elementary Schools, and classroom additions to the Grays Creek Middle School.

GOVERNMENTAL ACTIVITIES EXPENSES
Figure 2



- Ad valorem taxes, Figure 3 on the next page, increased \$7,784,125 due to growth in the tax base and continued high tax collection rate. Also, due to the three month overlap in the transition from the County collecting motor vehicle taxes to the state-wide “Tax and Tag Together” program, the County received a one-time increase in revenue estimated to be about \$3,000,000.
- Charges for Services and Operating Grants and Contributions decreased \$10,986,827. Continued transition of Mental Health services to the Managed Care Organization resulted in a revenue decrease of \$11,973,184.
- The sales tax revenue component of Other Taxes increased \$370,612 to \$47,126,326 or .79% from the previous year due to the slowing of the local economy.
- The remaining components of revenue: Grants and Contributions not restricted to specific programs, Investments, and Miscellaneous Revenue increased a total of \$2,522,668 or 16.26%. Major contributors to this increase included: a \$601,397 refund from the State of fees collected from the County to implement the Tax And Tag Together Program; a \$561,351 increase in ABC Store profit distribution; \$359,343 in revenue from Hope Mills and Spring Lake for the emergency dispatch consolidation; and \$238,621 of elections revenue from municipalities. The remaining \$761,956 is spread across several revenue lines.

GOVERNMENTAL ACTIVITIES REVENUE
Figure 3



GOVERNMENTAL ACTIVITIES - PROGRAM REVENUE & EXPENSES
Figure 4

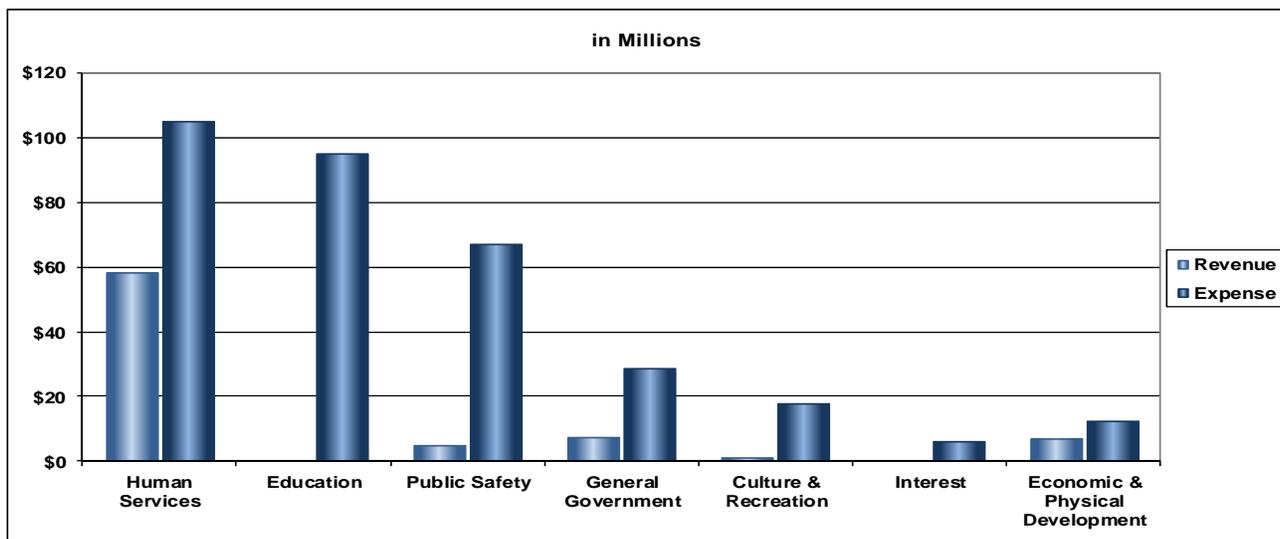


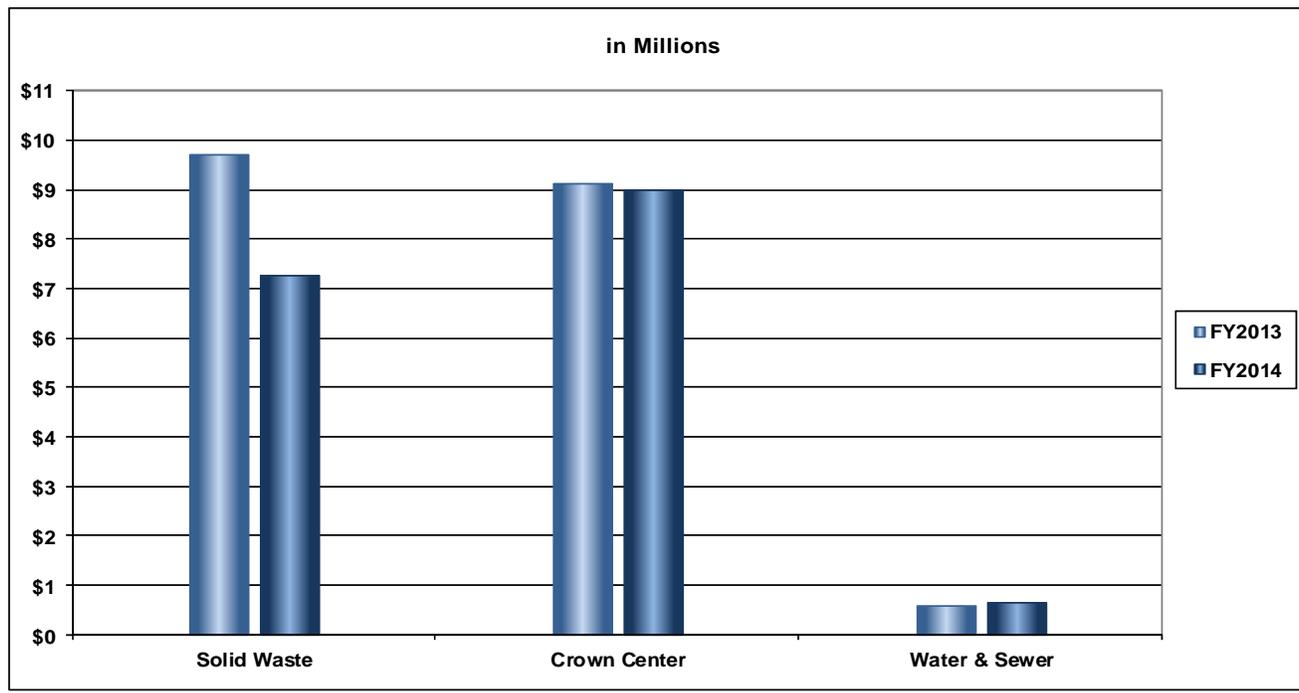
Figure 4 represents a comparison of program revenues to program expenses for governmental activities. For each activity, general revenues were required to support expenses. Program revenues covered 23.8% of expenses at June 30, 2014 and 27.5% at June 30, 2013. The largest general revenue source for governmental activities was ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$184,443,830 amounted to 71.8% of the total general revenues excluding transfers. The second largest

general revenue source was Other Taxes at \$54,497,219 or 21.2% of total general revenues excluding transfers. All other general revenue amounted to 18,036,950 or 7.0%.

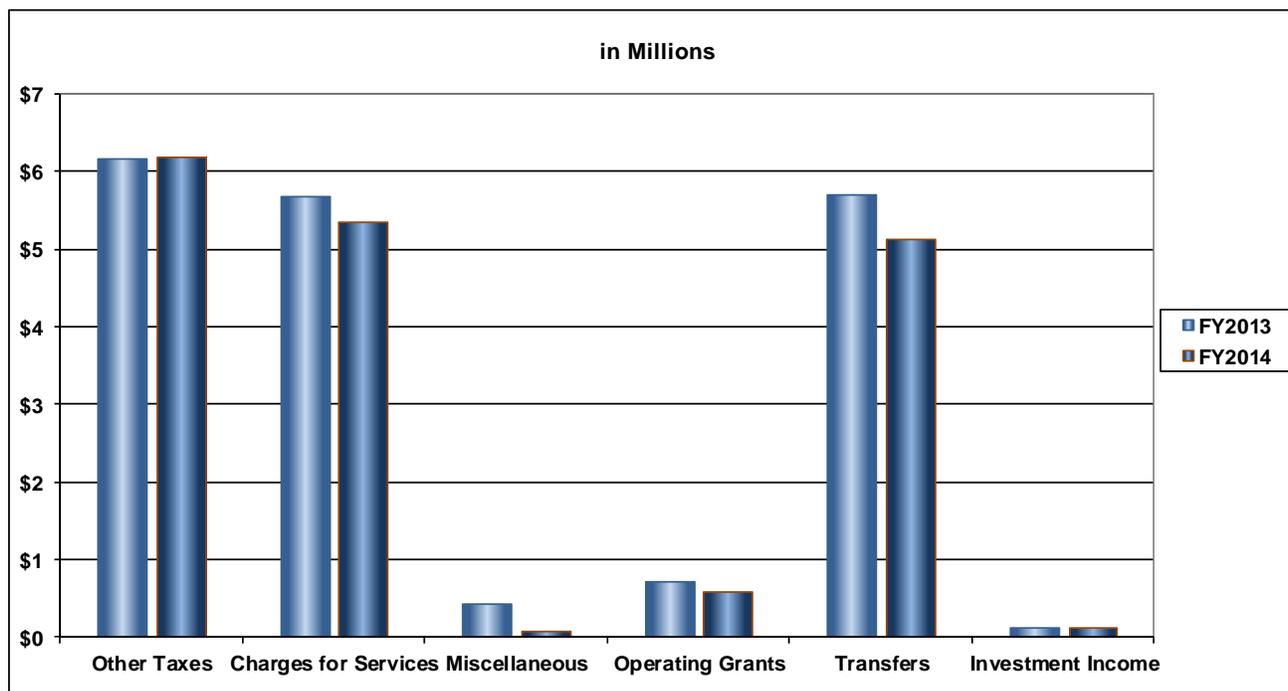
Business-type activities: Business-type activities, (Figures 5 and 6) increased the County's net position by \$521,447. Key elements of this decrease are as follows:

- The Crown Center's net position decreased by \$565,550. The primary reasons for this decrease are that Operating Revenue was down \$357,372 and "Transfers In" were down \$652,747 from FY2013. The County entered into an agreement with a private management firm to manage the Crown Center effective November 2013. The net position decrease can be attributed to the transition of the Crown Center's operations from the County to the private management firm.
- The Solid Waste Fund reported an increase in net position of \$1,253,727. Operating income was \$547,179. The primary reason for the increase in net position is a reduction in the Landfill Closure and Post Closure Costs liability estimate in the amount of \$1,571,060.
- The Kelly Hills and NORCRESS Water and Sewer Districts had a combined decrease in net position of \$247,574. For both districts operating expenses exceeded operating revenue.
- Southpoint Water and Sewer District had a \$47,844 increase in net position primarily due to \$40,053 in grant revenue from the state.
- The net position of the Overhills Park Water and Sewer District remained unchanged at \$99,500. This Fund was reclassified as an Enterprise Fund for FY2014. In FY2013, the Overhills Park Water and Sewer District was reported as a Capital Project Fund.
- The Bragg Estates Water and Sewer District Fund was established in FY2014. The Fund was set up with a \$33,000 transfer from the General Fund which was the Fund's net position as of 6/30/14.

BUSINESS-TYPE EXPENSES
Figure 5



BUSINESS-TYPE REVENUE
Figure 6



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 \$121,309,285 a 3.7% decrease from last year. The unassigned fund balance of \$32,010,152, which is not restricted, committed or assigned for specific purposes, makes up 26.39% of the total \$121,309,285. Another \$35,639,797 is assigned for specific purposes: (1) for subsequent years' expenditures - \$18,672,649; (2) for Finance Office software - \$4,000,000; (3) for water & sewer industrial expansion - \$4,421,513; (4) for mental health services - \$7,849,970; (5) for economic development incentives - \$695,665. Committed fund balance includes \$631,503 for property revaluation per state statute and \$196,435 for public safety. Another \$2,586,682 of fund balance is in non-spendable form for inventories and pre-paids. The remainder of fund balance, \$50,244,716, 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 was \$32,584,014; assigned and committed fund balance was \$35,975,611 while total fund balance was \$111,512,652. 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 10.0% of total General Fund expenditures excluding other financing uses. Available fund balance which includes unassigned, assigned and committed fund balance was 21.04% while total fund balance represents 34.22% 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 \$312,090,296 increasing \$624,775 (.20%) from last year. Significant highlights include:

- Ad valorem property tax revenues increased \$10,725,364 (6.55%) to \$174,590,387 due to growth in both the real property and motor vehicle tax bases. Also, due to the three month overlap in the transition from the County collecting motor vehicle taxes to the state-wide "Tax and Tag Together" program, the County received a one-time increase in revenue estimated to be about \$3,000,000.
- Other taxes increased by \$282,608 (.58%) to \$48,600,165. This amount includes sales taxes from Fund 101 of \$38,301,654 and an additional \$8,824,674 from the County School Fund which is incorporated into the General Fund for reporting purposes. In total, sales taxes increased a modest \$370,612 (.79%) due to the slowing of sales in the local economy.
- Unrestricted Intergovernmental revenue increased \$532,596 (4.77%) due to an increase in ABC Store profits and distributions of \$561,351.
- Restricted Intergovernmental revenue decreased \$7,839,644 (11.63%). Mental Health restricted revenue decreased \$8,480,939 (95.46%) due the continued divestiture of mental health services from the County to the Managed Care Organization as required by state legislation. Lottery proceeds from the state in the County School Fund decreased by \$1,534,013. These reductions were primarily offset by a \$1,451,614 increase in Social Service program revenue and a \$388,755 increase in the Health Department's program revenue. The balance of the offset is spread across several categories of revenue.
- Licenses and permits decreased by \$337,270 due a decrease in Register of Deed's fees and in various inspection fees.
- Charges for services decreased \$3,312,863 (25.05%). This decrease was primarily the result of the continued divestiture of Mental Health, as their charges for services went from \$3,089,828 in FY2013 to \$0 in FY2014.
- Investment income on idle funds for the General Fund decreased \$12,994 to \$181,487 as interest rates remain at historically low levels.
- Miscellaneous income increased \$586,978 (12.56%) due primarily the State's \$601,397 refund to the County of collected fees for the "Tax and Tag Together" motor vehicle tax collection program.

General Fund actual expenditures including a legally budgeted County School Fund, but excluding other financing uses and transfers was \$309,061,747 increasing \$1,727,809 or .56% from last year. Highlights of significant areas of change include:

- *Personnel expenditures* increased \$3,524,085. For FY2014, the County paid a one-time \$700 stipend to all permanent full time and part time employees which totaled \$1,396,273. Medical insurance premiums charged to each position for the County's Medical Insurance Funds increased a total amount of \$1,369,868. The remaining increase of \$757,944 can be attributed to the phase in of 36 positions for the new addition to the detention center which opened in September 2013 and the implementation of Phase II of the Classification Pay Plan for the Health and Social Services Departments effective September 2013.
- *Basic operating expenditures* decreased \$6,648,810 or 19.17%. The majority of the decrease was due to the continued transition of providing direct mental health services from the County to the Managed Care Organization (MCO) and Cape Fear Valley Medical Center (CFVMC).
- *Other charges and services* increased \$6,598,397 or 5.50%. A large part of this increase is due to the continued transition of direct mental health services from the County to the MCO and CFVMC discussed above. Payments to the MCO increased \$743,150. Payments to CFVMC were \$834,873 for

capital expenditures and \$2,400,000 for mental health services. There were two large increases in the Department of Social Services programs. Expenditures for Foster Care increased \$1,057,693 and Child Care and Development expenditures increased \$1,347,049. The remaining increase of \$215,632 is spread over many expenditure lines.

- Capital outlay expenditures, which are reported with the functional expenditure categories, decreased \$2,039,555. Most of this decrease can be attributed by a \$2,755,157 decrease in Fayetteville Tech capital outlay. This decrease was offset by a \$963,244 increase in vehicle purchases.

The other major governmental funds are the Health Department Building Fund and the Gray's Creek Middle School Fund. The Health Department Building Fund accounts for the capital expenditures relating to construction of a new facility. Construction on the new facility is complete and the fund is in the process of being closed out. The Gray's Creek Middle School Fund accounts for construction expenditures of a new school on which the initial construction is complete. The remaining fund balance of \$82,991 is being used to fund classroom additions to the school.

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 \$24,510,668 or 8.39% of total budget.

- *Restricted intergovernmental* revenue, which is additional and/or adjustments to federal and state funding estimates, increased \$2,929,428. The major part of this increase is a \$1,200,000 commitment by the Public Works Commission for the Vander Sewer Project. Many of the increases were caused by the State not setting their funding levels until after the County had to adopt its budget. Social Services funds increased \$722,287; Health Department funding increased \$197,845; Sheriff's Grants increased \$304,214; and an additional \$171,124 increase in Library Program Grants accounted for most of the remainder of the increase.
- *Local sales & services revenues* increased to \$832,385. Board of Education Security fees increased \$438,000 for additional School Resource Officers. Fees for various Health Department programs increased \$377,743 to reflect actual fee revenue.
- *Other financing sources* increased \$20,549,946. Proceeds from the refunding of debt to refinance the debt at a better interest rate resulted in \$15,070,000 of the increase. Fund balance appropriated increases of \$5,272,578 accounted for most of the remaining increase. \$2,409,129 of this amount was appropriated to fund prior year obligations (encumbrances); \$469,197 was to re-budget grant funds not spent in the previous year; \$1,315,306 to fund new initiatives; \$492,019 was from Mental Health Fund Balance to fund mental health services; \$334,416 from Health Department restricted revenue for additional services; and \$252,511 was from assigned maintenance and renovations one-time funds for repairs on various county facilities.

Total actual revenues for the General Fund, excluding the County School Capital Fund and other financing sources, were above the final budgeted amount by \$2,632,185 (**page E-5**).

- *Ad Valorem taxes* collected exceeded the budget by \$5,657,007 (103.35%). 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 were \$1,746,517 below budget (-4.21%). Sales tax collections accounted for \$1,679,793 of the decrease. Federal budget issues and downsizing of the military have had a negative impact on the local economy.
- *Unrestricted intergovernmental* revenues were \$402,871 above budget (103.82%). Most of this increase was due to the fact that the ABC Stores' Profits were \$699,870 above budget. This increase

was offset in part by a \$203,111 decrease in tax collection fees paid to the County by the municipalities due to the State collecting motor vehicle taxes under the Tax & Tag program.

- *Restricted intergovernmental* revenues were \$3,221,441 below the final budgeted amount of \$58,905,796 (-5.47%). A major reason for this decrease is the under realization of revenue totaling \$2,185,195 in the Social Services' Crisis Intervention, and Child Care/Development Programs. Another contributor to the decrease is that only \$64,442 of The Public Works Commission's \$1,200,000 commitment to the Vander Sewer project was realized because the project is in the start-up phase.
- *Licenses and permit* fees were \$207,107 above budget (109.94%) due to over realization of Register of Deeds and Inspections fees.
- *Sales and services* fees were \$202,192 above budget (102.08%). This overall increase was spread over many county departments.
- Miscellaneous revenue was \$1,065,513 above budget (125.74%). A major reason for this increase was the refund by the State of \$601,397 to the County of fees collected for the start-up of the "Tax and Tag Together" motor vehicle tax collection program. Another contributor to this overall increase was a \$224,563 increase in several water & sewer assessments. 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 \$17,246,869 resulting in an expenditure rate of 94.61% a slight increase of 0.26% over 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 of the large number of service contracts in the Human Services area and outstanding encumbrances at year end.

- *Personnel* expenditures, due to turnover and vacancies, were \$4,154,035 less than budgeted for an expenditure rate of 96.67%.
- *Basic operating* expenditures were \$4,152,509 under budget. Of this amount, \$985,575 was for contracted services; \$367,787 was for computer software; \$337,707 was for unspent maintenance and repair; \$275,559 was for audit expense; \$275,214 was for miscellaneous expense; and \$144,386 was for postage expense. While not included as expenditure, another \$1,431,791 is being reserved for outstanding encumbrances. The remaining \$334,308, excluding encumbrances, was unspent in many of the 100 line items.
- *Other charges & services* were \$6,645,049 under budget. Under spending in the Social Services Department of \$2,048,012 consisted mainly of \$1,139,830 for Low Income Energy Assistance and \$822,818 for Child Care and Development. During FY2014 \$1,584,000 was budgeted and paid to Alliance Behavioral Healthcare. At year-end the expenditure was reversed and a receivable (loan) was set up, thereby eliminating the expenditure in the line. The expenditure line for Cape Fear Valley Medical Center Capital was under spent by \$1,041,536. This amount was rolled forward into FY2015. The remaining \$1,971,501 was allocated to many other expenditure lines.
- While *capital outlay* was under spent by \$2,330,863, most of those funds will be re-budgeted 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 six internal service funds. Total net position for the enterprise funds increased to \$70,235,260. The increase was due to a current year net position increase of \$521,447 and a \$99,500 increase due to the reclassification of the Overhills Park Water and Sewer Fund as an Enterprise Fund. Unrestricted net position decreased \$7,566,452 to \$18,426,927 primarily due to the \$7,803,444 transfer from the Solid Waste Operating Fund to the Solid Waste Cell Construction Fund to fund the construction of cells. The Solid Waste Fund and the Cumberland County Crown Complex Fund were discussed in an earlier section. The other five enterprise funds, five water and sewer funds, had a combined net position of \$9,467,299. This represents a decrease of \$67,230 from last year. The decrease was due to the combined decrease of \$247,574 in the net position of the

Kelly Hills and NORCRESS Water and Sewer Funds. This decrease offset the addition of: Bragg Estates Water and Sewer (\$33,000); the reclassification of the Overhills Park Water and Sewer Fund as an Enterprise Fund (\$99,500) and the increase in the net position of the Southpoint Water and Sewer Fund (\$47,844).

The six internal service funds had a combined net position of \$3,112,863, a decrease of \$1,316,511 from the prior year. A \$677,049 decrease in the net position of the two health Insurance Funds was due to actual cost savings from the cost-saving employee programs were less than projected. The net position of the General Litigation Fund decreased \$537,932 due to large settlement payments. The Workers Compensation net position decreased \$238,280 due to large claim payments which should abate in FY2015.

Capital Asset and Debt Administration

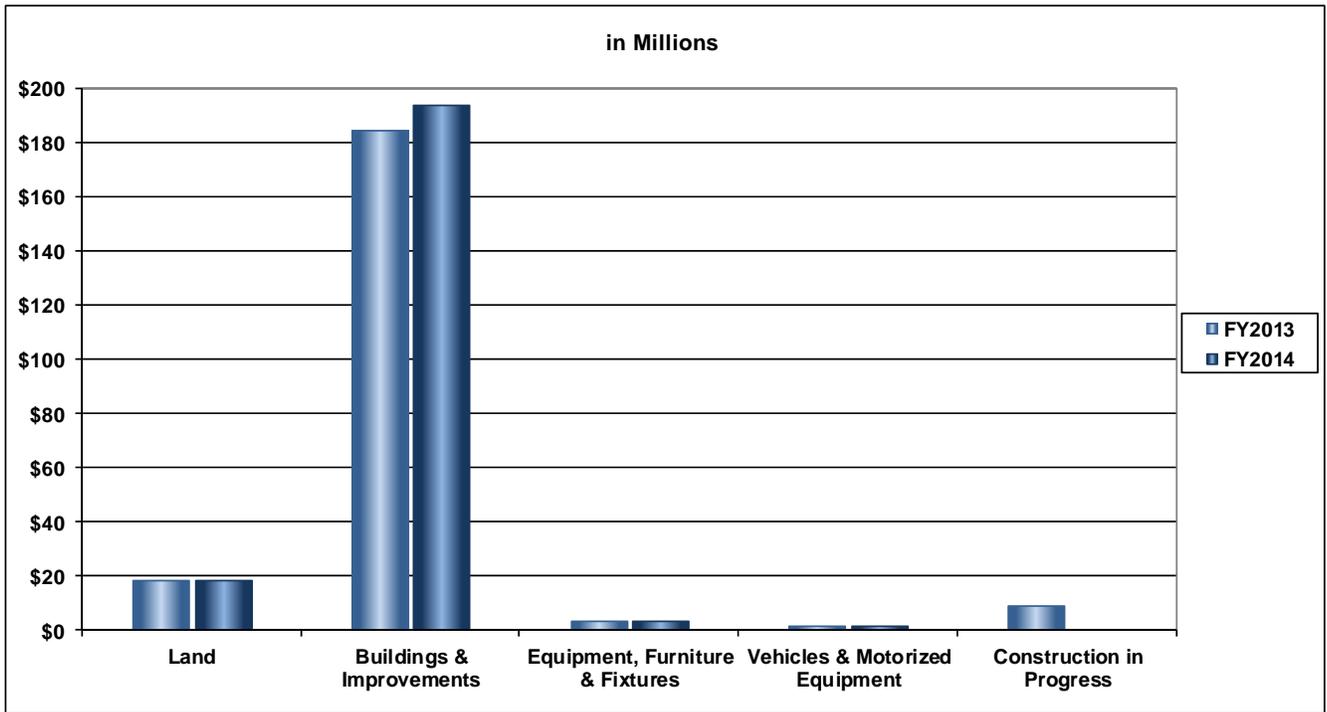
Capital Assets. The County's capital assets, Table 3, for its governmental and business-type activities as of June 30, 2014, totals \$280,893,030 (net of accumulated depreciation). Capital assets include land, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other equipment, 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. Significant changes in Governmental Activities included a \$9,154,849 decrease in construction-in-progress related to completing construction on the addition to the Detention Center.

CUMBERLAND COUNTY'S CAPITAL ASSETS
Table 3

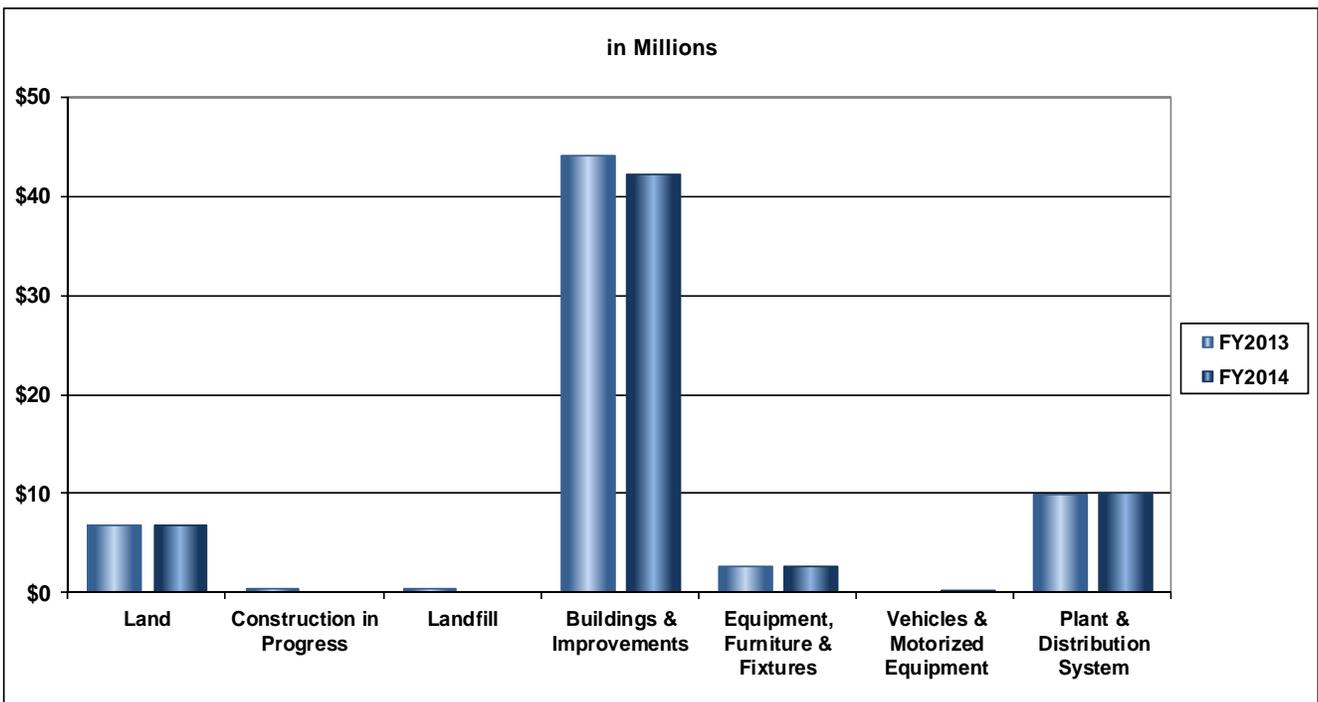
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land	\$ 18,587,070	\$ 18,587,070	\$ 6,833,573	\$ 6,833,573	\$ 25,420,643	\$ 25,420,643
Construction in progress	9,154,849	-	439,068	75,811	9,593,917	75,811
Landfill			516,688	-	516,688	-
Buildings and improvements	184,955,724	194,005,542	44,227,056	42,347,925	229,182,780	236,353,467
Equipment, furniture and fixtures	3,370,488	3,787,220	2,792,078	2,800,465	6,162,566	6,587,685
Vehicles and motorized equipment	1,510,190	2,094,642	176,467	250,544	1,686,657	2,345,186
Plant and distribution system			9,955,025	10,110,237	9,955,025	10,110,237
Total net capital assets	<u>\$ 217,578,321</u>	<u>\$ 218,474,474</u>	<u>\$ 64,939,955</u>	<u>\$ 62,418,555</u>	<u>\$ 282,518,276</u>	<u>\$ 280,893,029</u>

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS
Figure 7



BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS
Figure 8



Additional information on the County's capital assets can be found in Note #4 in the Notes to the Financial Statements.

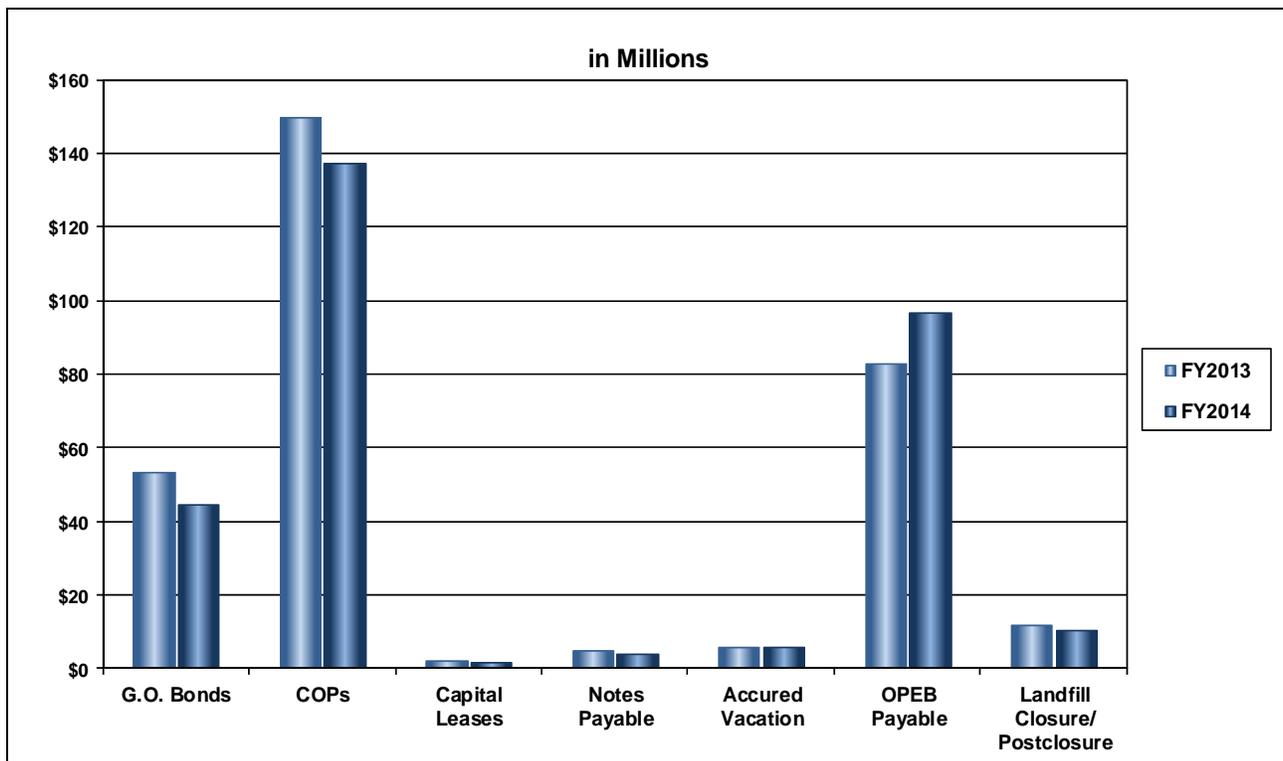
Long-Term Debt. As of June 30, 2014, Cumberland County had total bonded debt outstanding of \$44,564,866 all of which is backed by the full faith and credit of the County.

CUMBERLAND COUNTY'S OUTSTANDING DEBT
Table 4

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
General obligation bonds (net)	\$ 52,440,072	\$ 43,428,866	\$ 1,154,000	\$ 1,136,000	\$ 53,594,072	\$ 44,564,866
Capital leases	2,032,294	1,611,032	-	-	2,032,294	1,611,032
Certificates of participation (net)	118,020,741	107,612,285	32,046,017	29,921,676	150,066,758	137,533,961
Notes Payable	2,878,317	2,238,691	2,182,600	1,870,800	5,060,917	4,109,491
Accrued vacation	5,519,958	5,566,476	265,444	140,573	5,785,402	5,707,049
OPEB payable	79,153,136	92,854,664	3,649,286	4,147,157	82,802,422	97,001,821
Accrued closure and postclosure costs	-	-	11,891,320	10,317,621	11,891,320	10,317,621
Total debt	\$ 260,044,518	\$ 253,312,014	\$ 51,188,667	\$ 47,533,827	\$ 311,233,185	\$ 300,845,841

The County's total debt, Table 4, of \$300,845,941 decreased \$10,387,244 (3.34%) during the past fiscal year. The County paid down existing debt obligations while incurring \$14,199,399 of additional OPEB obligations.

OUTSTANDING DEBT
Figure 9



In September 2008, Standard Poor's Rating Group upgraded the County's General Obligation Bond Rating from AA- to AA+ and the Certificates of Participation from A+ to AA. In March 2009, Moody's Investor Service upgraded the County's General Obligation Bond Rating for Aa3 to Aa2, which has since been recalibrated to Aa1, and the County's Certificates of Participation from A1 to Aa3. As an indication of the stability and sound financial condition of the County during turbulent times, the County has continued to maintain these bond ratings. These high ratings are a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8.0% of the total assessed value of taxable property located within that government's boundaries. At June 30, 2014, the County had bonds authorized but unissued of \$20,126,000 and a legal debt margin of \$2,061,629,000.

Additional information regarding the County's long-term debt can be found in Note #9 in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the slowing of the local economy due to federal budget issues and military downsizing:

- Ad valorem current year tax collections rate for real and personal property increased slightly from 99.07% to 99.13%. The overall tax collection rate including prior years' collections is 99.41% and the running five year average is 99.40%.
- Changes in taxable sales for the County over the past five years have been: 8.18%, 9.71%, 4.61%, 0.76% and -1.39% in 2014.
- The locally generated gross sales tax collection rate for the County decreased 1.37% from FY2013 and was well below the state-wide average of 4.03%.

Budget Highlights for the Fiscal Year Ending June 30, 2015

The County approved a \$314,620,138 General Fund budget, excluding the legally adopted County School Special Revenue Fund for FY2015, which represents a \$1,869,740 (.60%) increase over the FY2014 approved budget.

- *Ad Valorem Taxes* valorem taxes for FY2015 have been budgeted at \$164,600,868, an increase of \$1,051,513 (.64%) over the FY2014. FY2015 will be the first full year of motor vehicle tax collections under the new Tax and Tag Together initiative. Motor vehicle tax collections are anticipated to reach \$14,200,000 under this initiative. The total countywide tax rate remains at 74.0 cents.
- *Sale Taxes* are budgeted at \$37,516,061, a decrease of \$1,868,062 (-2.67%) from FY2014 due to the slowing of sales tax receipts in the local economy.
- *Unrestricted Intergovernmental* revenue is budgeted at \$9,374,977 which is an -10.17% decrease from FY2014. The two primary reasons for this decrease are: the decrease in municipal sales tax hold harmless reimbursements related to a lower projection of overall sales tax collections and the reduction of motor vehicle tax collection revenue from the municipalities due to collections by the State under the Tax and Tag program.
- *Restricted Intergovernmental* revenue has been budgeted at \$55,737,640, a decrease of \$239,728 (.43%) from FY2014.
- *Licenses and Fees* are projected to experience an overall decrease of \$238,281 (11.43%) based on an adopted budget of \$1,845,869. Most of this decrease is attributable to a \$245,771 decrease in the Register of Deeds fees.

- *Sales and Service* fees are projected to increase \$1,303,158 (14.68%). The three primary reasons for this increase are: \$448,719 increase in the Board of Education's Security Fees; \$300,467 contract with Cape Fear Valley Hospital to provide security for the Roxie Avenue Mental Health Center and reclassification of Indirect Costs in the amount of \$351,520 to this category.
- *Miscellaneous Revenue* are Projected to increase \$942,636 (22.66%). Much of this increase is a result of a \$475,840 loan payment (for start-up costs) and \$232,884 lease payment by the Managed Care Organization which provides direct mental health services to the County. Also, interest income has been projected to increase by \$157,890.
- *Other Financing Sources* increased a total of \$3,312,074 (15.95%). General Fund balance appropriated increased \$4,562,940. Adjustments to transfers and assigned fund balances accounted for the net difference of \$1,250,866 between the overall increase for Other Financing Sources and the General Fund increase.

Budgeted expenditures in the General Fund, excluding the legally adopted County School Special Revenue Fund, are \$314,620,138 which represents a \$1,869,740 (1.01%) increase over FY2014 approved budget. Highlights include:

- *Personal Services* increased \$1,437,561 (1.15%). For FY2015, County Employees were not given a COLA or a stipend. In FY2014, the employee stipend totaled \$1,400,945. However, the reduction in the stipend was more than offset by increases in health insurance (\$1,533,818), and workers' compensation (\$311,179). Also, the personal services budget for the Detention Center in FY2015 increased \$673,345 reflecting full staffing of the new section for the entire year. The FY2015 budget included six new positions with salaries totaling \$210,348. Finally the FY2015 budget set aside \$125,824 for the final phase of the Pay and Classification Study.
- *Operating Expenditures* increased \$3,145,873 (11.60%) Major changes include \$804,833 increase in the Maintenance/Repair Buildings expense budget which addresses the Board of Commissioners goal of providing adequate and well maintained infrastructure. The FY2015 budget includes a \$739,818 increase in the Computer Hardware budget to advance the county's automation and technology capabilities. The Detention Center's operating budget increased \$367,832 to reflect operating the new section for the entire year.
- *Other Charges and Services* decreased \$3,668,521 (2.82%) to \$126,107,842. One time expenditures budgeted in FY2014 that were not budgeted in FY2015 is the primary reason for this decrease. These include: \$323,680 for the Vander Sewer Extension; \$1,584,000 loan to the Managed Care Organization providing Mental Health services and \$1,875,000 in capital expenditures to CFVH for relocation of the Morgue and renovation of an acute mental health treatment center.
- *Capital Outlay* expenditures increased \$2,423,564 (63.64%). The capital expenditure increase was due to a \$3,000,000 increase in the capital outlay for Fayetteville Technical Community College to acquire and renovate a new building. The \$3,000,000 increase is offset by a \$610,644 decrease in capital outlay for vehicles.
- *Debt Service* payments decreased \$1,033,757 (4.02%) due to the net effect of paying down various bond issues.

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, 2014

	Governmental Activities	Business Type Activities	Total Primary Government	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau
Assets							
Cash and cash equivalents	\$ 50,404,367	\$ 7,082,910	\$ 57,487,277	\$ 3,221,102	\$ 707,012	\$ 1,386,856	\$ 517,929
Investments	53,904,879	27,318,544	81,223,423	-	918	-	244,636
Taxes receivable, net	2,511,687	133,708	2,645,395	-	-	-	-
Accounts receivable, net	-	-	-	-	203,690	-	-
Sales tax receivable	13,431,737	126,043	13,557,780	-	2,810	-	-
Due from other governments	12,948,139	195,934	13,144,073	-	500	-	198,365
Patient receivables, net	337,667	-	337,667	-	-	-	-
Other receivables, net	3,370,948	(39,465)	3,331,483	-	1,486	-	268
Internal balances	30,675	(30,675)	-	-	-	-	-
Due from component units	924,954	-	924,954	-	-	-	-
Inventories	295,989	70,479	366,468	2,646,820	-	-	10,536
Prepaid expenses	-	289,505	289,505	3,260	-	-	3,998
Restricted cash and cash equivalents	8,297,798	9,877,810	18,175,608	99,555	113,047	-	-
Restricted investments	36,441	10,269,731	10,306,172	-	-	-	564,491
Restricted accounts receivable	19	-	19	-	-	-	-
Other assets	2,488,415	-	2,488,415	-	-	-	-
Security deposits	-	-	-	4,501	-	-	-
Capital assets:							
Nondepreciable	18,587,070	6,909,384	25,496,454	2,070,516	-	-	-
Depreciable, net	199,887,404	55,509,171	255,396,575	2,754,099	19,515,447	-	155,068
Total capital assets	218,474,474	62,418,555	280,893,029	4,824,615	19,515,447	-	155,068
Total assets	367,458,189	117,713,079	485,171,268	10,799,853	20,544,910	1,386,856	1,695,291
Deferred outflows of resources	2,226,143	2,170,713	4,396,856	-	-	-	-
Liabilities							
Accounts and vouchers payable	13,842,759	1,238,344	15,081,103	1,240,955	78,963	565,672	20,899
Due to other governments	441,373	94,915	536,288	-	-	-	-
Accrued payroll	6,062,644	107,248	6,169,892	-	4,957	-	-
Accrued interest payable	1,081,776	118,392	1,200,168	-	41,198	-	-
Other payables	116,268	73,300	189,568	882,850	4,272	-	43,282
Due to primary government	-	-	-	476,526	-	-	-
Long-term liabilities:							
Due in less than one year	25,021,660	2,711,306	27,732,966	309,346	257,170	-	-
Due in more than one year	228,290,354	44,822,521	273,112,875	897,500	11,797,072	-	-
Total long-term liabilities	253,312,014	47,533,827	300,845,841	1,206,846	12,054,242	-	-
Total liabilities	274,856,834	49,166,026	324,022,860	3,807,177	12,183,632	565,672	64,181
Deferred inflows of resources	424,585	482,506	907,091	84,489	-	-	-
Net position							
Net investment in capital assets	159,441,226	31,819,848	191,261,074	3,927,305	7,464,400	-	155,068
Restricted for:							
Stabilization by State statute	36,049,245	-	36,049,245	-	-	-	-
Human services	81,672	-	81,672	-	-	-	-
Register of deeds	714,243	-	714,243	-	-	-	-
Inmates	374,799	-	374,799	-	-	-	-
Cemetery	45,587	-	45,587	-	-	-	-
School capital	5,341,799	-	5,341,799	-	-	-	-
Public safety	2,170,177	-	2,170,177	884,009	-	-	-
Economic and physical development	468,277	-	468,277	-	-	-	-
Cultural and recreation	4,582,954	-	4,582,954	-	-	-	-
Debt service	-	19,931,796	19,931,796	-	95,121	-	-
Capital projects	-	56,689	56,689	-	17,926	-	-
Repairs and maintenance	-	-	-	-	10,000	-	-
Claims	5,679,430	-	5,679,430	-	-	-	-
Unrestricted	(120,546,496)	18,426,927	(102,119,569)	2,096,873	773,831	821,184	1,476,042
Total net position	\$ 94,402,913	\$ 70,235,260	\$ 164,638,173	\$ 6,908,187	\$ 8,361,278	\$ 821,184	\$ 1,631,110

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau
					Governmental Activities	Business-type Activities	Total				
Governmental activities:											
General government	\$ 28,905,546	\$ 2,302,492	\$ 1,210,508	\$ 3,863,323	\$ (21,529,223)	\$ -	\$ (21,529,223)	\$ -	\$ -	\$ -	\$ -
Public safety	66,897,589	3,588,254	553,242	774,769	(61,981,324)	-	(61,981,324)	-	-	-	-
Economic and physical development	12,557,762	1,387,921	4,570,441	1,165,423	(5,433,977)	-	(5,433,977)	-	-	-	-
Human services	105,177,910	4,858,269	53,687,957	-	(46,631,684)	-	(46,631,684)	-	-	-	-
Cultural and recreational	17,973,551	227,669	940,764	-	(16,805,118)	-	(16,805,118)	-	-	-	-
Education	94,841,212	-	-	-	(94,841,212)	-	(94,841,212)	-	-	-	-
Interest on long-term debt	6,049,811	-	-	-	(6,049,811)	-	(6,049,811)	-	-	-	-
Total governmental activities	332,403,381	12,364,605	60,962,912	5,803,515	(253,272,349)	-	(253,272,349)	-	-	-	-
Business-type activities:											
Solid Waste	7,274,208	2,884,517	589,023	-	-	(3,800,668)	(3,800,668)	-	-	-	-
Crown Center	9,004,249	2,035,391	-	-	-	(6,968,858)	(6,968,858)	-	-	-	-
Kelly Hills Water and Sewer District	68,661	5,641	-	-	-	(63,020)	(63,020)	-	-	-	-
NORCRESS Water and Sewer District	576,691	392,137	-	-	-	(184,554)	(184,554)	-	-	-	-
Southpoint Water and Sewer District	24,674	32,009	-	40,053	-	47,388	47,388	-	-	-	-
Total business-type activities	16,948,483	5,349,695	589,023	40,053	-	(10,969,712)	(10,969,712)	-	-	-	-
Total primary government	\$ 349,351,864	\$ 17,714,300	\$ 61,551,935	\$ 5,843,568	(253,272,349)	(10,969,712)	(264,242,061)	-	-	-	-
Component unit:											
ABC Board	\$ 22,550,854	\$ 22,592,528	\$ -	\$ -	-	-	-	41,674	-	-	-
Eastover Sanitary District	2,216,549	1,997,658	-	-	-	-	-	(218,891)	-	-	-
Tourism Development Authority	5,104,628	5,124,890	-	-	-	-	-	-	20,262	-	-
Fayetteville Area Convention & Visitors Bureau	2,311,608	2,416,255	-	-	-	-	-	-	-	-	104,647
Total component unit	\$ 32,183,639	\$ 32,131,331	\$ -	\$ -	-	-	-	41,674	(218,891)	20,262	104,647
General revenues:											
Property taxes					184,443,830	-	184,443,830	-	-	-	-
Other taxes:											
Sales tax					47,126,328	-	47,126,328	-	-	-	-
Animal registration					289,249	-	289,249	-	-	-	-
Real estate transfer					795,980	-	795,980	-	-	-	-
Beer and wine					388,608	-	388,608	-	-	-	-
Solid waste					-	4,936,870	4,936,870	-	-	-	-
Food and beverage					5,897,054	-	5,897,054	-	-	-	-
Room and occupancy					-	1,252,989	1,252,989	-	-	-	-
Grants and contributions not restricted to specific programs					11,708,537	-	11,708,537	-	-	-	-
Unrestricted investment earnings					187,033	123,409	310,442	3	72	-	8,205
Gain on sale of capital assets					127,232	-	127,232	-	-	-	-
Miscellaneous					6,014,148	36,592	6,050,740	11,830	3,795	-	(1,032)
Transfers					(5,141,299)	5,141,299	-	-	-	-	-
Total general revenues and transfers					251,836,700	11,491,159	263,327,859	11,833	3,867	-	7,173
Change in net position					(1,435,649)	521,447	(914,202)	53,507	(215,024)	20,262	111,820
Net position - beginning					95,938,062	69,614,313	165,552,375	6,854,680	8,576,302	800,922	1,519,290
Change in fund classification					(99,500)	99,500	-	-	-	-	-
Net position - beginning, as restated					95,838,562	69,713,813	165,552,375	6,854,680	8,576,302	800,922	1,519,290
Net position - ending					\$ 94,402,913	\$ 70,235,260	\$ 164,638,173	\$ 6,908,187	\$ 8,361,278	\$ 821,184	\$ 1,631,110

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2014**

	General	Health Department Building Fund	Grays Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 41,243,990	\$ -	\$ 86,806	\$ 9,073,571	\$ 50,404,367
Investments	53,830,259	-	-	74,620	53,904,879
Taxes receivable, net	1,451,635	-	-	322,068	1,773,703
Sales tax receivable	13,251,876	-	-	179,749	13,431,625
Due from other governments	12,164,941	-	-	783,198	12,948,139
Patient receivables	337,667	-	-	-	337,667
Other receivables, net	3,021,837	-	-	125,518	3,147,355
Due from other funds	501,849	-	-	-	501,849
Due from component units	924,954	-	-	-	924,954
Inventories	161,583	-	-	-	161,583
Prepays	2,387,765	-	-	37,334	2,425,099
Restricted assets:					
Cash and cash equivalents	1,292,168	-	-	1,326,249	2,618,417
Investments	-	-	-	36,392	36,392
Accounts receivable	-	-	-	19	19
Total assets	\$ 130,570,524	\$ -	\$ 86,806	\$ 11,958,718	\$ 142,616,048
Liabilities:					
Accounts and vouchers payable	\$ 9,906,400	\$ -	\$ 3,815	\$ 1,306,315	\$ 11,216,530
Due to other governments	395,061	-	-	46,312	441,373
Accrued payroll	5,934,091	-	-	99,148	6,033,239
Other payables	116,268	-	-	-	116,268
Due to other funds	-	-	-	471,174	471,174
Total liabilities	16,351,820	-	3,815	1,922,949	18,278,584
Deferred inflows of resources	2,706,052	-	-	322,127	3,028,179
Fund balances:					
Nonspendable:					
Inventories	161,583	-	-	-	161,583
Prepays	2,387,765	-	-	37,334	2,425,099
Restricted:					
Stabilization by State Statute	34,692,443	-	-	1,356,802	36,049,245
Register of Deeds	714,243	-	-	-	714,243
Inmates	-	-	-	374,799	374,799
Cemetery	-	-	-	45,587	45,587
School capital	-	-	82,991	261,815	344,806
County School	4,996,993	-	-	-	4,996,993
Fire protection	-	-	-	201,946	201,946
Public safety	-	-	-	1,968,231	1,968,231
Economic and physical development	-	-	-	468,277	468,277
Human services	-	-	-	81,672	81,672
Cultural and recreational	-	-	-	4,998,917	4,998,917
Committed:					
Property revaluation	631,503	-	-	-	631,503
Public safety	-	-	-	196,435	196,435
Assigned:					
Subsequent year's expenditures	18,376,960	-	-	295,689	18,672,649
Finance office software	4,000,000	-	-	-	4,000,000
Water & sewer industrial expansion	4,421,513	-	-	-	4,421,513
Economic development incentives	695,665	-	-	-	695,665
Mental health services	7,849,970	-	-	-	7,849,970
Unassigned	32,584,014	-	-	(573,862)	32,010,152
Total fund balances	111,512,652	-	82,991	9,713,642	121,309,285
Total liabilities, deferred inflows of resources and fund balances	\$ 130,570,524	\$ -	\$ 86,806	\$ 11,958,718	\$ 142,616,048

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2014**

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

Ending fund balance - governmental funds		\$ 121,309,285
Capital assets are not financial resources, and therefore, are not reported in the funds (see note 4).		218,474,474
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Prepaid Pension benefit	\$ 49,192	49,192
Deferred inflows of resources for taxes and special assessments receivable		
Unearned Revenue	2,603,594	
Accrued Tax Penalties	737,851	3,341,445
Internal service funds are used by management to charge the costs of group insurance, employee flexible benefits, workers' compensation, and general litigation costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		3,112,863
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	(253,028,713)	
Accrued interest payable	(1,081,776)	(254,110,489)
Deferred outflows of resources for deferred charge on refunding		2,226,143
Net position of governmental activities		\$ 94,402,913

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014**

	General	Health Department Building Fund	Gray's Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Ad valorem taxes	\$ 174,590,387	\$ -	\$ -	\$ 12,008,664	\$ 186,599,051
Other taxes	48,600,165	-	-	5,897,054	54,497,219
Unrestricted intergovernmental revenue	11,708,537	-	-	-	11,708,537
Restricted intergovernmental revenue	59,547,678	-	-	7,218,749	66,766,427
Licenses and permits	2,291,257	-	-	-	2,291,257
Sales and services	9,910,422	-	-	162,926	10,073,348
Interest earned on investments	181,487	-	165	3,107	184,759
Miscellaneous	5,260,363	-	-	824,932	6,085,295
Total revenues	312,090,296	-	165	26,115,432	338,205,893
Expenditures					
Current:					
General government	24,675,393	-	-	-	24,675,393
Public safety	51,940,943	-	-	14,816,733	66,757,676
Economic and physical development	6,479,757	-	-	5,832,354	12,312,111
Human services	95,388,098	-	-	1,775,573	97,163,671
Cultural and recreational	11,645,923	-	-	4,218,132	15,864,055
Education	93,498,604	-	569,696	925,670	94,993,970
Principal payments	18,711,637	-	-	-	18,711,637
Interest and fees	6,647,785	-	-	-	6,647,785
Debt issuance costs	73,607	-	-	-	73,607
Total expenditures	309,061,747	-	569,696	27,568,462	337,199,905
Excess (deficiency) of revenues over (under) expenditures	3,028,549	-	(569,531)	(1,453,030)	1,005,988
Other financing sources (uses)					
Sale of capital assets	214,069	-	-	1,809	215,878
Proceeds from refunding bonds	15,070,000	-	-	-	15,070,000
Payment to refund bond escrow agent	(15,204,915)	-	-	-	(15,204,915)
Transfers in	77,779	-	-	938,281	1,016,060
Transfers out	(1,573,481)	-	-	(5,186,078)	(6,759,559)
Total other financing sources (uses)	(1,416,548)	-	-	(4,245,988)	(5,662,536)
Net change in fund balances	1,612,001	-	(569,531)	(5,699,018)	(4,656,548)
Fund balance - beginning	109,900,651	-	652,522	15,512,160	126,065,333
Change in fund classification	-	-	-	(99,500)	(99,500)
Fund balance - beginning, as restated	109,900,651	-	652,522	15,412,660	125,965,833
Fund balance - ending	\$ 111,512,652	\$ -	\$ 82,991	\$ 9,713,642	\$ 121,309,285

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

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, 2014**

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

Net change in fund balances - total governmental funds \$ (4,656,548)

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	\$	9,819,962	
Depreciation		(8,870,140)	
Other asset activity		<u>(53,514)</u>	
			896,308

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		(40,569)	
Change in pension costs		(1,598)	
Change in unavailable revenue for taxes		<u>(2,114,652)</u>	
			(2,156,819)

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		18,711,637	
Proceeds from issuance of refunding bonds		(15,070,000)	
Payment to refunding escrow agent		14,860,000	
Changes in premium		1,978,913	
Accrued interest payable		<u>189,180</u>	
			20,669,730

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		(56,599)	
Other postemployment benefits		<u>(13,631,998)</u>	
			(13,688,597)

The net revenue of certain activities of the internal service fund is reported with governmental activities. (1,316,511)

Change in deferred outflows of resources for deferred charge on refunding (1,183,212)

Change in net position of governmental activities \$ (1,435,649)

COUNTY OF CUMBERLAND, NORTH CAROLINA

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual
Year Ended June 30, 2014**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 168,933,380	\$ 168,933,380	\$ 174,590,387	\$ 5,657,007
Other taxes	41,522,008	41,522,008	39,775,491	(1,746,517)
Unrestricted intergovernmental revenue	10,436,673	10,548,363	10,951,234	402,871
Restricted intergovernmental revenue	55,977,368	58,905,796	55,684,355	(3,221,441)
Licenses and permits	2,084,150	2,084,150	2,291,257	207,107
Sales and services	8,875,845	9,708,230	9,910,422	202,192
Interest earned on investments	110,000	110,000	175,453	65,453
Miscellaneous	4,050,524	4,138,743	5,204,256	1,065,513
Total revenues	<u>291,989,948</u>	<u>295,950,670</u>	<u>298,582,855</u>	<u>2,632,185</u>
Expenditures:				
Current:				
General government	28,268,666	29,231,174	24,675,393	4,555,781
Public safety	51,946,862	53,690,673	51,940,943	1,749,730
Economic and physical development	6,883,270	8,166,149	6,479,757	1,686,392
Human services	100,155,982	103,574,851	95,388,098	8,186,753
Cultural and recreational	11,433,474	12,074,063	11,645,923	428,140
Education	87,085,288	87,904,022	87,265,527	638,495
Debt service:				
Principal payments	18,711,638	18,711,637	18,711,637	-
Interest and fees	6,953,429	6,647,784	6,647,785	(1)
Debt issuance costs	-	75,186	73,607	1,579
Total expenditures	<u>311,438,609</u>	<u>320,075,539</u>	<u>302,828,670</u>	<u>17,246,869</u>
Revenues over (under) expenditures	<u>(19,448,661)</u>	<u>(24,124,869)</u>	<u>(4,245,815)</u>	<u>(19,879,054)</u>
Other financing sources (uses):				
Sale of capital assets	-	32,805	214,069	181,264
Proceeds from refunding bonds		15,070,000	15,070,000	-
Payment to refund bond escrow agent		(15,204,915)	(15,204,915)	-
Transfers in	7,545,458	7,720,021	7,485,772	(234,249)
Transfers out	(1,311,789)	(1,980,612)	(1,573,481)	407,131
Appropriated fund balance	13,214,992	18,487,570	-	(18,487,570)
Total other financing sources (uses)	<u>19,448,661</u>	<u>24,124,869</u>	<u>5,991,445</u>	<u>(18,133,424)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,745,630</u>	<u>\$ 1,745,630</u>
Fund Balances:				
Beginning of year, July 1			<u>102,347,516</u>	
End of year, June 30			<u>\$ 104,093,146</u>	
A legally budgeted County School Fund (not included above) is consolidated into the General Fund for Reporting Purposes:				
Other taxes	\$ 8,500,000	\$ 8,233,677	\$ 8,824,674	\$ 590,997
Unrestricted intergovernmental revenue	800,000	800,000	757,303	(42,697)
Restricted intergovernmental revenue	3,600,000	3,866,323	3,863,323	(3,000)
Interest earned on investments	-	-	6,034	6,034
Miscellaneous	-	-	56,107	56,107
Education	(5,487,515)	(10,592,742)	(6,233,077)	4,359,665
Transfers out	(7,412,485)	(7,412,485)	(7,407,993)	4,492
Appropriated fund balance	-	5,105,227	-	(5,105,227)
	-	-	(133,629)	(133,629)
Fund Balance, Beginning of year	-	-	7,553,135	-
	<u>\$ -</u>	<u>\$ -</u>	<u>7,419,506</u>	<u>\$ (133,629)</u>
Fund Balance, End of year			<u>\$ 111,512,652</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Position
Proprietary Funds
June 30, 2014

	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	\$ 1,797,361	\$ 4,898,954	\$ 27,423	\$ 338,480	\$ 20,692	\$ -	\$ -	\$ 7,082,910	\$ -
Investments	27,317,949	-	495	-	100	-	-	27,318,544	-
Taxes receivable, net	133,708	-	-	-	-	-	-	133,708	133
Sales tax receivable	110,797	12,576	-	1,429	1,241	-	-	126,043	112
Due from other governments	141,426	-	529	-	53,979	-	-	195,934	-
Other receivables, net	(143,776)	33,545	495	64,295	5,976	-	-	(39,465)	223,593
Inventories	70,479	-	-	-	-	-	-	70,479	134,406
Prepays	56,099	233,406	-	-	-	-	-	289,505	14,124
Total current assets	29,484,043	5,178,481	28,942	404,204	81,988	-	-	35,177,658	372,368
Noncurrent assets									
Restricted:									
Cash and cash equivalents	8,085,090	1,736,031	-	-	-	44,689	12,000	9,877,810	5,679,381
Investments	10,110,673	159,058	-	-	-	-	-	10,269,731	49
Capital assets, net of accumulated depreciation	7,438,228	44,794,279	2,146,800	7,503,488	459,949	54,811	21,000	62,418,555	-
Total noncurrent assets	25,633,991	46,689,368	2,146,800	7,503,488	459,949	99,500	33,000	82,566,096	5,679,430
Total assets	55,118,034	51,867,849	2,175,742	7,907,692	541,937	99,500	33,000	117,743,754	6,051,798
Deferred outflows of resources - deferred loss on refunding	-	2,170,713	-	-	-	-	-	2,170,713	-
Liabilities									
Current liabilities									
Accounts and vouchers payable	718,437	494,130	8	24,808	961	-	-	1,238,344	105,903
Due to other governments	-	-	-	-	94,915	-	-	94,915	-
Accrued payroll	107,248	-	-	-	-	-	-	107,248	29,405
Accrued interest payable	-	114,487	-	3,905	-	-	-	118,392	-
Other payables	4,500	64,000	-	-	4,800	-	-	73,300	2,519,990
Incurred but not reported	-	-	-	-	-	-	-	-	336
Current portion of long-term debt and accrued vacation	168,545	2,523,761	-	19,000	-	-	-	2,711,306	15,455
Due to other funds	-	5,500	-	-	25,175	-	-	30,675	-
Total current liabilities	998,730	3,201,878	8	47,713	125,851	-	-	4,374,180	2,671,089
Noncurrent liabilities									
Post closing liability	10,282,621	-	-	-	-	-	-	10,282,621	-
Long-term debt	-	29,268,715	-	1,117,000	-	-	-	30,385,715	-
Accrued vacation	7,028	-	-	-	-	-	-	7,028	813
Other postemployment benefits liability	2,668,852	1,478,305	-	-	-	-	-	4,147,157	267,033
Total noncurrent liabilities	12,958,501	30,747,020	-	1,117,000	-	-	-	44,822,521	267,846
Total liabilities	13,957,231	33,948,898	8	1,164,713	125,851	-	-	49,196,701	2,938,935
Deferred inflows of resources	-	482,506	-	-	-	-	-	482,506	-
Net position									
Net investment in capital assets	7,438,228	15,331,572	2,146,800	6,367,488	459,949	54,811	21,000	31,819,848	-
Restricted net position - debt service	18,195,763	1,736,033	-	-	-	-	-	19,931,796	-
Restricted net position - capital projects	-	-	-	-	-	44,689	12,000	56,689	-
Restricted net position - claims	-	-	-	-	-	-	-	-	5,679,430
Unrestricted	15,526,812	2,539,553	28,934	375,491	(43,863)	-	-	18,426,927	(2,566,567)
Total net position	\$ 41,160,803	\$ 19,607,158	\$ 2,175,734	\$ 6,742,979	\$ 416,086	\$ 99,500	\$ 33,000	\$ 70,235,260	\$ 3,112,863

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2014**

	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	\$ 2,873,129	\$ 2,035,391	\$ 5,641	\$ 392,137	\$ 32,009	\$ -	\$ -	\$ 5,338,307	\$ -
Contributions	-	-	-	-	-	-	-	-	2,157,305
Other operating revenue	11,388	-	-	-	-	-	-	11,388	-
Contributions - Group health insurance	-	-	-	-	-	-	-	-	18,032,537
Solid waste fees	4,936,870	-	-	-	-	-	-	4,936,870	-
Pharmacy services	-	-	-	-	-	-	-	-	1,223,536
Total operating revenues	<u>7,821,387</u>	<u>2,035,391</u>	<u>5,641</u>	<u>392,137</u>	<u>32,009</u>	<u>-</u>	<u>-</u>	<u>10,286,565</u>	<u>21,413,378</u>
Operating expenses									
Salaries and employee benefits	3,398,743	809,205	-	-	-	-	-	4,207,948	2,384,951
Repairs and maintenance	1,230,471	638,381	1,801	81,831	-	-	-	1,952,484	-
Utilities	105,575	292,762	-	207,817	-	-	-	606,154	-
Administrative costs	3,056,416	675,470	8	1,617	12,890	-	-	3,746,401	1,015,947
Global Spectrum, LP	-	3,128,514	-	-	-	-	-	3,128,514	-
Depreciation	1,054,063	1,998,022	66,852	237,885	11,784	-	-	3,368,606	155
Landfill closure and postclosure care costs	(1,571,060)	-	-	-	-	-	-	(1,571,060)	-
Group health insurance	-	-	-	-	-	-	-	-	17,866,302
Employee pharmacy	-	-	-	-	-	-	-	-	1,721,933
Employee clinic	-	-	-	-	-	-	-	-	264,764
Employee wellness program	-	-	-	-	-	-	-	-	80,551
Total operating expenses	<u>7,274,208</u>	<u>7,542,354</u>	<u>68,661</u>	<u>529,150</u>	<u>24,674</u>	<u>-</u>	<u>-</u>	<u>15,439,047</u>	<u>23,334,603</u>
Operating income (loss)	<u>547,179</u>	<u>(5,506,963)</u>	<u>(63,020)</u>	<u>(137,013)</u>	<u>7,335</u>	<u>-</u>	<u>-</u>	<u>(5,152,482)</u>	<u>(1,921,225)</u>
Nonoperating revenue (expense)									
Interest earned on investments	85,130	38,279	-	-	-	-	-	123,409	2,513
Motel occupancy tax	-	1,252,989	-	-	-	-	-	1,252,989	-
Miscellaneous	32,395	3,741	-	-	456	-	-	36,592	1
Grant revenue	589,023	-	-	-	40,053	-	-	629,076	-
Interest expense	-	(1,461,895)	-	(47,541)	-	-	-	(1,509,436)	-
Total nonoperating revenue (expense)	<u>706,548</u>	<u>(166,886)</u>	<u>-</u>	<u>(47,541)</u>	<u>40,509</u>	<u>-</u>	<u>-</u>	<u>532,630</u>	<u>2,514</u>
Income (loss) before transfers and contributions	<u>1,253,727</u>	<u>(5,673,849)</u>	<u>(63,020)</u>	<u>(184,554)</u>	<u>47,844</u>	<u>-</u>	<u>-</u>	<u>(4,619,852)</u>	<u>(1,918,711)</u>
Transfers in	-	5,108,299	-	-	-	-	33,000	5,141,299	602,200
Change in net position	<u>1,253,727</u>	<u>(565,550)</u>	<u>(63,020)</u>	<u>(184,554)</u>	<u>47,844</u>	<u>-</u>	<u>33,000</u>	<u>521,447</u>	<u>(1,316,511)</u>
Total net position - beginning	<u>39,907,076</u>	<u>20,172,708</u>	<u>2,238,754</u>	<u>6,927,533</u>	<u>368,242</u>	<u>-</u>	<u>-</u>	<u>69,614,313</u>	<u>4,429,374</u>
Change in fund classification	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,500</u>	<u>-</u>	<u>99,500</u>	<u>-</u>
Total net position - beginning, as restated	<u>39,907,076</u>	<u>20,172,708</u>	<u>2,238,754</u>	<u>6,927,533</u>	<u>368,242</u>	<u>99,500</u>	<u>-</u>	<u>69,713,813</u>	<u>4,429,374</u>
Total net position - ending	<u>\$ 41,160,803</u>	<u>\$ 19,607,158</u>	<u>\$ 2,175,734</u>	<u>\$ 6,742,979</u>	<u>\$ 416,086</u>	<u>\$ 99,500</u>	<u>\$ 33,000</u>	<u>\$ 70,235,260</u>	<u>\$ 3,112,863</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	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	\$ 7,808,538	\$ 2,880,396	\$ 5,641	\$ 392,137	\$ 31,909	\$ -	\$ -	\$ 11,118,621	\$ -
Other operating revenue	(2,819)	-	-	-	-	-	-	(2,819)	-
Cash received from contributions	-	-	-	-	-	-	-	-	20,950,959
Cash paid to employees	(2,974,262)	(814,333)	-	-	-	-	-	(3,788,595)	(376,213)
Cash paid for goods and services	(4,069,911)	(5,085,196)	(1,817)	(287,239)	(27,003)	-	-	(9,471,166)	(848,667)
Cash received for goods and services	-	-	-	-	-	-	-	-	1,223,314
Cash paid for claims	-	-	-	-	-	-	-	-	(22,313,815)
Net cash provided by (used in) operating activities	<u>761,546</u>	<u>(3,019,133)</u>	<u>3,824</u>	<u>104,898</u>	<u>4,906</u>	<u>-</u>	<u>-</u>	<u>(2,143,959)</u>	<u>(1,364,422)</u>
Noncapital financing activities									
Transfers in	-	5,108,299	-	-	-	-	33,000	5,141,299	602,200
Operating grants	589,023	-	-	-	40,053	-	-	629,076	-
Net cash provided (used) by noncapital financing activities	<u>589,023</u>	<u>5,108,299</u>	<u>-</u>	<u>-</u>	<u>40,053</u>	<u>-</u>	<u>33,000</u>	<u>5,770,375</u>	<u>602,200</u>
Capital and related financing activities									
Acquisition and construction of capital assets	(504,755)	(233,975)	-	-	(32,665)	(54,811)	(21,000)	(847,206)	-
Other financing transactions	32,395	3,741	-	-	-	-	-	36,136	-
Principal paid on long-term debt	-	(2,557,135)	-	(18,000)	-	-	-	(2,575,135)	-
Interest paid on bonds	-	(1,256,762)	-	(47,603)	-	-	-	(1,304,365)	-
Motel occupancy tax	-	1,252,989	-	-	-	-	-	1,252,989	-
Miscellaneous	-	-	-	-	456	-	-	456	1
Net cash provided (used) by capital and related financing activities	<u>(472,360)</u>	<u>(2,791,142)</u>	<u>-</u>	<u>(65,603)</u>	<u>(32,209)</u>	<u>(54,811)</u>	<u>(21,000)</u>	<u>(3,437,125)</u>	<u>1</u>
Investing activities									
Purchase of investments	4,079,189	(134)	(495)	-	-	-	-	4,078,560	(69)
Investment earnings	85,130	38,279	-	-	-	-	-	123,409	2,513
Net cash provided (used) in investing activities	<u>4,164,319</u>	<u>38,145</u>	<u>(495)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,201,969</u>	<u>2,444</u>
Net increase (decrease) in cash and cash equivalents	<u>5,042,528</u>	<u>(663,831)</u>	<u>3,329</u>	<u>39,295</u>	<u>12,750</u>	<u>(54,811)</u>	<u>12,000</u>	<u>4,391,260</u>	<u>(759,777)</u>
Cash and cash equivalents									
Beginning of year	<u>4,839,923</u>	<u>7,298,816</u>	<u>24,094</u>	<u>299,185</u>	<u>7,942</u>	<u>99,500</u>	<u>-</u>	<u>12,569,460</u>	<u>6,439,158</u>
End of year	<u>\$ 9,882,451</u>	<u>\$ 6,634,985</u>	<u>\$ 27,423</u>	<u>\$ 338,480</u>	<u>\$ 20,692</u>	<u>\$ 44,689</u>	<u>\$ 12,000</u>	<u>\$ 16,960,720</u>	<u>\$ 5,679,381</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	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)	\$ 547,179	\$ (5,506,963)	\$ (63,020)	\$ (137,013)	\$ 7,335	\$ -	\$ -	\$ (5,152,482)	\$ (1,921,225)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation	1,054,063	1,998,022	66,852	237,885	11,784	-	-	3,368,606	155
Landfill closure and post closure care costs	(1,571,060)	-	-	-	-	-	-	(1,571,060)	-
Change in assets and liabilities									
(Increase) decrease in accounts receivable	(1,461)	10,766	-	-	11,551	-	-	20,856	2,357
(Increase) decrease in other receivables	(14,207)	(125,207)	(16)	2,269	486,509	-	-	349,348	755,344
(Increase) decrease in inventories	(3,007)	-	-	6,422	-	-	-	3,415	(29,342)
(Increase) decrease in prepaids	(56,099)	(233,406)	-	-	-	-	-	(289,505)	(14,124)
(Increase) decrease in internal balances	-	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	806,286	361,517	-	(4,665)	(417,746)	-	-	745,392	(204,235)
Increase (decrease) in accrued landfill	(2,639)	-	-	-	-	-	-	(2,639)	-
Increase (decrease) in compensated absences payable	123	(6,368)	-	-	(94,527)	-	-	(100,772)	4,595
Increase (decrease) in OPEB	-	482,506	8	-	-	-	-	482,514	42,720
Increase (decrease) in contract retainage	2,368	-	-	-	-	-	-	2,368	(667)
Total adjustments	214,367	2,487,830	66,844	241,911	(2,429)	-	-	3,008,523	556,803
Net cash provided by (used in) operating activities	\$ 761,546	\$ (3,019,133)	\$ 3,824	\$ 104,898	\$ 4,906	\$ -	\$ -	\$ (2,143,959)	\$ (1,364,422)
Cash and cash equivalents									
Unrestricted	\$ 1,797,361	\$ 4,898,954	\$ 27,423	\$ 338,480	\$ 20,692	\$ -	\$ -	\$ 7,082,910	\$ -
Restricted	8,085,090	1,736,031	-	-	-	44,689	12,000	9,877,810	5,679,381
Total	<u>\$ 9,882,451</u>	<u>\$ 6,634,985</u>	<u>\$ 27,423</u>	<u>\$ 338,480</u>	<u>\$ 20,692</u>	<u>\$ 44,689</u>	<u>\$ 12,000</u>	<u>\$ 16,960,720</u>	<u>\$ 5,679,381</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014**

	<u>Pension Trust Fund</u>		<u>Agency Funds</u>
	<u>Special Separation Allowance Fund</u>		
Assets			
Taxes receivable	\$ -	\$	4,259,232
Due from other governments	-		706,856
Prepays	3,281		-
Restricted cash and cash equivalents	497,282		717,819
Restricted investments - U.S. Government Agencies	1,429,775		-
Total assets	<u>1,930,338</u>		<u>\$ 5,683,907</u>
Liabilities			
Accounts and vouchers payable	3,281	\$	5,660,752
Due to other governments	-		23,155
Accrued payroll	15,612		-
Total liabilities	<u>18,893</u>		<u>\$ 5,683,907</u>
Net position			
Pension benefits - special separation allowance	<u>\$ 1,911,445</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2014

	<u>Pension Trust Fund</u> <u>Special Separation Allowance Fund</u>
Additions	
Employer contributions	\$ 485,097
Interest earned on investments	554
Total additions	<u>485,651</u>
Deductions	
Benefits	348,187
Total deductions	<u>348,187</u>
Change in net position	137,464
Total net position - beginning	<u>1,773,981</u>
Total net position - ending	<u>\$ 1,911,445</u>

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

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 Authority, Kelly Hills Water and Sewer Authority, Southpoint Water and Sewer Authority, Overhills Park Water and Sewer Authority, and Bragg Estates Water and Sewer Authority (the "Authorities") exist to provide and maintain a sanitary sewer system for the county residents within those districts. The Authorities, which have June 30 year-ends, are considered proprietary funds of the County and adopt budgets on an annual basis. The authorities 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 ABC Board (the "ABC Board"), which has a June 30 year-end, is presented as if it were a proprietary fund. Eastover Sanitary District (the "District"), which has a June 30 year-end, is presented as if it were a proprietary fund.

The Fayetteville Area Convention and Visitors Bureau (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. It is presented as if it were a proprietary fund. A voting majority of the 7-member board of directors is appointed by Cumberland County. The TDA is presented as if it were a proprietary fund.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

A - Reporting Entity (continued)

Discretely Presented Component Units (continued)

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 Alcohol and Beverage Control Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Cumberland County ABC Board 1705 Owen Drive Fayetteville, NC 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	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	A voting majority of the TDA's 7-member board of directors is appointed by the County.	Included in the County's financial statements.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

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. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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.

Health Department Building Fund. This fund accounts for all financial resources associated with the construction of the new Health Department facility.

Gray's Creek Middle School Fund. This fund accounts for all financial resources associated with the construction of the school as financed by the County.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

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

Basis of Presentation (continued)

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 Forfeiture Fund; Federal Forfeiture Treasury Fund; North Carolina Controlled Substance Fund; Injured Animal Stabilization Fund; Downtown Revitalization 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: Detention Facility Expansion Fund; New Century Middle School Fund; West Regional Library Fund; New Century Elementary School Fund; and the Qualified School Construction Bonds (QSCB) Project Fund.

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, Vehicle Insurance Fund, and Retiree 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

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

Basis of Presentation (continued)

Pension Trust Fund. The County has a Pension Trust Fund, the Special Separation Allowance Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

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.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from 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,

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

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

Measurement Focus, Basis of Accounting (continued)

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.

C - Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue, the permanent, the enterprise funds, and the internal services funds. All annual appropriations lapse at the fiscal year end. Multi-year capital project funds are budgeted on an annual basis at their total project cost. 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

C - Budgetary Data (continued)

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, and the TDA 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, and the TDA 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, and the TDA 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, and the TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County, the ABC Board, the District, the Bureau, and the TDA investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity (continued)

2. Cash and Cash Equivalents

The County pools money from several funds, except the Pension Trust Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The County, the ABC Board, the District, the Bureau, and the TDA 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, 2013.

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.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity (continued)

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are \$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	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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity (continued)

7. Capital Assets (continued)

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 one item that meets this criterion - a charge on refunding that had previously been classified as an asset. 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 only three items that meet the criterion for this category - prepaid taxes, special assessments receivable, and other governmental receivables.

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 in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 forty-five (45) 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 20 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity (continued)

10. Compensated Absences (continued)

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 represent 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.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred inflows arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

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.

Inventories and prepaids – portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories and prepaid items, which are not expendable, available resources.

Restricted Fund Balance

This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors 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 funded by 10% of the fees collected and maintained by the Register of Deeds' office. The funds are available for appropriation but are restricted by revenue source to pay for computer 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 School Capital - portion of fund balance that is restricted by revenue source for school capital construction.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity (continued)

11. Net Position/Fund Balances (continued)

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 Flea Hill and Downtown revitalization 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 Western Regional Library Capital Project Fund, Recreation Fund, and the Prepared Food and Beverage Fund.

Committed Fund Balance

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

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

Committed for Public Safety – portion of fund balance that can only be used for public safety purposes.

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.

Finance Office Software - portion of the total fund balance assigned by management for future purchase of tax and/or financial 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity (continued)

11. Net Position/Fund Balances (continued)

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

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

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.

Purpose of Reserve: These funds will be utilized to avoid cash flow interruptions, generate interest income, eliminate the need for short-term borrowing, and maintain the County's credit ratings.

Reserve Draw Downs: The fund balance may be purposefully drawn down below the target percentage for emergencies, nonrecurring expenditures, or major capital projects.

Reserve Replenishment: If the fund balance falls below the target percentage for two consecutive fiscal years, the County will replenish funds by direct appropriation beginning in the following fiscal year. In that instance, the County will annually appropriate 20% of the difference between the target percentage level and the actual balance until the target level is met.

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:

Total fund balance-General Fund	\$111,512,652
Less:	
Inventories	161,583
Prepays	2,387,765
Restricted	5,711,236
Stabilization by State Statute	34,692,443
Committed	631,503
Assigned	16,967,148
Appropriated fund balance in FY2015 budget	18,376,960
10% fund balance policy	<u>32,584,014</u>
Remaining fund balance	<u>\$ -</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

D - Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity (continued)

11. Net Position/Fund Balances (continued)

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Fund Type	Encumbrances
General Fund	\$ 5,319,151
Other Governmental funds	268,377
Enterprise funds	<u>98,945</u>
Total	<u>\$ 5,686,473</u>

12. Accounting Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E – Current Year Pronouncements

GASB Statement No. 67, *Financial Reporting for Pension Plans*. An amendment of GASB Statement No. 25, effective for periods beginning after June 15, 2013, replaces the requirements of Statement No. 25 and 50, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The standard provides for financial statements to be presented in accordance with Statement No. 63, which separates the deferred inflows and outflows and arrives at a net position, and requires disclosure of the pension plan's fiduciary net position, net pension liability, the pension plan's fiduciary net position as a percentage of total pension liability, and related assumptions used to calculate the pension liability. The standard also provides for presentation of required supplementary information for each of the 10 most recent fiscal years, including the sources of changes in the net pension liability and information about the components of the liability and related ratios. This statement has no reporting impact on the County.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively.

F – Upcoming Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. An amendment of GASB Statement No. 27, effective for periods beginning after June 15, 2014, replaces the requirements of Statement No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The standard requires government employers to recognize as a liability, for the first time, their long-term obligation for pension

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

F – Upcoming Pronouncements (continued)

benefits. The employer liability is to be measured as the difference between the present value of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position, with obligations for employers with cost sharing plans based on their proportionate share of contributions to the pension plan. The standard also requires more immediate recognition of annual service cost, interest and changes in benefits for pension expense, specifies requirements for discount rates and actuarial methods and changes disclosure requirements

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations.*

Establishes accounting and financial reporting standards for government combinations and disposals of government operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement is effective for government combinations and disposals of government operations occurring in the financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

Statement is an amendment of GASB Statement No. 68, which resolves transition issues in GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing Statement 68, which was issued in June 2012. To correct this potential understatement, Statement requires that when a state or local government is transitioning to the new pension standards, that it recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.

Note 2 - Cash, Cash Equivalents and Investments

A - Deposits

All of the County's, the ABC Board's, the District's, the Bureau's, and the TDA'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, and the TDA'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 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, and the TDA, 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, and the TDA, 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, and the TDA, under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

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

A – Deposits (continued)

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, 2014, the County's deposits had a carrying amount of \$72,429,658 and a bank balance of \$71,889,672. Of the bank balance, \$1,585,238 was covered by federal depository insurance and \$70,304,434 was covered by collateral under the Pooling Method. Included in the County's deposits is cash of \$819,959 and \$1,386,856 for the District and the TDA, respectively. The County had \$9,938 in the petty cash and change funds. The District had \$100 of petty cash and the TDA had \$0 of petty cash.

At June 30, 2014, the ABC Board's deposits had a carrying amount of \$3,296,657 and a bank balance of \$3,296,063. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,046,063 was covered by collateral under the Pooling Method. The ABC Board had petty cash of \$24,000.

At June 30, 2014, the Bureau's deposits had a carrying amount of \$517,929 and a bank balance of \$327,924. Of the bank balance, \$250,000 was covered by federal depository insurance. Total investments at June 30, 2014 include a 11-month Certificate of Deposit for \$130,464 maturing on January 5, 2015, plus interest; a 11-month Certificate of Deposit for \$114,172 maturing on January 25, 2015, plus interest; a 60-month Certificate of Deposit for \$231,261 maturing on July 21, 2017, plus interest; a 24-month Certificate of Deposit for \$100,262 maturing on September 13, 2015, plus interest; and a 25-month Certificate of Deposit for \$232,968 maturing on December 21, 2015, plus interest.

B – Investments - County

As of June 30, 2014 the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 6 Months</u>	<u>6 - 12 Months</u>	<u>1 - 2 Years</u>
Certificate of Deposit	\$ 4,075,581	\$ -	\$ 4,075,581	\$ -
US Government Agencies/Securities	32,314,298	-	14,318,943	17,995,355
Commercial Paper	11,805,043	11,805,043	-	-
NC Capital Management Trust - Cash Portfolio	42,000,779	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	9,408,874	N/A	N/A	N/A
Total	\$ 99,604,575	\$ 11,805,043	\$ 18,394,524	\$ 17,995,355

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 and limits its investment portfolio to a final maturity of no more than two years.

Credit Risk: The County has a board adopted investment policy which places greater restrictions than required under North Carolina G.S. 159-30(c). This policy seeks to assure investment quality and to mitigate credit risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2014, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

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

B – Investments - County (continued)

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, 2014. The County's investments in US Agencies (Federal Home Loan Bank, Federal Farm Credit Banks, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poor's and Aaa by Moody's Investors 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. The County has a board adopted policy to address custodial credit risk. Wells Fargo Securities provides 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. The County uses the Pooling Method of collateralization when purchasing Certificates of Deposit.

Concentration of Credit Risk: It is the County's policy that no more than 50% 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 financial institution's bankers' acceptances. More than 5% of the County's investments are in Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Fannie Mae (FNMA). These investments represent 24%, 19%, 21%, and 0% of total investments, respectively. The County has approximately 3% invested in U.S. Treasury Bills.

C – Investments – Eastover Sanitary District

At June 30, 2014, Eastover Sanitary District, a discretely presented component unit, had investments of \$918 held at North Carolina Capital Management Trust.

D – Reconciliation to Cash and Investments

Total per Footnote:

	County	ABC Board	District	TDA	Bureau
Total investments	\$ 99,604,575	\$ -	\$ 918	\$ -	\$ 809,127
Cash (demand deposits)	70,222,843	3,296,657	819,959	1,386,856	517,929
Petty cash	9,938	24,000	100	-	-
Total cash and investments	169,837,356	3,320,657	820,977	1,386,856	1,327,056
Less: investments	(92,959,370)	-	(918)	-	(809,127)
Total cash and equivalents	<u>\$ 76,877,986</u>	<u>\$ 3,320,657</u>	<u>\$ 820,059</u>	<u>\$ 1,386,856</u>	<u>\$ 517,929</u>

Total per Statement of Net Position:

Cash and cash equivalent - unrestricted	\$ 57,487,277	\$ 3,221,102	\$ 707,012	\$ 1,386,856	\$ 517,929
Cash and cash equivalent - restricted	18,175,608	99,555	113,047	-	-
Cash and cash equivalent - pension trust fund	497,282	-	-	-	-
Cash and cash equivalent - agency funds	717,819	-	-	-	-
Total cash and equivalents	<u>\$ 76,877,986</u>	<u>\$ 3,320,657</u>	<u>\$ 820,059</u>	<u>\$ 1,386,856</u>	<u>\$ 517,929</u>
Investments - unrestricted	\$ 81,223,423	\$ -	\$ 918	\$ -	\$ 244,636
Investments - restricted	10,306,172	-	-	-	564,491
Investments - restricted - pension trust fund	1,429,775	-	-	-	-
Total investments	<u>\$ 92,959,370</u>	<u>\$ -</u>	<u>\$ 918</u>	<u>\$ -</u>	<u>\$ 809,127</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 3 - Receivables - Allowance for Doubtful Accounts

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent account analysis and subsequent cash receipts. Receivables, net of allowance for doubtful accounts at June 30, 2014 is as follows:

Taxes receivable - General Fund	\$	1,451,635
Sales taxes receivable - General Fund		13,251,876
Patient receivable - General Fund		337,667
Total receivables	\$	<u>15,041,178</u>

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	\$ 18,587,070	\$ -	-	\$ 18,587,070
Construction in progress	9,154,849	-	9,154,849	-
Total capital assets not being depreciated	<u>27,741,919</u>	<u>-</u>	<u>9,154,849</u>	<u>18,587,070</u>
Capital assets being depreciated:				
Buildings and improvements	265,409,285	16,223,336	-	281,632,621
Equipment, furniture and fixtures	17,702,253	1,413,693	218,825	18,897,121
Vehicles	9,845,502	1,337,782	1,470,621	9,712,663
Total capital assets being depreciated	<u>292,957,040</u>	<u>18,974,811</u>	<u>1,689,446</u>	<u>310,242,405</u>
Less accumulated depreciation for:				
Buildings and improvements	80,453,561	7,173,761	243	87,627,079
Equipment, furniture and fixtures	14,331,765	979,263	201,127	15,109,901
Vehicles	8,335,312	717,116	1,434,407	7,618,021
Total accumulated depreciation	<u>103,120,638</u>	<u>\$ 8,870,140</u>	<u>\$ 1,635,777</u>	<u>110,355,001</u>
Total capital assets being depreciated, net	<u>189,836,402</u>			<u>199,887,404</u>
Governmental activity capital assets, net	<u>\$ 217,578,321</u>			<u>\$ 218,474,474</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, 2014 was as follows:

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

General government	\$	2,973,990
Public safety		2,450,578
Human services		1,794,372
Economic and physical development		578,035
Cultural and recreational		1,073,010
Internal Service		155
Total depreciation expense	\$	<u>8,870,140</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 4 - Capital Assets (continued)

Primary Government (continued)

Business-type activities:	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
<i>Cumberland County Solid Waste</i>				
Capital assets not being depreciated:				
Land	\$ 3,330,411	\$ -	\$ -	\$ 3,330,411
Capital assets being depreciated:				
Landfill	11,332,316	-	-	11,332,316
Buildings and building improvements	6,909,660	-	-	6,909,660
Furniture, fixtures and equipment	8,417,347	334,250	-	8,751,597
Vehicles	2,561,794	170,505	-	2,732,299
Total capital assets being depreciated	<u>29,221,117</u>	<u>504,755</u>	<u>-</u>	<u>29,725,872</u>
Less accumulated depreciation for:				
Landfill	10,815,628	516,687	-	11,332,315
Building and building improvements	4,754,190	77,753	-	4,831,943
Furniture, fixtures and equipment	6,608,846	363,196	-	6,972,042
Vehicles	2,385,328	96,427	-	2,481,755
Total accumulated depreciation	<u>24,563,992</u>	<u>\$ 1,054,063</u>	<u>\$ -</u>	<u>25,618,055</u>
Total capital assets being depreciated, net	<u>4,657,125</u>			<u>4,107,817</u>
Cumberland County Solid Waste capital assets, net	<u>\$ 7,987,536</u>			<u>\$ 7,438,228</u>
 <i>Cumberland County Crown Center</i>				
Capital assets not being depreciated:				
Land	\$ 3,503,162	\$ -	\$ -	\$ 3,503,162
Capital assets being depreciated:				
Buildings and building improvements	72,576,785	-	-	72,576,785
Furniture, fixtures and equipment	4,038,651	233,975	(74,599)	4,198,027
Vehicles	26,619	-	-	26,619
Total capital assets being depreciated	<u>76,642,055</u>	<u>233,975</u>	<u>(74,599)</u>	<u>76,801,431</u>
Less accumulated depreciation for:				
Building and building improvements	30,505,199	1,801,378	-	32,306,577
Furniture, fixtures and equipment	3,055,073	196,644	(74,599)	3,177,118
Vehicles	26,619	-	-	26,619
Total accumulated depreciation	<u>33,586,891</u>	<u>\$ 1,998,022</u>	<u>\$ (74,599)</u>	<u>35,510,314</u>
Total capital assets being depreciated, net	<u>43,055,164</u>			<u>41,291,117</u>
Cumberland County Crown Center capital assets, net	<u>\$ 46,558,326</u>			<u>\$ 44,794,279</u>
 <i>Kelly Hills Water and Sewer District</i>				
Capital assets being depreciated:				
Plant and distribution system	\$ 2,676,498	\$ -	\$ -	\$ 2,676,498
Total capital assets being depreciated	<u>2,676,498</u>	<u>-</u>	<u>-</u>	<u>2,676,498</u>
Less accumulated depreciation for:				
Plant and distribution system	462,846	66,852	-	529,698
Total accumulated depreciation	<u>462,846</u>	<u>\$ 66,852</u>	<u>\$ -</u>	<u>529,698</u>
Total capital assets being depreciated, net	<u>2,213,652</u>			<u>2,146,800</u>
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 2,213,652</u>			<u>\$ 2,146,800</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 4 - Capital Assets (continued)

Primary Government (continued)

Business-type activities : (continued)	Beginning		Decreases &	Ending
<i>Norcross Water and Sewer District</i>	Balances	Increases	Transfers	Balances
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	1,782,250	237,885	-	2,020,135
Total accumulated depreciation	1,782,250	\$ 237,885	\$ -	2,020,135
Total capital assets being depreciated, net	7,741,373			7,503,488
Norcross Water and Sewer District capital assets, net	<u>\$ 7,741,373</u>			<u>\$ 7,503,488</u>
<i>Southpoint Water and Sewer District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 439,068	\$ -	\$ (439,068)	\$ -
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	-	11,784	-	11,784
Total accumulated depreciation	-	\$ 11,784	\$ -	11,784
Total capital assets being depreciated, net	-			459,949
Southpoint Water and Sewer District capital assets, net	<u>\$ 439,068</u>			<u>\$ 459,949</u>
<i>Overhills Park Water and Sewer District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 54,811	\$ -	\$ 54,811
Total capital assets not being depreciated	-	\$ 54,811	\$ -	54,811
Overhills Parks Water and Sewer District capital assets, net	<u>\$ -</u>			<u>\$ 54,811</u>
<i>Bragg Estates Water and Sewer District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 21,000	\$ -	\$ 21,000
Total capital assets not being depreciated	-	\$ 21,000	\$ -	21,000
Bragg Estates Water and Sewer District capital assets, net	<u>\$ -</u>			<u>\$ 21,000</u>
Total Business-type activities capital assets, net	<u>\$ 64,939,955</u>			<u>\$ 62,418,555</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 4 - Capital Assets (continued)

Primary Government (continued)

The County has construction contracts in progress in the approximate amount of \$15,497,300 for various renovation and construction projects. At June 30, 2014, the remaining commitment on these contracts is approximately \$467,946. Eastover Sanitary District has no outstanding construction contracts at June 30, 2014.

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	\$ 2,070,516	\$ -	\$ -	\$ 2,070,516
Capital assets being depreciated:				
Buildings and building improvements	3,703,458	-	-	3,703,458
Leasehold improvements	987,874	15,750	-	1,003,624
Furniture and equipment	1,002,230		-	1,002,230
Vehicles	359,505	78,354	51,837	386,022
Total capital assets being depreciated	6,053,067	94,104	51,837	6,095,334
Less accumulated depreciation	(3,081,107)	(311,965)	51,837	(3,341,235)
Total capital assets being depreciated, net	2,971,960	\$ (217,861)	\$ -	2,754,099
ABC capital assets, net	\$ 5,042,476			\$ 4,824,615

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	\$ 22,760,589	\$ 74,500	\$ -	\$ 22,835,089
Furniture, fixtures and equipment	-	23,874	-	23,874
Total capital assets being depreciated	22,760,589	98,374	-	22,858,963
Less accumulated depreciation	(2,576,919)	(769,153)	2,556	(3,343,516)
Total capital assets being depreciated, net	20,183,670	\$ (670,779)	\$ 2,556	19,515,447
Eastover Santary District capital assets, net	\$ 20,183,670			\$ 19,515,447

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 4 - Capital Assets (continued)

Discretely Presented Component Units (continued)

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

<i>Fayetteville Area Visitors and Convention Bureau</i>	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets being depreciated:				
Furniture and fixtures	\$ 23,859	\$ -	\$ (716)	\$ 23,143
Equipment	226,055	10,004	(7,832)	228,227
Software	76,254	-	-	76,254
Capital improvements	139,156	-	-	139,156
Total capital assets being depreciated	465,324	10,004	(8,548)	466,780
Less accumulated depreciation	(298,853)	(20,375)	7,516	(311,712)
Total capital assets being depreciated, net	166,471	\$ (10,371)	\$ (1,032)	155,068
FAVCB capital assets, net	<u>\$ 166,471</u>			<u>\$ 155,068</u>

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 officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund.

All full time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013 the Separation Allowance's membership consisted of:

Retirees receiving benefits	21
Active plan members	<u>304</u>
Total	<u>325</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 5 - Pension Plan Obligations (continued)

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

Summary of Significant Accounting Policies

Basis of Accounting: Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions by the County to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. The County benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments: Investments are reported at fair value. Deposits and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$485,097. 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 annual required contribution for the fiscal year ended June 30, 2014 was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

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

Annual required contribution	\$	485,097
Interest on net pension obligation		(2,540)
Adjustment to annual required contribution		4,138
Annual pension cost		<u>486,695</u>
Contributions made		<u>(485,097)</u>
Increase (decrease) in net pension obligation		1,598
Net pension obligation beginning of year		<u>(50,790)</u>
Prepaid pension benefit end of year	\$	<u><u>(49,192)</u></u>

Three Year Trend Information

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation (Prepaid)</u>
2012	\$ 434,569	104.07%	\$ (57,244)
2013	458,830	98.59%	(50,790)
2014	486,695	99.67%	(49,192)

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 5 - Pension Plan Obligations (continued)

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

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 35.95% funded. The actuarial accrued liability for benefits (AAL) was \$5,358,215 and the actuarial value of the assets was \$1,926,339 resulting in an unfunded actuarial accrued liability (UAAL) of \$3,431,876. The covered payroll (annual payroll of active employees covered by the plan) was \$15,113,918 and the ratio of the UAAL to the covered payroll was 22.71%.

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 accrued liability for benefits.

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, 2014, membership of the Board's Separation Allowance consisted of six 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 \$4,390 for the years ending June 30, 2014 and 2013, 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

Cumberland County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller; 1410 Mail Service Center, Raleigh, North Carolina 27699-1410; or by calling (919) 707-0500.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement, for law enforcement officers, and Crown Center employees is 7.07%, 7.28%, and 7.07%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28% respectively, of annual covered payroll. The contribution requirements of members and of the County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013 and 2012 were \$6,387,731, \$6,023,224 and \$6,055,109 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2014, 2013 and 2012 were \$160,027, \$147,554 and \$200,913. The contributions made by the County and the ABC Board equaled the required contributions for the year.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 5 - Pension Plan Obligations (continued)

C – Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

The County and the ABC Board contribute to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County and the ABC Board. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

Article 12E of G. S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014 were \$1,071,732 which consisted of \$763,937 from the County and \$307,795 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, 2014, contributions for law enforcement officers were \$20,955 which consisted of \$16,919 from the ABC Board and \$4,036 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2014 were \$145,665 which consisted of \$93,258 from the ABC Board and \$52,407 from the employees.

D - Register of Deeds' Supplemental Pension Fund

Plan Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G. S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, or by calling (919) 707-0500.

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G. S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$28,693.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 5 - Pension Plan Obligations (continued)

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). As of July 1, 2008, 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, 2013 the date of the latest actuarial valuation:

Retired Members	707
General Employees	1,813
Law Enforcement Members	<u>294</u>
Total	<u>2,814</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 21.05% of annual covered payroll. For the current year the County contributed \$5,211,685 or 5.86% of annual covered payroll.

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 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 5 – Pension Plan Obligations (continued)

E – Other Post-employment Benefits (OPEB) (continued)

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:

Employer annual required contribution	\$ 19,263,068
Interest on net OPEB obligation	3,312,097
Adjustment to annual required contribution	<u>(3,164,081)</u>
Annual OPEB cost	19,411,084
Employer contributions made	<u>(5,211,685)</u>
Increase (decrease) in net OPEB obligation	14,199,399
Net OPEB obligation beginning of year	<u>82,802,422</u>
Net OPEB obligation end of year	<u>\$ 97,001,821</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2014 were as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	18,823,932	21.86%	68,335,300
2013	19,077,193	24.17%	82,802,422
2014	19,411,084	26.85%	97,001,821

Funding Status and Funding Progress

As of December 31, 2013, 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 \$181,460,445. The covered payroll (annual payroll of active employees covered by the plan) was \$85,839,220 and the ratio of the UAAL to the covered payroll was 211.4%. 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 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, 2013 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 5 – Pension Plan Obligations (continued)

E – Other Post-employment Benefits (OPEB) (continued)

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, 2013 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.

For the fiscal year ended June 30, 2014, the County was not required to make contributions to the State for the LGERS Death Benefit Plan due to a surplus in the Plan. This suspension of contributions is temporary.

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 no benefits for the year ended June 30, 2014. The ABC Board paid \$1,000 in benefits for the year ended June 30, 2013. There are currently 16 retirees whose spouses or estates are eligible to receive this death benefit.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

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

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 \$10,317,621 reported as landfill closure and postclosure care liability at June 30, 2014 consists of a closed landfill with estimated costs of \$116,967, a Construction & Demolition (C&D) landfill with estimated costs of \$2,049,452 and the subtitle D landfill with estimated costs of \$8,151,202. The costs associated with the C & D landfill and the subtitle D landfill represent a revised cost estimate of actual bid costs as of May 2014, and the use of 42.9% and 57.19%, respectively of the total estimated capacity. The County will recognize the remaining estimated post-closure costs of \$245,533 for the old unlined landfill and the cost of closure and post-closure care of \$2,727,702 and \$6,100,912 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 2014. The life expectancy of the C & D landfill is estimated at 15.08 years and the subtitle D landfill at 12.58 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Cost estimates were updated to reflect actual bid costs in May, 2014. This update resulted in a 15% reduction from the previous year's calculation creating a decrease in the liability and a negative operating expense of (\$1,571,060) for fiscal year 2014. The reduction can be explained by the following: reducing closure area from 55 to 42 acres; the new two million dollar minimum potential assessment and corrective action requirement that cannot include post-closure maintenance and monitoring; and, the elimination of duplication in post-closure activities.

The County has met the requirements of a local government financial test that is one option under State and Federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements.

Note 7 – Deferred Outflows and Inflows of Resources

Primary Government

At June 30, 2014, the various components of the primary government's deferred inflows of resources are as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Unavailable revenue:			
Taxes receivable net of allowance	\$ 1,451,635	\$ 322,068	\$ 1,773,703
Other receivables	<u>829,832</u>	<u>59</u>	<u>829,891</u>
	2,281,467	322,127	2,603,594
Unearned revenue:			
Prepaid taxes not yet earned	<u>424,585</u>	<u>-</u>	<u>424,585</u>
Total deferred inflows	<u>\$ 2,706,052</u>	<u>\$ 322,127</u>	<u>\$ 3,028,179</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

The government wide financial statements include deferred outflows of resources related to deferred amounts on defeasance of debt of \$2,226,143 in governmental activities and \$2,170,713 in business-type activities.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

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, 2014 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, 2014 and 2013 were as follows:

	Beginning-of- Fiscal-Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2012-13	\$ 1,284,782	\$ 18,382,362	\$ (17,025,776)	\$ 2,641,368
2013-14	2,641,368	17,102,389	(17,223,767)	2,519,990

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, 2014

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, 2014:

Name of Debt Issue	Issue Date	Purpose of Debt Issue	Interest Rates	Issue Amount	Principal 6/30/14
General Obligation Bonds					
Sanitary Sewer Series 2005	8/22/2005	NORCRESS Sewer	4.125%	1,250,000	1,136,000
Refunding Series 2009	7/8/2009	Refund Schools	2.5 - 5.0%	34,670,000	14,700,000
Refunding Series 2011	7/12/2011	Refund Schools	2.0 - 5.0%	12,735,000	11,805,000
Refunding Series 2014	2/20/2014	Refund Schools Refund Library	1.390%	13,614,720 1,455,280	13,614,720 1,455,280
				<u>15,070,000</u>	<u>15,070,000</u>
				<u>\$ 63,725,000</u>	<u>\$ 42,711,000</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	13,528,110 4,171,890
				<u>22,425,000</u>	<u>17,700,000</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	28,495,000 10,250,000 20,395,000
				<u>89,490,000</u>	<u>59,140,000</u>
COPS Tax Credit Series 2009 (QSCB)	12/1/2009	Various School Projects	1.25%	15,900,000	11,925,000
LOBS Series 2011A (QSCB) (1)	1/26/2011	New Century Middle School	6.1%	14,805,000	11,844,000
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	17,165,000 13,560,000
				<u>37,755,000</u>	<u>30,725,000</u>
				<u>\$ 180,375,000</u>	<u>\$ 131,334,000</u>
Capital Leases					
SunTrust Leasing	12/9/2004	Energy Savings Projects	3.945%	<u>\$ 4,537,080</u>	<u>\$ 1,611,032</u>
Installment Financing Notes					
Build America Bonds (ARRA) (2)	5/14/2010	Crown Center Renovations	3.2045%	\$ 1,980,000	\$ 1,188,000
Recovery Zone Econ Dev Bonds (ARRA) (2)	5/14/2010	Crown Center Renovations	2.7115%	1,138,000	682,800
Fayetteville Tech Comm College (Bank of America)	12/14/2012	HVAC and Roofing Projects	1.1100%	3,198,130	2,238,691
				<u>\$ 6,316,130</u>	<u>\$ 4,109,491</u>
Total				<u>\$ 254,953,210</u>	<u>\$ 179,765,523</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, 2014

Note 9 - Long-term Obligations (continued)

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, 2014 are comprised of the following individual issues:

Governmental Activities:

\$34,670,000 General Obligation Refunding Bonds, Series 2009

Serial bonds payable annually from February 1, 2010 through February 1, 2017 in amounts ranging from \$3,265,000 to \$5,045,000; interest ranges from 2.5% to 5.0%.

14,700,000

\$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%.

11,805,000

\$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%.

15,070,000

41,575,000

Bond premium

1,853,866

\$ 43,428,866

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%

\$ 1,136,000

At June 30, 2014, the County had bonds authorized but unissued of \$20,126,000 and a legal debt margin of \$1,940,377,000.

C - Certificates of Participation and Limited Obligation Bonds

Certificates of participation and other limited obligation bonds outstanding for the year ended June 30, 2014 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%.

17,700,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 9 - Long-term Obligations (continued)

C - Certificates of Participation and Limited Obligation Bonds (continued)

\$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%. 15,345,000

\$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%. 9,505,000

\$11,870,000 Current Interest Serial 2009B Refunding Certificates

Due in annual installments ranging from \$900,000 to \$2,575,000, from December 1, 2012 through December 1, 2016. Interest is paid semiannually at rates ranging from 3.0% to 4.0%. 5,795,000

\$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 the rate of 1.25%. 11,925,000

\$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%. 11,844,000

\$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%. 30,725,000

Premium 102,839,000
4,773,285
\$ 107,612,285

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%. 17,960,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 9 - Long-term Obligations (continued)

C - Certificates of Participation and Limited Obligation Bonds (continued)

\$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%. 7,960,000

\$2,905,000 Current Interest Serial 2009B Refunding Certificates

Due in various annual installments ranging from \$75,000 to \$2,190,000, from December 1, 2012 through December 1, 2016. Interest is paid semiannually at rates ranging from 3.0% to 4.0%. 2,575,000
28,495,000
Premium 1,426,676
\$ 29,921,676

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%. \$ 1,611,032

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, 2014, the value of the capital assets associated with this lease is \$3,090,663.

E - Installment Financing Obligations

Installment notes payable at June 30, 2013 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%. \$ 2,238,691

Business-type Activities:

\$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. 1,188,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 9 - Long-term Obligations (continued)

E - Installment Financing Obligations (continued)

Business-type Activities (continued)

\$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.

682,800
\$ 1,870,800

F - Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations as of June 30, 2014:

	Balance				Balance	Current
	June 30, 2013	Additions	Refundings	Payments	June 30, 2014	Portion of
						Long-term
						Liabilities
Governmental activities:						
General obligation bonds	\$ 49,115,000	\$ 15,070,000	\$ 14,860,000	\$ 7,750,000	\$ 41,575,000	\$ 7,835,000
Premium	3,325,072	-	964,231	506,975	1,853,866	387,382
Capital lease obligations	2,032,294	-	-	421,262	1,611,032	438,044
COPS & limited obligation bonds	112,739,750	-	-	9,900,750	102,839,000	9,925,750
Premium	5,280,991	-	-	507,706	4,773,285	507,706
Installment notes	2,878,317	-	-	639,626	2,238,691	639,626
Accrued vacation	5,519,958	5,290,480	-	5,243,962	5,566,476	5,288,152
OPEB liability	79,153,136	18,730,476	-	5,028,948	92,854,664	-
Total governmental activities	\$ 260,044,518	\$ 39,090,956	\$ 15,824,231	\$ 29,999,229	\$ 253,312,014	\$ 25,021,660

Of the total governmental activities debt listed above, only \$112,917,288 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 \$415,963.

	Balance				Balance	Current
	June 30, 2013	Additions	Refundings	Payments	June 30, 2014	Portion of
						Long-term
						Liabilities
Business-type activities:						
General obligation bonds	\$ 1,154,000	\$ -	\$ -	\$ 18,000	\$ 1,136,000	\$ 19,000
COPS & limited obligation bonds	29,410,936	-	-	915,936	28,495,000	2,075,000
Premium	1,563,637	-	-	136,961	1,426,676	136,961
Accreted Interest on 1995A COPS	1,071,444	42,620	-	1,114,064	-	-
Installment notes	2,182,600	-	-	311,800	1,870,800	311,800
Accrued landfill closure and postclosure costs	11,891,320	(1,571,061)	-	2,638	10,317,621	35,000
Accrued vacation	265,444	133,669	-	258,540	140,573	133,545
OPEB liability	3,649,286	680,608	-	182,737	4,147,157	-
Total business-type activities	\$ 51,188,667	\$ (714,164)	\$ -	\$ 2,940,676	\$ 47,533,827	\$ 2,711,306

Unspent proceeds related to business-type activities debt shown above amounts to \$159,056.

Compensated absences typically have been liquidated in the General Fund and are accounted for on a last in, first out basis, assuming that 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, 2014

Note 9 - Long-term Obligations (continued)

F - Long-term Obligation Activity (continued)

The following summarizes the annual debt service requirements to maturity for the County (excluding accrued vacation, OPEB 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		Capital Leases		Notes Payable		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:										
2015	\$ 7,835,000	\$ 1,344,323	\$ 9,925,750	\$ 4,421,406	\$ 438,044	\$ 59,277	\$ 639,626	\$ 23,074	\$ 18,838,420	\$ 5,848,080
2016	7,630,000	1,148,535	9,985,750	4,105,293	455,495	41,826	639,626	15,975	18,710,871	5,311,629
2017	7,415,000	899,299	10,020,750	3,802,781	473,642	23,679	639,626	8,875	18,549,018	4,734,634
2018	6,765,000	559,514	10,070,750	3,500,243	243,851	4,810	319,813	1,775	17,399,414	4,066,342
2019	6,575,000	379,077	7,340,750	3,201,393	-	-	-	-	13,915,750	3,580,470
2020-2024	5,355,000	304,600	36,433,750	12,281,330	-	-	-	-	41,788,750	12,585,930
2025-2029	-	-	19,061,500	3,353,763	-	-	-	-	19,061,500	3,353,763
	<u>41,575,000</u>	<u>4,635,348</u>	<u>102,839,000</u>	<u>34,666,209</u>	<u>1,611,032</u>	<u>129,592</u>	<u>2,238,691</u>	<u>49,699</u>	<u>148,263,723</u>	<u>39,480,848</u>
Premium	1,853,866	-	4,773,285	-	-	-	-	-	6,627,151	-
(Total net of amortization)	<u>\$ 43,428,866</u>	<u>\$ 4,635,348</u>	<u>\$ 107,612,285</u>	<u>\$ 34,666,209</u>	<u>\$ 1,611,032</u>	<u>\$ 129,592</u>	<u>\$ 2,238,691</u>	<u>\$ 49,699</u>	<u>\$ 154,890,874</u>	<u>\$ 39,480,848</u>
Business-type Activities:										
2015	\$ 19,000	\$ 46,860	\$ 2,075,000	\$ 1,193,175	\$ -	\$ -	\$ 311,800	\$ 92,230	\$ 2,405,800	\$ 1,332,265
2016	20,000	46,076	2,165,000	1,100,663	-	-	311,800	76,859	2,496,800	1,223,598
2017	21,000	45,251	2,250,000	1,016,125	-	-	311,800	61,487	2,582,800	1,122,863
2018	22,000	44,385	2,340,000	934,075	-	-	311,800	46,115	2,673,800	1,024,575
2019	22,000	43,478	2,440,000	825,375	-	-	311,800	30,744	2,773,800	899,597
2020-2024	125,000	202,949	14,035,000	2,314,812	-	-	311,800	15,371	14,471,800	2,533,132
2025-2029	156,000	174,694	3,190,000	79,750	-	-	-	-	3,346,000	254,444
2030-2034	189,000	139,921	-	-	-	-	-	-	189,000	139,921
2035-2039	232,000	97,474	-	-	-	-	-	-	232,000	97,474
2040-2044	274,000	45,870	-	-	-	-	-	-	274,000	45,870
2045-2049	56,000	2,310	-	-	-	-	-	-	56,000	2,310
	<u>1,136,000</u>	<u>889,268</u>	<u>28,495,000</u>	<u>7,463,975</u>	<u>-</u>	<u>-</u>	<u>1,870,800</u>	<u>322,806</u>	<u>31,501,800</u>	<u>8,676,049</u>
Premium	-	-	1,426,676	-	-	-	-	-	1,426,676	-
(Total net of amortization)	<u>\$ 1,136,000</u>	<u>\$ 889,268</u>	<u>\$ 29,921,676</u>	<u>\$ 7,463,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,870,800</u>	<u>\$ 322,806</u>	<u>\$ 32,928,476</u>	<u>\$ 8,676,049</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 9 - Long-term Obligations (continued)

G - Future Debt Obligations for the Southpoint Water and Sewer District

On March 13, 2013, the County entered into an agreement with the North Carolina Department of Environment and Natural Resources (DENR) for a State Revolving Loan to fund a portion of the Southpoint Water Project. DENR agreed to provide funding in an amount up to \$540,802 in the form of a Clean Water Drinking Grant which is 80% immediately forgiven with the 20% balance becoming a loan to be repaid in annual installments over 20 years without interest. At June 30, 2014 and 2013 funding for the loan received totaled \$11,996 and \$88,327. The first principal payment of \$5,408 was made on May 1, 2014. This loan is not reflected in the two tables shown above in Note F (Long-term Obligation Activity) because the project has not been completed, final amounts owed have not been determined, and the payment schedule is not final. Future annual debt payments will be based on the final loan amount and will not exceed \$5,408.

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 political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, there were no industrial revenue bonds outstanding.

I - Defeasance of Debt

Current Year Defeasance of Debt

On February 20, 2014, the County issued \$15,070,000 General Obligation Refunding Bonds, Series 2014 for the purpose of providing funds, together with other available funds, to advance refund \$14,860,000 of outstanding general obligation bonds as follows:

Current Interest School G.O. Bonds Refunding Series 2004	<u>\$ 14,860,000</u>
--	----------------------

Interest on the General Obligation Refunding Bonds is payable semiannually on May 1 and November 1, commencing May 1, 2014, at a fixed rate of 1.39%. The maturity of the Refunding Bonds is May 1, 2019. The County completed the advance refunding to reduce its total debt service payments over 5 years by \$1,521,419 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,464,727.

Proceeds were used to purchase U.S. government securities that were placed in trust with US Bank. The investments and related fixed earnings were sufficient to fully service the defeased debt until the debt was called in full on May 1, 2014. For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities.

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. The deferred amounts (\$291,537 loss on defeasance) resulting from the issuance of the 2014 Refunding Bonds are reported as deferred outflows of resources in the government wide financial statements. In addition, unamortized premium increases the carrying value of the debt. There was no premium on the issuance of the 2014 Refunding Bonds.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 9 - Long-term Obligations (continued)

Prior Years' Defeasance of Debt

In prior years, the County has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government 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 considered defeased and therefore removed from the County's liabilities. In fiscal year 2014, the escrow agent paid off the remaining defeased debt balance of \$3,275,000 on the \$5,075,000 G.O. School Bonds, Series 2004. As such there is no outstanding prior years' defeased general or non-general obligation debt at June 30, 2014.

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, 2014, the County has unamortized net losses on defeasances of \$857,265 related to prior year refundings of general obligation debt and unamortized losses on defeasances of \$3,248,053 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 \$1,853,866. The carrying value of prior years' refunding certificates of participation and other limited obligation bonds has been adjusted for unamortized premium of \$6,199,961.

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, 2014 are as follows:

\$275,000 Cumberland County Note

Note payable in quarterly installments, in the amount of \$4,583 plus interest of prime less 2%. \$ 119,167

\$380,000 Cumberland County Note

Note payable in quarterly installments of \$9,190 including interest at a fixed rate of 5.25% 238,885

\$1,300,000 BB&T Note

Note payable in annual installments of \$279,740 including interest at a fixed rate of 2.49%. 539,257

Total	897,309
Less current portion	(309,346)
Noncurrent portion	<u>\$ 587,963</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 9 - Long-term Obligations (continued)

J - ABC Board Notes Payable (continued)

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

<u>Fiscal Year</u>	<u>Principal</u>
2015	\$ 309,346
2016	317,301
2017	45,750
2018	47,218
2019	48,764
2020-2022	128,930
	<u>\$ 897,309</u>

The following is a summary of changes in the ABC Board's long-term obligations as of June 30, 2014:

	<u>Balance</u>			<u>Balance</u>	<u>Current Portion</u>
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2014</u>	<u>of Long-term</u>
					<u>Liabilities</u>
Notes payable	\$ 1,198,932	\$ -	\$ 301,623	\$ 897,309	\$ 309,346
Separation allowance	117,866	135,741	-	253,607	-
OPEB liability	43,360	21,140	8,570	55,930	-
	<u>\$ 1,360,158</u>	<u>\$ 156,881</u>	<u>\$ 310,193</u>	<u>\$ 1,206,846</u>	<u>\$ 309,346</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 2014. Principal payments amounted to \$62,500 during fiscal year 2014.

The District's general obligation bonds payable at June 30, 2014 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%.

\$ 2,427,000

\$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%.

	<u>959,000</u>
Total	3,386,000
Less current portion	<u>(65,500)</u>
Noncurrent portion	<u>\$ 3,320,500</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 9 - Long-term Obligations (continued)

K - Eastover Sanitary District – General Obligation Bonds (continued)

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>
2015	\$ 65,500	\$ 151,734
2016	68,500	148,799
2017	71,500	145,728
2018	74,500	142,525
2019	78,000	139,188
2020-2024	446,000	640,210
2025-2029	555,000	530,918
2030-2034	691,000	394,807
2035-2039	826,000	226,638
2040-2044	510,000	45,660
	<u>\$ 3,386,000</u>	<u>\$ 2,566,207</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, 2014 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%.

\$ 4,916,000

\$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%.

	<u>1,189,000</u>
Total	6,105,000
Less current portion	<u>(74,000)</u>
Noncurrent portion	<u>\$ 6,031,000</u>

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 9 - Long-term Obligations (continued)

L - Eastover Sanitary District - Non-General Obligation Debt (continued)

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, 2014 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	\$ 83,057
Less current portion	<u>(19,990)</u>
Noncurrent portion	<u>\$ 63,067</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	\$ 2,476,990
Less current portion	<u>(94,644)</u>
Noncurrent portion	<u>\$ 2,382,346</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>
2015	\$ 188,634	\$ 347,006
2016	195,989	339,676
2017	203,515	332,057
2018	212,261	324,091
2019	197,035	315,870
2020-2024	1,115,833	1,452,573
2025-2029	1,361,360	1,207,098
2030-2034	1,298,420	919,775
2035-2039	886,000	722,229
2040-2044	1,081,000	527,309
2045-2049	1,320,000	288,770
2050-2054	605,000	37,275
	<u>\$ 8,665,047</u>	<u>\$ 6,813,729</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 9 - Long-term Obligations (continued)

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, 2014:

	Balance June 30, 2013	Additions	Payments	Balance June 30, 2014	Current Portion of Long-term Liabilities
USDA general obligation bonds	\$ 3,448,500	\$ -	\$ 62,500	\$ 3,386,000	\$ 65,500
USDA revenue bonds	6,177,000	-	72,000	6,105,000	74,000
Installment notes	2,670,488	-	110,441	2,560,047	114,634
Accrued Vacation	-	5,454	2,259	3,195	3,036
Total	\$ 12,295,988	\$ 5,454	\$ 247,200	\$ 12,054,242	\$ 257,170

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, 2014 is as follows:

	Payable Fund			
	Nonmajor Governmental	Cumberland County Crown Center	Southpoint Water & Sewer District	Total
Receivable Fund General Fund	\$ 471,174	\$ 5,500	\$ 25,175	\$ 501,849

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, 2014 are summarized below:

	Transfers in:					Total
	General	Nonmajor Governmental	Cumberland County Crown Center	Bragg Estates Water and Sewer	Internal Service	
Transfers out:						
General	\$ -	\$ 938,281	\$ -	\$ 33,000	\$ 602,200	\$ 1,573,481
Nonmajor governmental	77,779	-	5,108,299	-	-	5,186,078
Total Transfers out	\$ 77,779	\$ 938,281	\$ 5,108,299	\$ 33,000	\$ 602,200	\$ 6,759,559

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, 2014

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 and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds 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 responsibilities 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. As a result, the County has \$2,238,691 in debt outstanding at June 30, 2014 related to the Community College.

The County contributed \$9,552,404 and \$473,937 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2014. In addition, during the fiscal year, the County made debt service payments of \$669,800 on the Bank of America installment financing. 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, 2014. 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	\$ 251,110,986	\$ 136,936,643
TANF	3,297,141	(2,658)
Special Assistance for Adults	-	1,902,815
Health Choice	4,946,381	1,560,358
WIC Food Vouchers	9,771,121	-
Adoption Assistance	1,271,626	331,665
	<u>\$ 270,397,255</u>	<u>\$ 140,728,823</u>

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 13 – Leases (continued)

A - Lessor Arrangements (continued)

Operating Leases (continued)

Remaining payments are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2015	\$ 9,125
2016	9,125
2017	9,125
2018	9,125
	<u>\$ 36,500</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, 2014 for each of the next five years and in the aggregate are:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2015	\$ 85,196
2016	85,196
2017	85,196
2018	85,196
2019	85,196
Thereafter	322,668
	<u>\$ 748,648</u>

Rental expense for leases was \$85,196 and \$58,523 in 2014 and 2013, respectively.

Management Leases

The County entered into 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 13 – Leases (continued)

A - Lessor Arrangements (continued)

Management Leases (continued)

Under a management lease agreement entered into on June 16, 1998, effective as of March 15, 1998, and amended on April 30, 1999, Cumberland County shall lease to the Health System all land, buildings, furniture, equipment, and other facilities owned by the County which are used in connection with the operation of the two facilities known as Cape Fear Valley Medical Center and Highsmith-Rainey Memorial Hospital.

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>
2015	\$ 3,065,000
2016	3,065,000
2017	3,065,000
2018	3,065,000
2019	3,065,000
2020-2024	15,325,000
2025-2028	12,260,000
	<u>\$42,910,000</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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

Note 13 – Leases (continued)

Management Leases (continued)

B - Lessee Arrangements

The ABC Board leases real property for three store locations under operating leases expiring in various years through the year 2016. Total rent expense, including amounts for common area maintenance, under leases for the years ended June 30, 2014 and June 30, 2013 was \$139,951 and \$157,749, respectively.

At June 30, 2014, future minimum lease payments under all leases are as follows:

<u>Fiscal Year</u>	
<u>End</u>	<u>Amount</u>
2015	\$ 118,702
2016	96,959
2017	2,568
2018	2,388
2019	1,990
	<u>\$ 222,607</u>

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, 2014, 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2014

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

In October 2014, the North Carolina Local Government Commission approved an installment financing contract in the amount of \$3,000,000 between the County and PNC Bank, to finance the acquisition and renovation of a new building on the campus of FTCC and for improvements to the Horticultural Center.

The subsequent events reported above are current through the date of this report.

Note 18 – Change in Fund Classifications

Overhills Park Water and Sewer District Capital Project Fund was reclassified to an Enterprise Fund for FY2014 in order to better reflect the anticipated business-type activity for which fees will be the primary means of support. In FY2013, the Overhills Park Water and Sewer District Capital Project Fund was reported as a governmental Capital Project Fund. The change in fund classification will be reported as a decrease of \$99,500 in beginning net position of the governmental activities and beginning fund balance of other governmental funds. The change in classification is reported as an increase of \$99,500 in beginning net position of the business-type activities and the Overhills Park Water and Sewer Capital Project Fund.

Note 19 – Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

The following budget variance is not in compliance with legal budgetary control: Expenditures for the General Litigation Fund exceeded budget by \$194,507. Appropriations for the General Litigation Fund are based on historical costs, and the fourth quarter review indicated the budget was adequate; however, final costs invoiced after the end of the budget year exceeded the appropriation.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress**

Calendar Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
2003	\$ 894,510	\$ 1,919,964	\$ 1,025,454	46.59%	\$ 8,955,910	11.45%
2004	992,117	2,359,322	1,367,205	42.05%	9,573,312	14.28%
2005	1,131,826	2,216,448	1,084,622	51.06%	10,803,871	10.04%
2006	1,275,277	2,558,408	1,283,131	49.85%	11,373,709	11.28%
2007	1,415,764	3,227,956	1,812,192	43.86%	12,572,094	14.41%
2008	1,407,726	3,606,040	2,198,314	39.04%	13,552,512	16.22%
2009	1,474,475	4,474,587	3,000,112	32.95%	13,852,076	21.66%
2010	1,636,210	4,314,780	2,678,570	37.92%	14,181,355	18.89%
2011	1,796,333	4,693,233	2,896,900	38.27%	14,345,735	20.19%
2012	1,946,283	5,037,575	3,091,292	38.64%	14,435,512	21.41%
2013	1,926,339	5,358,215	3,431,876	35.95%	15,113,918	22.71%

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2004	\$ 214,216	93.34%
2005	203,462	108.13%
2006	242,845	90.50%
2007	221,473	117.30%
2008	248,532	104.60%
2009	289,058	100.33%
2010	336,278	100.00%
2011	452,236	100.00%
2012	434,187	104.16%
2013	458,130	98.74%
2014	485,097	100.00%

Notes to Required Schedules

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 Years
Asset valuation method	Market value
Actuarial assumption	
Investment rate of return*	5.00%
Projected salary increase	4.25 to 7.85%
* Includes inflation at	3.00%
Cost-of-living adjustments	N/A

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Other Post Employment Benefit Retiree Healthcare Plan
Required Supplementary Information
Schedule of Funding Progress**

<u>Calendar Year</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll (b-a/c)</u>
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%

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Other Post Employment Benefit Retiree Healthcare Plan
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
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%

Notes to Required Schedules

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumption	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.75% to 5.00%
Post-Medicare trend rate	5.75% to 5.00%
Year of Ultimate trend rate	2019
* Includes inflation at	3.00%
Cost-of-living adjustments	N/A

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Comparative Balance Sheets
General Fund**

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 41,243,990	\$ 44,686,553
Investments	53,830,259	50,638,390
Taxes receivable, net	1,451,635	3,331,139
Sales tax receivable	13,251,876	11,319,551
Due from other governments	12,164,941	11,529,304
Patient receivables	337,667	281,056
Other receivables, net	3,021,837	1,965,438
Due from other funds	501,849	972,618
Due from component units	924,954	722,690
Inventories	161,583	139,885
Prepays	2,387,765	
Restricted assets		
Cash and cash equivalents	1,292,168	343,543
Total assets	<u>\$ 130,570,524</u>	<u>\$ 125,930,167</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts and vouchers payable	\$ 9,906,400	\$ 4,984,316
Due to other governments	395,061	421,682
Accrued payroll	5,934,091	5,442,627
Other payables	116,268	107,811
Total liabilities	<u>16,351,820</u>	<u>10,956,436</u>
Deferred inflows of resources	<u>2,706,052</u>	<u>5,073,080</u>
Fund balance		
Nonspendable:		
Inventories	161,583	139,887
Prepays	2,387,765	-
Restricted:		
Stabilization by State statute	34,692,443	29,317,680
Register of Deeds	714,243	820,471
County school	4,996,993	5,439,575
Committed:		
Property revaluation	631,503	494,773
Assigned:		
Subsequent year's expenditures	18,376,960	13,214,992
Finance office software	4,000,000	7,175,000
Water & sewer industrial expansion	4,421,513	5,845,409
Economic development incentives	695,665	1,500,448
Mental health services	7,849,970	10,448,756
Renovations and maintenance	-	3,472,205
Special purposes	-	267,719
Unassigned	32,584,014	31,763,736
Total fund balance	<u>111,512,652</u>	<u>109,900,651</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 130,570,524</u>	<u>\$ 125,930,167</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, 2014
(With Comparative Totals for June 30, 2013)

	2014		Variance Positive (Negative)	2013
	Budget	Actual		
Revenues				
Ad valorem taxes				
Current year	\$ 147,855,162	\$ 149,877,182	\$ 2,022,020	\$ 145,992,029
Prior years	1,215,195	1,290,809	75,614	1,265,286
Penalties and interest	1,507,524	1,560,521	52,997	1,540,531
Motor vehicle - current	15,694,193	19,003,479	3,309,286	12,385,942
Motor vehicle - prior	1,926,155	2,080,304	154,149	1,948,804
Other	735,151	778,092	42,941	732,431
Total ad valorem taxes	168,933,380	174,590,387	5,657,007	163,865,023
Other taxes				
Dog registration fees	493,042	289,249	(203,793)	372,925
Real estate transfer	675,000	795,980	120,980	840,163
Beer and wine	372,519	388,608	16,089	348,753
Sales	39,384,123	37,744,177	(1,639,946)	37,516,061
Other	597,324	557,477	(39,847)	584,555
Total other taxes	41,522,008	39,775,491	(1,746,517)	39,662,457
Unrestricted intergovernmental revenues				
Federal	111,000	66,505	(44,495)	81,880
State government	152,811	102,602	(50,209)	154,035
Fayetteville	7,292,756	7,084,163	(208,593)	6,881,550
Municipalities	1,083,548	1,043,616	(39,932)	1,190,308
Other governmental	1,908,248	2,654,348	746,100	2,092,997
Total unrestricted intergovernmental revenues	10,548,363	10,951,234	402,871	10,400,770
Restricted intergovernmental revenues				
Federal	1,044,034	1,003,989	(40,045)	1,183,974
NC health programs	5,787,048	5,370,563	(416,485)	5,087,300
NC mental health programs	453,258	347,221	(106,037)	8,909,159
NC social services programs	44,971,911	42,793,076	(2,178,835)	41,347,519
NC library programs	634,709	631,628	(3,081)	553,983
NC other restricted revenue	4,912,043	4,292,073	(619,970)	3,821,642
Other restricted revenue	1,102,793	1,245,805	143,012	1,086,409
Total restricted intergovernmental revenues	58,905,796	55,684,355	(3,221,441)	61,989,986

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues (continued)				
Licenses and permits				
Inspection department permits	\$ 555,000	\$ 695,195	\$ 140,195	\$ 764,152
Marriage licenses	85,213	93,775	8,562	99,100
Register of Deeds fees	1,443,937	1,502,287	58,350	1,739,611
Miscellaneous permits			-	25,664
Total licenses and permits	2,084,150	2,291,257	207,107	2,628,527
Sales and services				
Health department fees	4,645,273	4,582,122	(63,151)	5,314,859
Library fees	348,000	227,669	(120,331)	290,288
Mental health department fees			-	2,768,190
Sheriff department fees	3,413,955	3,306,510	(107,445)	3,224,582
Social services fees	123,138	97,955	(25,183)	101,529
Other department fees	1,177,864	1,696,166	518,302	1,523,837
Total sales and services	9,708,230	9,910,422	202,192	13,223,285
Interest earned on investments	110,000	175,453	65,453	189,151
Miscellaneous				
Miscellaneous	385,178	1,352,252	967,074	704,261
Rent, land, and buildings	3,753,565	3,852,004	98,439	3,835,762
Total miscellaneous	4,138,743	5,204,256	1,065,513	4,540,023
Total revenues	295,950,670	298,582,855	2,632,185	296,499,222

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Expenditures				
Current				
General government				
Governing body	\$ 561,440	\$ 541,819	\$ 19,621	\$ 516,351
Administration	2,232,087	1,942,947	289,140	1,774,570
Court facilities	171,714	124,345	47,369	141,652
Information services	2,728,430	2,447,320	281,110	2,295,699
Elections	1,209,514	1,041,657	167,857	1,126,043
Finance	1,312,452	1,256,508	55,944	1,072,181
Legal	877,688	725,328	152,360	667,013
Register of Deeds	2,390,367	2,098,435	291,932	1,903,605
Tax Assessor	6,151,794	5,259,779	892,015	5,029,227
Print & graphics shop	225,919	225,259	660	225,491
Public building	1,567,087	1,340,152	226,935	966,432
Communications center	1,765,063	1,652,921	112,142	1,541,469
Carpenter shop	218,637	217,240	1,397	210,100
Public buildings - equipment maintenance	1,207,478	1,131,670	75,808	992,656
Public buildings - janitorial	732,629	668,575	64,054	641,197
Central maintenance	573,088	538,994	34,094	536,463
Landscaping and grounds	661,871	591,133	70,738	492,082
Property revaluation	459,413	278,183	181,230	361,112
General government - other	4,184,503	2,593,128	1,591,375	2,543,652
Total general government	29,231,174	24,675,393	4,555,781	23,036,995
Public safety				
Emergency services	3,091,895	2,874,752	217,143	2,736,209
Sheriff	25,291,863	25,050,335	241,528	22,884,121
Jail	15,946,022	15,686,383	259,639	12,920,197
School law enforcement-local	4,238,870	3,726,204	512,666	3,402,436
Sheriff's grants	397,793	224,186	173,607	292,020
Animal services	2,888,087	2,885,038	3,049	2,714,183
Public safety other	1,226,637	1,104,782	121,855	1,210,846
Cumberland day reporting center	-	-	-	17,367
Criminal justice unit	408,337	401,359	6,978	377,269
Community correction - probation	-	-	-	75,822
Roxie crisis interventioin	201,169	(12,096)	213,265	-
Total public safety	53,690,673	51,940,943	1,749,730	46,630,470

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Economic and physical development				
Planning and inspections department	\$ 3,283,290	\$ 3,107,396	\$ 175,894	\$ 3,077,818
Engineering	371,014	363,780	7,234	279,818
NC cooperative extension service	669,745	472,558	197,187	495,556
Soil conservation district	85,469	68,949	16,520	113,229
Soil conservation cost share	67,980	67,931	49	64,914
Economic physical development - other	440,005	411,200	28,805	414,995
Industrial park	20,000	886	19,114	842
Location services	449,096	400,259	48,837	383,149
Economic incentives	711,634	392,408	319,226	391,553
Water & sewer industrial expansion	1,971,043	1,097,697	873,346	146,704
Public utilities	96,873	96,693	180	71,826
Total economic and physical development	8,166,149	6,479,757	1,686,392	5,440,404
Human services				
Mental Health				
Child and youth contracts	-	-	-	3,142,859
Smart Start	-	-	-	198,848
Adult homeless	-	-	-	39,094
Substance abuse contracts	-	-	-	891,291
Developmental disabled contracts	-	-	-	1,191,403
Adult contracts	-	-	-	1,046,039

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Mental Health (continued)				
Mental health department	-	-	-	770,551
Claims management	-	-	-	113,183
Management information systems	-	-	-	349,022
Personnel	-	-	-	63,231
Managed care	-	-	-	281,128
Business management and accounting	-	-	-	151,179
Provider relations and support	-	-	-	141,837
Access line screening triag - referral	-	-	-	344,824
Service management	-	-	-	265,035
Consumer affairs and customer service	-	-	-	193,802
Quality improvement and outcome evaluation	-	-	-	294,005
Crisis services	-	-	-	1,257,741
Mental health other	9,073,265	6,218,947	2,854,318	1,600,569
Managed care organizaion	251,001	114,553	136,448	2,181,675
Other	-	-	-	2,789,147
Court ordered evaluations	165,000	134,582	30,418	-
Sobriety court	83,944	51,146	32,798	-
Subtotal - mental health	9,573,210	6,519,228	3,053,982	17,306,463

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Health				
Health - administration	\$ 2,383,125	\$ 2,285,210	\$ 97,915	\$ 1,958,926
Laboratory	297,599	282,222	15,377	260,145
Pharmacy	672,468	629,752	42,716	610,650
C. C. Jail health program	2,731,012	2,639,582	91,430	1,989,050
Management support	290,774	275,966	14,808	284,205
NC environmental health	1,393,283	1,350,184	43,099	1,336,468
Immunization clinic	221,553	221,175	378	231,010
School health program	1,020,369	995,249	25,120	852,562
Child health clinic	757,295	743,261	14,034	692,011
Dental clinic	513,101	386,833	126,268	347,096
Health promotion	341,365	339,547	1,818	315,600
Maternal health clinic	674,706	655,237	19,469	633,447
Medical records	283,042	244,452	38,590	222,699
Breast/cervical cancer	151,812	142,588	9,224	136,299
Child service coordination	672,231	599,565	72,666	544,097
Child fatality prevention	3,666	3,610	56	981
Chest TB clinic	152,893	126,359	26,534	117,917
Family planning clinic	1,008,747	972,126	36,621	882,678
NC general communicable disease	237,945	229,778	8,167	222,105
CDC tuberculosis project	34,417	30,005	4,412	51,201
NC AIDS	91,874	72,074	19,800	67,547
Adult health clinic	1,122,557	1,051,439	71,118	861,353
School health	563,043	553,884	9,159	492,911
WIC - clinic services	2,894,477	2,413,622	480,855	2,353,931
Health - other	89,118	85,681	3,437	88,278
Bioterrorism preparedness and response	72,500	55,589	16,911	72,891
STD clinic	1,164,612	1,152,811	11,801	757,802
South Central partnership	4,400	2,052	2,348	860
Maternal care coordination	984,855	718,056	266,799	570,880
Health express	495,512	453,820	41,692	463,227
Diabetes education clinic	158,867	114,281	44,586	144,738
Community transformation grant	570,000	538,440	31,560	276,789
Subtotal - health	22,053,218	20,364,450	1,688,768	17,840,354
Welfare				
Social services department	39,443,346	36,661,630	2,781,716	35,547,852
Social services - other	26,493,416	26,057,552	435,864	23,920,649
Grant - FV care center	426,132	382,312	43,820	374,839
Welfare - other	466,086	381,332	84,754	388,530
Subtotal - welfare	66,828,980	63,482,826	3,346,154	60,231,870

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014		Variance Positive (Negative)	2013
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Other human services				
Veterans' services	\$ 373,045	\$ 371,433	\$ 1,612	\$ 355,213
Spring Lake Resource Center	34,242	28,110	6,132	3,192
Child support enforcement	4,712,156	4,622,051	90,105	4,133,618
Subtotal - other human services	5,119,443	5,021,594	97,849	4,492,023
Total human services	103,574,851	95,388,098	8,186,753	99,870,710
Cultural and recreational				
Library	10,805,937	10,487,424	318,513	9,915,994
Law library	91,358	90,901	457	88,587
Stadium maintenance	258,609	244,681	13,928	129,830
Culture recreation other	306,416	305,816	600	307,477
Library - grants	510,150	415,654	94,496	171,681
Library - Smart Start - Raise a Reader	101,593	101,447	146	101,444
Total cultural and recreational	12,074,063	11,645,923	428,140	10,715,013
Education				
Public schools - current	77,397,483	77,239,186	158,297	77,254,451
Community colleges - current	9,552,404	9,552,404	-	9,163,305
Community colleges - capital outlay	954,135	473,937	480,198	3,529,710
Total education	87,904,022	87,265,527	638,495	89,947,466
Debt service				
Principal payments	18,711,637	18,711,637	-	18,325,685
Interest and fees	6,647,784	6,647,785	(1)	7,524,594
Debt issue costs	75,186	73,607	1,579	-
Total debt service	25,434,607	25,433,029	1,578	25,850,279
Total expenditures	320,075,539	302,828,670	17,246,869	301,491,337
Revenues over (under) expenditures	(24,124,869)	(4,245,815)	19,879,054	(4,992,115)

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Other financing sources (uses)				
Sale of capital assets	\$ 32,805	\$ 214,069	\$ 181,264	\$ 205,049
Proceeds from refunding bonds	15,070,000	15,070,000	-	-
Payment to refund bond escrow agent	(15,204,915)	(15,204,915)	-	-
Proceeds from installment notes				3,198,130
Transfers in	7,720,021	7,485,772	(234,249)	8,834,641
Transfers out	(1,980,612)	(1,573,481)	407,131	(9,672,922)
Payment to component unit	-	-	-	(425,520)
Fund balance appropriated	18,487,570	-	(18,487,570)	-
Total other financing sources (uses)	<u>24,124,869</u>	<u>5,991,445</u>	<u>(18,133,424)</u>	<u>2,139,378</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>1,745,630</u>	<u>\$ 1,745,630</u>	<u>(2,852,737)</u>
Fund balance				
Beginning of year - July 1		<u>102,347,516</u>		<u>105,200,253</u>
End of year - June 30		<u>\$ 104,093,146</u>		<u>\$ 102,347,516</u>
Reconciliation to H-1:				
General Fund - ending fund balance - June 30		\$ 104,093,146		\$ 102,347,516
County School Fund - ending fund balance - June 30 (H-10)		<u>7,419,506</u>		<u>7,553,135</u>
		<u>\$ 111,512,652</u>		<u>\$ 109,900,651</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, 2014
(With Comparative Totals for June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Other taxes	\$ 8,233,677	\$ 8,824,674	\$ 590,997	\$ 8,655,100
Unrestricted intergovernmental revenue	800,000	757,303	(42,697)	775,171
Restricted intergovernmental revenue	3,866,323	3,863,323	(3,000)	5,397,336
Interest earned on investments	-	6,034	6,034	5,330
Miscellaneous	-	56,107	56,107	133,362
Total revenues	12,900,000	13,507,441	607,441	14,966,299
Expenditures				
Education				
School capital outlay I	6,317,126	2,410,347	3,906,779	2,733,642
School capital outlay II	3,529,000	3,151,424	377,576	2,777,758
School capital outlay III	746,616	671,306	75,310	331,201
Total expenditures	10,592,742	6,233,077	4,359,665	5,842,601
Revenues over expenditures	2,307,258	7,274,364	4,967,106	9,123,698
Other financing sources (uses)				
Transfers (out)	(7,412,485)	(7,407,993)	4,492	(8,555,317)
Appropriated fund balance	5,105,227	-	(5,105,227)	
Total other financing sources (uses)	(2,307,258)	(7,407,993)	(5,100,735)	(8,555,317)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(133,629)	\$ (133,629)	568,381
Fund balances				
Beginning of year - July 1		7,553,135		6,984,754
End of year - June 30		\$ 7,419,506		\$ 7,553,135

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Health Department Building Fund**

From Inception and for Year Ended June 30, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 187,844	\$ 187,844	\$ -	\$ -
Miscellaneous	-	(4,534)	(4,534)	-	-
Total revenues	-	183,310	183,310	-	-
Expenditures					
Capital outlay					
Health Department Building	-	26,815,293	26,815,293	-	-
Total expenditures	-	26,815,293	26,815,293	-	-
Revenues over (under) expenditures	-	(26,631,983)	(26,631,983)	-	-
Other financing sources (uses)					
Debt issuance	-	26,500,000	26,500,000	-	-
Transfers in	-	1,486,300	1,486,300	-	-
Transfers out	-	(1,354,317)	(1,354,317)	-	-
Total other financing sources	-	26,631,983	26,631,983	-	-
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance					
Beginning of year - July 1				-	
End of year - June 30				<u>\$ -</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Gray's Creek Middle School Fund**

From Inception and for Year Ended June 30, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 216,033	\$ 216,183	\$ -	\$ 165	\$ 216,348
Miscellaneous	321,014	321,014	-	-	321,014
Total revenues	<u>537,047</u>	<u>537,197</u>	<u>-</u>	<u>165</u>	<u>537,362</u>
Expenditures					
Capital outlay					
NC school bond project	20,506,921	19,854,549	-	569,696	20,424,245
Debt issuance costs	30,126	30,126	-	-	30,126
Total expenditures	<u>20,537,047</u>	<u>19,884,675</u>	<u>-</u>	<u>569,696</u>	<u>20,454,371</u>
Revenues over (under) expenditures	<u>(20,000,000)</u>	<u>(19,347,478)</u>	<u>-</u>	<u>(569,531)</u>	<u>(19,917,009)</u>
Other financing sources (uses)					
Debt issuance costs	20,000,000	20,000,000	-	-	20,000,000
Total other financing sources	<u>20,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 652,522</u>	<u>\$ -</u>	<u>(569,531)</u>	<u>\$ 82,991</u>
Fund balance					
Beginning of year - July 1				<u>652,522</u>	
End of year - June 30				<u>\$ 82,991</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,073,571	\$ -	\$ -	\$ 9,073,571
Investments	74,620	-	-	74,620
Taxes receivable, net	322,068	-	-	322,068
Sales tax receivable	104,782	74,967	-	179,749
Due from other governments	783,198	-	-	783,198
Other receivables, net	125,518	-	-	125,518
Prepays	37,334	-	-	37,334
Restricted assets:				
Cash and cash equivalents	430,342	886,712	9,195	1,326,249
Investments	-	-	36,392	36,392
Accounts receivable	-	-	19	19
Total assets	\$ 10,951,433	\$ 961,679	\$ 45,606	\$ 11,958,718
Liabilities and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ 1,298,706	7,609	-	\$ 1,306,315
Due to other governments	46,312	-	-	46,312
Accrued payroll	99,148	-	-	99,148
Due to other funds	471,174	-	-	471,174
Total liabilities	1,915,340	7,609	-	1,922,949
Deferred inflows of resources	322,108	-	19	322,127
Fund balances:				
Nonspendable:				
Prepays	37,334	-	-	37,334
Restricted:				
Stabilization by State Statute	1,258,235	98,567	-	1,356,802
Inmates	374,799	-	-	374,799
Cemetery	-	-	45,587	45,587
School capital	-	261,815	-	261,815
Fire protection	201,946	-	-	201,946
Public safety	1,968,231	-	-	1,968,231
Economic and physical development	468,277	-	-	468,277
Human services	81,672	-	-	81,672
Cultural and recreational	4,601,664	397,253	-	4,998,917
Committed:				
Public safety	-	196,435	-	196,435
Assigned:				
Subsequent year's expenditures	295,689	-	-	295,689
Unassigned	(573,862)	-	-	(573,862)
Total fund balances	8,713,985	954,070	45,587	9,713,642
Total liabilities and fund balances	\$ 10,951,433	\$ 961,679	\$ 45,606	\$ 11,958,718

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ 12,008,664	\$ -	\$ -	\$ 12,008,664
Other taxes	5,897,054	-	-	5,897,054
Restricted intergovernmental revenue	7,218,749	-	-	7,218,749
Sales and services	162,926	-	-	162,926
Interest earned on investments	3,026	74	7	3,107
Miscellaneous	753,184	71,148	600	824,932
Total revenues	<u>26,043,603</u>	<u>71,222</u>	<u>607</u>	<u>26,115,432</u>
Expenditures				
Current:				
Public safety	9,298,896	5,517,837	-	14,816,733
Economic and physical development	5,832,354	-	-	5,832,354
Human services	1,775,573	-	-	1,775,573
Cultural and recreational	4,218,132	-	-	4,218,132
Education	-	925,670	-	925,670
Total expenditures	<u>21,124,955</u>	<u>6,443,507</u>	<u>-</u>	<u>27,568,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,918,648</u>	<u>(6,372,285)</u>	<u>607</u>	<u>(1,453,030)</u>
Other financing sources (uses)				
Sale of capital assets	1,809	-	-	1,809
Transfers in	628,523	309,758	-	938,281
Transfers out	<u>(5,185,773)</u>	<u>(305)</u>	<u>-</u>	<u>(5,186,078)</u>
Total other financing sources (uses)	<u>(4,555,441)</u>	<u>309,453</u>	<u>-</u>	<u>(4,245,988)</u>
Net change in fund balances	363,207	(6,062,832)	607	(5,699,018)
Fund balance - beginning	<u>8,350,778</u>	<u>7,016,902</u>	<u>44,980</u>	<u>15,412,660</u>
Fund balance - ending	<u>\$ 8,713,985</u>	<u>\$ 954,070</u>	<u>\$ 45,587</u>	<u>\$ 9,713,642</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

(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	\$ 3,869,172	\$ 1,364,715	\$ 227,017	\$ 825,780	\$ 407,268	\$ 72,698	\$ 5,266	\$ 104,535
Investments	-	49	-	-	-	-	74,571	-
Taxes receivable, net	-	-	-	107,480	-	-	-	-
Sales tax receivable	-	62,820	109	6,518	773	507	-	15,871
Due from other governments	-	90,748	61,930	35,719	-	202,855	-	301,404
Other receivables, net	-	298	-	-	-	125,181	39	-
Prepays	-	-	8,319	-	11,627	2,404	-	13,080
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total assets	\$ 3,869,172	\$ 1,518,630	\$ 297,375	\$ 975,497	\$ 419,668	\$ 403,645	\$ 79,876	\$ 434,890
Liabilities:								
Accounts and vouchers payable	\$ -	\$ 111,554	\$ 10,571	\$ 46,814	\$ 176,058	\$ 99,283	\$ -	\$ 135,923
Due to other governments	-	-	-	18,639	-	27,673	-	-
Accrued payroll	-	-	36,299	-	25,842	5,196	-	27,943
Due to other funds	-	-	27,202	-	-	212,537	-	181,245
Total liabilities	-	111,554	74,072	65,453	201,900	344,689	-	345,111
Deferred inflows of resources	-	-	-	107,479	-	-	39	-
Fund balances:								
Nonspendable:								
Prepays	-	-	8,319	-	11,627	2,404	-	13,080
Restricted:								
Stabilization by State Statute	-	192,462	62,039	70,073	5,422	389,838	-	317,275
Inmates	-	-	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-	-	-
Public safety	-	1,214,614	-	-	-	-	-	-
Economic and physical development	-	-	152,945	-	-	-	79,837	-
Human services	-	-	-	-	81,672	-	-	-
Cultural and recreational	3,869,172	-	-	732,492	-	-	-	-
Assigned:								
Subsequent year's expenditures	-	-	-	-	119,047	-	-	-
Unassigned	-	-	-	-	-	(333,286)	-	(240,576)
Total fund balances	3,869,172	1,407,076	223,303	802,565	217,768	58,956	79,837	89,779
Total liabilities, deferred inflows of resources and fund balances	\$ 3,869,172	\$ 1,518,630	\$ 297,375	\$ 975,497	\$ 419,668	\$ 403,645	\$ 79,876	\$ 434,890

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

(concluded)

	Fire Protection Fund	Federal Drug Forfeiture Fund	Federal Forfeiture Treasury Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Downtown Revitalization Fund	Inmate Welfare Fund	Total Nonmajor Special Revenue Funds
Assets								
Cash and cash equivalents	\$ 802,320	\$ 877,671	\$ 388	\$ 253,852	\$ 27,394	\$ 235,495	\$ -	\$ 9,073,571
Investments	-	-	-	-	-	-	-	74,620
Taxes receivable, net	214,588	-	-	-	-	-	-	322,068
Sales tax receivable	-	16,875	-	1,309	-	-	-	104,782
Due from other governments	68,417	2,296	19,829	-	-	-	-	783,198
Other receivables, net	-	-	-	-	-	-	-	125,518
Prepays	-	-	-	-	-	-	1,904	37,334
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	430,342	430,342
Total assets	\$ 1,085,325	\$ 896,842	\$ 20,217	\$ 255,161	\$ 27,394	\$ 235,495	\$ 432,246	\$ 10,951,433
Liabilities:								
Accounts and vouchers payable	\$ 600,374	\$ 115,758	\$ -	\$ -	\$ 467	\$ -	\$ 1,904	\$ 1,298,706
Due to other governments	-	-	-	-	-	-	-	46,312
Accrued payroll	-	419	-	-	-	-	3,449	99,148
Due to other funds	-	-	-	-	-	-	50,190	471,174
Total liabilities	600,374	116,177	-	-	467	-	55,543	1,915,340
Deferred inflows of resources	214,590	-	-	-	-	-	-	322,108
Fund balances:								
Nonspendable:								
Prepays	-	-	-	-	-	-	1,904	37,334
Restricted:								
Stabilization by State Statute	68,415	128,381	19,829	4,501	-	-	-	1,258,235
Inmates	-	-	-	-	-	-	374,799	374,799
Fire protection	201,946	-	-	-	-	-	-	201,946
Public safety	-	477,724	388	250,660	24,845	-	-	1,968,231
Economic and physical development	-	-	-	-	-	235,495	-	468,277
Human services	-	-	-	-	-	-	-	81,672
Cultural and recreational	-	-	-	-	-	-	-	4,601,664
Assigned:								
Subsequent year's expenditures	-	174,560	-	-	2,082	-	-	295,689
Unassigned	-	-	-	-	-	-	-	(573,862)
Total fund balances	270,361	780,665	20,217	255,161	26,927	235,495	376,703	8,713,985
Total liabilities, deferred inflows of resources and fund balances	\$ 1,085,325	\$ 896,842	\$ 20,217	\$ 255,161	\$ 27,394	\$ 235,495	\$ 432,246	\$ 10,951,433

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2014

(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	\$ -	\$ -	\$ -	\$ 4,144,116	\$ -	\$ -	\$ -	\$ -
Other taxes	5,897,054	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	1,165,423	594,318	18,493	1,230,225	1,252,008	-	2,173,661
Sales and services	-	-	7,551	-	123,056	32,319	-	-
Interest earned on investments	373	2,321	-	117	20	19	19	-
Miscellaneous	-	-	-	-	-	7	-	22,474
Total revenues	<u>5,897,427</u>	<u>1,167,744</u>	<u>601,869</u>	<u>4,162,726</u>	<u>1,353,301</u>	<u>1,284,353</u>	<u>19</u>	<u>2,196,135</u>
Expenditures								
Current:								
Public safety	-	-	-	-	-	-	-	-
Economic and physical development	-	1,550,663	669,254	-	-	1,369,985	-	2,242,452
Human services	-	-	-	-	1,775,573	-	-	-
Cultural and recreational	-	-	-	4,218,132	-	-	-	-
Total expenditures	<u>-</u>	<u>1,550,663</u>	<u>669,254</u>	<u>4,218,132</u>	<u>1,775,573</u>	<u>1,369,985</u>	<u>-</u>	<u>2,242,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,897,427</u>	<u>(382,919)</u>	<u>(67,385)</u>	<u>(55,406)</u>	<u>(422,272)</u>	<u>(85,632)</u>	<u>19</u>	<u>(46,317)</u>
Other financing sources (uses)								
Sale of capital assets	-	-	-	-	-	-	-	1,809
Transfers in	-	-	67,385	-	425,315	97,558	-	38,265
Transfers out	(5,161,773)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(5,161,773)</u>	<u>-</u>	<u>67,385</u>	<u>-</u>	<u>425,315</u>	<u>97,558</u>	<u>-</u>	<u>40,074</u>
Net change in fund balances	735,654	(382,919)	-	(55,406)	3,043	11,926	19	(6,243)
Fund balance - beginning	<u>3,133,518</u>	<u>1,789,995</u>	<u>223,303</u>	<u>857,971</u>	<u>214,725</u>	<u>47,030</u>	<u>79,818</u>	<u>96,022</u>
Fund balance - ending	<u>\$ 3,869,172</u>	<u>\$ 1,407,076</u>	<u>\$ 223,303</u>	<u>\$ 802,565</u>	<u>\$ 217,768</u>	<u>\$ 58,956</u>	<u>\$ 79,837</u>	<u>\$ 89,779</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2014**

(concluded)

	Fire Protection Fund	Federal Drug Forfeiture Fund	Federal Forfeiture Treasury Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Downtown Revitalization Fund	Inmate Welfare Fund	Total Nonmajor Special Revenue Funds
Revenues								
Ad valorem taxes	\$ 7,864,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,008,664
Other taxes	-	-	-	-	-	-	-	5,897,054
Restricted intergovernmental revenue	-	728,636	19,829	26,304	9,852	-	-	7,218,749
Sales and services	-	-	-	-	-	-	-	162,926
Interest earned on investments	48	85	-	24	-	-	-	3,026
Miscellaneous	-	-	-	-	-	-	730,703	753,184
Total revenues	<u>7,864,596</u>	<u>728,721</u>	<u>19,829</u>	<u>26,328</u>	<u>9,852</u>	<u>-</u>	<u>730,703</u>	<u>26,043,603</u>
Expenditures								
Current:								
Public safety	7,797,492	831,219	-	45,210	6,292	-	618,683	9,298,896
Economic and physical development	-	-	-	-	-	-	-	5,832,354
Human services	-	-	-	-	-	-	-	1,775,573
Cultural and recreational	-	-	-	-	-	-	-	4,218,132
Total expenditures	<u>7,797,492</u>	<u>831,219</u>	<u>-</u>	<u>45,210</u>	<u>6,292</u>	<u>-</u>	<u>618,683</u>	<u>21,124,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>67,104</u>	<u>(102,498)</u>	<u>19,829</u>	<u>(18,882)</u>	<u>3,560</u>	<u>-</u>	<u>112,020</u>	<u>4,918,648</u>
Other financing sources (uses)								
Sale of capital assets	-	-	-	-	-	-	-	1,809
Transfers in	-	-	-	-	-	-	-	628,523
Transfers out	(24,000)	-	-	-	-	-	-	(5,185,773)
Total other financing sources (uses)	<u>(24,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,555,441)</u>
Net change in fund balances	<u>43,104</u>	<u>(102,498)</u>	<u>19,829</u>	<u>(18,882)</u>	<u>3,560</u>	<u>-</u>	<u>112,020</u>	<u>363,207</u>
Fund balance - beginning	<u>227,257</u>	<u>883,163</u>	<u>388</u>	<u>274,043</u>	<u>23,367</u>	<u>235,495</u>	<u>264,683</u>	<u>8,350,778</u>
Fund balance - ending	<u>\$ 270,361</u>	<u>\$ 780,665</u>	<u>\$ 20,217</u>	<u>\$ 255,161</u>	<u>\$ 26,927</u>	<u>\$ 235,495</u>	<u>\$ 376,703</u>	<u>\$ 8,713,985</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		
Revenues				
Other taxes	\$ 5,497,689	\$ 5,897,054	\$ 399,365	\$ 5,809,026
Interest earned on investments	1,000	373	(627)	1,696
Total revenues	<u>5,498,689</u>	<u>5,897,427</u>	<u>398,738</u>	<u>5,810,722</u>
Expenditures				
Current				
Cultural and recreational	4,596		4,596	1,838
Total expenditures	<u>4,596</u>	<u>-</u>	<u>4,596</u>	<u>1,838</u>
Revenues over expenditures	<u>5,494,093</u>	<u>5,897,427</u>	<u>403,334</u>	<u>5,808,884</u>
Other financing sources (uses)				
Transfers (out)	(6,021,303)	(5,161,773)	859,530	(5,811,860)
Appropriated fund balance	527,210		527,210	-
Total other financing sources (uses)	<u>(5,494,093)</u>	<u>(5,161,773)</u>	<u>332,320</u>	<u>(5,811,860)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>735,654</u>	<u>\$ 735,654</u>	<u>(2,976)</u>
Fund balances				
Beginning of year - July 1		3,133,518		3,136,494
End of year - June 30		<u>\$ 3,869,172</u>		<u>\$ 3,133,518</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,079,719	\$ 1,165,423	\$ 85,704	\$ 935,972
Interest earned on investments	1,500	2,321	821	2,285
Total revenues	<u>1,081,219</u>	<u>1,167,744</u>	<u>86,525</u>	<u>938,257</u>
Expenditures				
Economic and physical development:				
Implemental functions	260,286	254,881	5,405	230,258
Telephone/furniture	726,568	238,682	487,886	243,270
Software	127,547	161,309	(33,762)	184,209
Hardware	289,203	860,814	(571,611)	7,767
Training	52,000	30,227	21,773	7,188
Capital outlay	885,657	-	885,657	-
Other	-	4,750	(4,750)	3,567
Total expenditures	<u>2,341,261</u>	<u>1,550,663</u>	<u>790,598</u>	<u>676,259</u>
Revenues over expenditures	<u>(1,260,042)</u>	<u>(382,919)</u>	<u>877,123</u>	<u>261,998</u>
Other financing sources (uses)				
Appropriated fund balance	1,260,042		1,260,042	
Total other financing sources (uses)	<u>1,260,042</u>	<u>-</u>	<u>(1,260,042)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(382,919)</u>	<u>\$ (382,919)</u>	<u>261,998</u>
Fund balances				
Beginning of year - July 1		<u>1,789,995</u>		<u>1,527,997</u>
End of year - June 30		<u>\$ 1,407,076</u>		<u>\$ 1,789,995</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 597,635	\$ 594,318	\$ (3,317)	\$ 538,549
Sales and services	7,560	7,551	(9)	9,964
Total revenues	<u>605,195</u>	<u>601,869</u>	<u>(3,326)</u>	<u>548,513</u>
Expenditures				
Economic and physical development:				
WIA programs	3,500	346	3,154	2,018
Senior Aides	669,669	668,908	761	607,413
Total expenditures	<u>673,169</u>	<u>669,254</u>	<u>3,915</u>	<u>609,431</u>
Revenues over expenditures	<u>(67,974)</u>	<u>(67,385)</u>	<u>589</u>	<u>(60,918)</u>
Other financing sources (uses)				
Transfers in	67,974	67,385	(589)	71,083
Total other financing sources (uses)	<u>67,974</u>	<u>67,385</u>	<u>(589)</u>	<u>71,083</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>10,165</u>
Fund balances				
Beginning of year - July 1		<u>223,303</u>		<u>213,138</u>
End of year - June 30		<u>\$ 223,303</u>		<u>\$ 223,303</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		
Revenues				
Ad valorem taxes	\$ 4,730,231	\$ 4,144,116	\$ (586,115)	\$ 3,924,897
Restricted intergovernmental revenue		18,493	18,493	38,097
Interest earned on investments	500	117	(383)	577
Total revenues	<u>4,730,731</u>	<u>4,162,726</u>	<u>(568,005)</u>	<u>3,963,571</u>
Expenditures				
Culture and recreational	4,593,614	4,095,984	497,630	3,965,577
Capital outlay	429,817	122,148	307,669	18,622
Total expenditures	<u>5,023,431</u>	<u>4,218,132</u>	<u>805,299</u>	<u>3,984,199</u>
Revenues over expenditures	<u>(292,700)</u>	<u>(55,406)</u>	<u>237,294</u>	<u>(20,628)</u>
Other financing sources (uses)				
Appropriated fund balance	292,700	-	(292,700)	-
Total other financing sources (uses)	<u>292,700</u>	<u>-</u>	<u>(292,700)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(55,406)</u>	<u>\$ (55,406)</u>	<u>(20,628)</u>
Fund balances				
Beginning of year - July 1		<u>857,971</u>		<u>878,599</u>
End of year - June 30		<u>\$ 802,565</u>		<u>\$ 857,971</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,246,050	\$ 1,230,225	\$ (15,825)	\$ 1,239,376
Sales and services	169,856	123,056	(46,800)	144,384
Interest earned on investments	-	20	20	138
Total revenues	<u>1,415,906</u>	<u>1,353,301</u>	<u>(62,605)</u>	<u>1,383,898</u>
Expenditures				
Human services				
JCP programs	1,218,232	1,079,057	139,175	1,141,247
Residential group home	716,445	696,516	19,929	657,946
Total expenditures	<u>1,934,677</u>	<u>1,775,573</u>	<u>159,104</u>	<u>1,799,193</u>
Revenues over expenditures	<u>(518,771)</u>	<u>(422,272)</u>	<u>96,499</u>	<u>(415,295)</u>
Other financing sources (uses)				
Transfers in	429,802	425,315	(4,487)	375,744
Appropriated fund balance	88,969		(88,969)	-
Total other financing sources (uses)	<u>518,771</u>	<u>425,315</u>	<u>(93,456)</u>	<u>375,744</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>3,043</u>	<u>\$ 3,043</u>	<u>(39,551)</u>
Fund balances				
Beginning of year - July 1		<u>214,725</u>		<u>254,276</u>
End of year - June 30		<u>\$ 217,768</u>		<u>\$ 214,725</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Transportation Fund
Year Ended June 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,938,356	\$ 1,252,008	\$ (686,348)	\$ 1,518,177
Sales and services	85,328	32,319	(53,009)	60,645
Interest earned on investments	-	19	19	84
Miscellaneous	-	7	7	-
Total revenues	<u>2,023,684</u>	<u>1,284,353</u>	<u>(739,331)</u>	<u>1,578,906</u>
Expenditures				
Economic and physical development	<u>2,131,295</u>	<u>1,369,985</u>	<u>761,310</u>	<u>1,648,961</u>
Total expenditures	<u>2,131,295</u>	<u>1,369,985</u>	<u>761,310</u>	<u>1,648,961</u>
Revenues over expenditures	<u>(107,611)</u>	<u>(85,632)</u>	<u>21,979</u>	<u>(70,055)</u>
Other financing sources (uses)				
Transfers in	107,083	97,558	(9,525)	71,213
Appropriated fund balance	<u>528</u>	<u>-</u>	<u>(528)</u>	<u>-</u>
Total other financing sources (uses)	<u>107,611</u>	<u>97,558</u>	<u>(10,053)</u>	<u>71,213</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>11,926</u>	<u>\$ 11,926</u>	<u>1,158</u>
Fund balances				
Beginning of year - July 1		<u>47,030</u>		<u>45,872</u>
End of year - June 30		<u>\$ 58,956</u>		<u>\$ 47,030</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 19	\$ 19	\$ 37
Total revenues	<u>-</u>	<u>19</u>	<u>19</u>	<u>37</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>19</u>	<u>19</u>	<u>37</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>19</u>	<u>\$ 19</u>	<u>37</u>
Fund balances				
Beginning of year - July 1		<u>79,818</u>		<u>79,781</u>
End of year - June 30		<u>\$ 79,837</u>		<u>\$ 79,818</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 3,883,989	\$ 2,173,661	\$ (1,710,328)	\$ 2,451,228
Miscellaneous	5,000	22,474	17,474	31,183
Total revenues	<u>3,888,989</u>	<u>2,196,135</u>	<u>(1,692,854)</u>	<u>2,482,411</u>
Expenditures				
Economic and physical development				
Administration	371,550	249,725	121,825	612,808
Economic Development	1,295,457	787,169	508,288	714,291
Housing activities	1,226,720	420,165	806,555	900,808
NC Urgent Repair Program	15,000	13,481	1,519	30,032
Public facilities	450,000	82,603	367,397	138,850
Public services	135,321	117,978	17,343	83,458
Program grants	547,419	296,152	251,267	237,411
Program grants	282,524	275,179	7,345	202,937
Total expenditures	<u>4,323,991</u>	<u>2,242,452</u>	<u>2,081,539</u>	<u>2,920,595</u>
Revenues over (under) expenditures	<u>(435,002)</u>	<u>(46,317)</u>	<u>388,685</u>	<u>(438,184)</u>
Other financing sources (uses)				
Sale of capital assets	-	1,809	1,809	
Transfers in	374,795	38,265	(336,530)	468,765
Appropriated fund balance	60,207	-	(60,207)	-
Total other financing sources (uses)	<u>435,002</u>	<u>40,074</u>	<u>(394,928)</u>	<u>468,765</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(6,243)</u>	<u>\$ (6,243)</u>	<u>30,581</u>
Fund balances				
Beginning of year - July 1		<u>96,022</u>		<u>65,441</u>
End of year - June 30		<u>\$ 89,779</u>		<u>\$ 96,022</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes	\$ 7,832,723	\$ 7,864,548	\$ 31,825	\$ 7,465,393
Interest earned on investments	250	48	(202)	250
Total revenues	<u>7,832,973</u>	<u>7,864,596</u>	<u>31,623</u>	<u>7,465,643</u>
Expenditures				
Public safety	<u>7,808,973</u>	<u>7,797,492</u>	<u>11,481</u>	<u>7,618,067</u>
Total expenditures	<u>7,808,973</u>	<u>7,797,492</u>	<u>11,481</u>	<u>7,618,067</u>
Revenues over expenditures	<u>24,000</u>	<u>67,104</u>	<u>43,104</u>	<u>(152,424)</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>43,104</u>	<u>\$ 43,104</u>	<u>(176,424)</u>
Fund balances				
Beginning of year - July 1		<u>227,257</u>		<u>403,681</u>
End of year - June 30		<u>\$ 270,361</u>		<u>\$ 227,257</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 325,825	\$ 728,636	\$ 402,811	\$ 397,134
Interest earned on investments	-	85	85	379
Total revenues	<u>325,825</u>	<u>728,721</u>	<u>402,896</u>	<u>397,513</u>
Expenditures				
Public safety	633,978	499,386	134,592	36,920
Capital outlay	574,653	331,833	242,820	194,500
Total expenditures	<u>1,208,631</u>	<u>831,219</u>	<u>377,412</u>	<u>231,420</u>
Revenues over expenditures	<u>(882,806)</u>	<u>(102,498)</u>	<u>780,308</u>	<u>166,093</u>
Other financing sources (uses)				
Sale of capital assets			-	16,631
Appropriated fund balance	882,806	-	(882,806)	
Total other financing sources (uses)	<u>882,806</u>	<u>-</u>	<u>(882,806)</u>	<u>16,631</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(102,498)</u>	<u>\$ (102,498)</u>	<u>182,724</u>
Fund balances				
Beginning of year - July 1		<u>883,163</u>		<u>700,439</u>
End of year - June 30		<u>\$ 780,665</u>		<u>\$ 883,163</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Federal Forfeiture Treasury Fund
Year Ended June 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Miscellaneous	\$ -	\$ 19,829	\$ 19,829	\$ -
Total revenues	-	19,829	19,829	-
Total expenditures	-	-	-	-
Revenues over expenditures	-	19,829	19,829	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>19,829</u>	<u>\$ 19,829</u>	-
Fund balances				
Beginning of year - July 1		<u>388</u>		<u>388</u>
End of year - June 30		<u>\$ 20,217</u>		<u>\$ 388</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ -	\$ 26,304	\$ 26,304	\$ 70,401
Interest earned on investments	-	24	24	118
Total revenues	-	26,328	26,328	70,519
Expenditures				
Public safety	60,000	45,210	14,790	26,944
Total expenditures	60,000	45,210	14,790	26,944
Revenues over expenditures	(60,000)	(18,882)	41,118	43,575
Other financing sources (uses)				
Transfers out	(156,000)	-	156,000	-
Appropriated fund balance	216,000	-	(216,000)	-
Total other financing sources (uses)	60,000	-	(60,000)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(18,882)	\$ (18,882)	43,575
Fund balances				
Beginning of year - July 1		274,043		230,468
End of year - June 30		\$ 255,161		\$ 274,043

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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 8,000	\$ 9,852	\$ 1,852	\$ 10,346
Total revenues	<u>8,000</u>	<u>9,852</u>	<u>1,852</u>	<u>10,346</u>
Expenditures				
Public safety	12,884	6,292	6,592	13,208
Total expenditures	<u>12,884</u>	<u>6,292</u>	<u>6,592</u>	<u>13,208</u>
Revenues over expenditures	<u>(4,884)</u>	<u>3,560</u>	<u>8,444</u>	<u>(2,862)</u>
Other financing sources (uses)				
Appropriated fund balance	<u>4,884</u>	<u>-</u>	<u>(4,884)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>3,560</u>	<u>\$ 3,560</u>	<u>(2,862)</u>
Fund balances				
Beginning of year - July 1		<u>23,367</u>		<u>26,229</u>
End of year - June 30		<u>\$ 26,927</u>		<u>\$ 23,367</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Downtown Revitalization Fund
Year Ended June 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Revenues over expenditures	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balances				
Beginning of year - July 1		<u>235,495</u>		<u>235,495</u>
End of year - June 30		<u>\$ 235,495</u>		<u>\$ 235,495</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, 2014
(With Comparative Totals for Year Ended June 30, 2013)**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		
Revenues				
Interest earned on investments	\$ 50	\$	\$ (50)	\$ 41
Miscellaneous	773,000	730,703	(42,297)	647,203
Total revenues	<u>773,050</u>	<u>730,703</u>	<u>(42,347)</u>	<u>647,244</u>
Expenditures				
Public safety	773,050	618,683	154,367	518,001
Total expenditures	<u>773,050</u>	<u>618,683</u>	<u>154,367</u>	<u>518,001</u>
Revenues over expenditures	<u>-</u>	<u>112,020</u>	<u>112,020</u>	<u>129,243</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>112,020</u>	<u>\$ 112,020</u>	<u>129,243</u>
Fund balances				
Beginning of year - July 1		264,683		135,440
End of year - June 30		<u>\$ 376,703</u>		<u>\$ 264,683</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2014**

	<u>Detention Facility Expansion Fund</u>	<u>New Century Middle School Fund</u>	<u>West Regional Library Fund</u>	<u>New Century Elementary Fund</u>	<u>QSCB Project Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
Assets						
Sales tax receivable	\$ 74,967	\$ -	\$ -	\$ -	\$ -	\$ 74,967
Restricted assets:						
Cash and cash equivalents	204,044	149,913	420,853	111,902	-	886,712
Total assets	<u>\$ 279,011</u>	<u>\$ 149,913</u>	<u>\$ 420,853</u>	<u>\$ 111,902</u>	<u>\$ -</u>	<u>\$ 961,679</u>
Liabilities and fund balances						
Liabilities:						
Accounts and vouchers payable	\$ 7,609	\$ -	\$ -	\$ -	\$ -	\$ 7,609
Total liabilities	<u>7,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,609</u>
Fund balances:						
Restricted:						
Stabilization by State Statute	74,967	-	23,600	-	-	98,567
School capital	-	149,913	-	111,902	-	261,815
Cultural and recreational	-	-	397,253	-	-	397,253
Committed:						
Public safety	196,435	-	-	-	-	196,435
Total fund balances	<u>271,402</u>	<u>149,913</u>	<u>420,853</u>	<u>111,902</u>	<u>-</u>	<u>954,070</u>
Total liabilities and fund balances	<u>\$ 279,011</u>	<u>\$ 149,913</u>	<u>\$ 420,853</u>	<u>\$ 111,902</u>	<u>\$ -</u>	<u>\$ 961,679</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended June 30, 2014**

	Detention Facility Expansion Fund	New Century Middle School Fund	West Regional Library Fund	New Century Elementary School Fund	QSCB Project Fund	Total Nonmajor Capital Project Funds
Revenues						
Interest earned on investments	\$ -	\$ 30	\$ 44	\$ -	\$ -	\$ 74
Miscellaneous	70,773	375	-	-	-	71,148
Total revenues	<u>70,773</u>	<u>405</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>71,222</u>
Expenditures						
Capital outlay						
Public safety	5,517,837	-	-	-	-	5,517,837
Education	-	880,651	-	45,019	-	925,670
Total expenditures	<u>5,517,837</u>	<u>880,651</u>	<u>-</u>	<u>45,019</u>	<u>-</u>	<u>6,443,507</u>
Revenues over (under) expenditures	<u>(5,447,064)</u>	<u>(880,246)</u>	<u>44</u>	<u>(45,019)</u>	<u>-</u>	<u>(6,372,285)</u>
Other financing sources (uses)						
Transfers in	309,758	-	-	-	-	309,758
Transfers (out)	-	-	-	-	(305)	(305)
Total other financing sources	<u>309,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(305)</u>	<u>309,453</u>
Revenues and other financing sources over (under) expenditures	<u>(5,137,306)</u>	<u>(880,246)</u>	<u>44</u>	<u>(45,019)</u>	<u>(305)</u>	<u>(6,062,832)</u>
Fund balance						
Beginning of year - July 1	<u>5,408,708</u>	<u>1,030,159</u>	<u>420,809</u>	<u>156,921</u>	<u>305</u>	<u>7,016,902</u>
End of year - June 30	<u>\$ 271,402</u>	<u>\$ 149,913</u>	<u>\$ 420,853</u>	<u>\$ 111,902</u>	<u>\$ -</u>	<u>\$ 954,070</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Ad valorem taxes	\$ 3,742,548	\$ 3,784,972	\$ -	\$ -	\$ 3,784,972
Miscellaneous	180,675	109,902	-	70,773	180,675
Total revenues	<u>3,923,223</u>	<u>3,894,874</u>	<u>-</u>	<u>70,773</u>	<u>3,965,647</u>
Expenditures					
Capital outlay					
Public safety	15,011,566	9,264,751	-	5,517,837	14,782,588
Total expenditures	<u>15,011,566</u>	<u>9,264,751</u>	<u>-</u>	<u>5,517,837</u>	<u>14,782,588</u>
Revenues over (under) expenditures	<u>(11,088,343)</u>	<u>(5,369,877)</u>	<u>-</u>	<u>(5,447,064)</u>	<u>(10,816,941)</u>
Other financing sources (uses)					
Transfers in	11,088,343	10,778,585	-	309,758	11,088,343
Total other financing sources	<u>11,088,343</u>	<u>10,778,585</u>	<u>-</u>	<u>309,758</u>	<u>11,088,343</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 5,408,708</u>	<u>\$ -</u>	<u>(5,137,306)</u>	<u>\$ 271,402</u>
Fund balance					
Beginning of year - July 1				5,408,708	
End of year - June 30				<u>\$ 271,402</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - New Century Middle School Fund**

From Inception and for Year Ended June 30, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 11,997	\$ 12,296	\$ -	\$ 30	\$ 12,326
Miscellaneous	-	7,844	-	375	8,219
Total revenues	<u>11,997</u>	<u>20,140</u>	<u>-</u>	<u>405</u>	<u>20,545</u>
Expenditures					
Capital outlay					
Education	17,768,227	16,746,212	-	880,651	17,626,863
Debt issuance costs	<u>284,418</u>	<u>284,416</u>	<u>-</u>	<u>-</u>	<u>284,416</u>
Total expenditures	<u>18,052,645</u>	<u>17,030,628</u>	<u>-</u>	<u>880,651</u>	<u>17,911,279</u>
Revenues over (under) expenditures	<u>(18,040,648)</u>	<u>(17,010,488)</u>	<u>-</u>	<u>(880,246)</u>	<u>(17,890,734)</u>
Other financing sources (uses)					
Proceeds of debt issuance	14,805,000	14,805,000	-	-	14,805,000
Transfers in	<u>3,235,648</u>	<u>3,235,647</u>	<u>-</u>	<u>-</u>	<u>3,235,647</u>
Total other financing sources	<u>18,040,648</u>	<u>18,040,647</u>	<u>-</u>	<u>-</u>	<u>18,040,647</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,030,159</u>	<u>\$ -</u>	<u>(880,246)</u>	<u>\$ 149,913</u>
Fund balance					
Beginning of year - July 1				<u>1,030,159</u>	
End of year - June 30				<u>\$ 149,913</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - West Regional Library Fund**

From Inception and for Year Ended June 30, 2014

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ -	\$ 20,630	\$ -	\$ 44	\$ 20,674
Total revenues	<u>-</u>	<u>20,630</u>	<u>-</u>	<u>44</u>	<u>20,674</u>
Expenditures					
Capital outlay					
Cultural and recreation	5,237,218	4,837,490	-	-	4,837,490
Debt issuance costs	77,006	76,555	-	-	76,555
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>(4,893,415)</u>	<u>-</u>	<u>44</u>	<u>(4,893,371)</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>\$ 420,809</u>	<u>\$ -</u>	<u>44</u>	<u>\$ 420,853</u>
Fund balance					
Beginning of year - July 1				<u>420,809</u>	
End of year - June 30				<u>\$ 420,853</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - New Century Elementary School Fund**

From Inception and for Year Ended June 30, 2014

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ 59,620	\$ 59,649	\$ -	\$ -	\$ 59,649
Miscellaneous	218,703	-	-	-	-
Total revenues	<u>278,323</u>	<u>59,649</u>	<u>-</u>	<u>-</u>	<u>59,649</u>
Expenditures					
Capital outlay					
Education	17,253,672	16,879,625	-	45,019	16,924,644
Debt Issuance costs	<u>264,179</u>	<u>262,630</u>	<u>-</u>	<u>-</u>	<u>262,630</u>
Total expenditures	<u>17,517,851</u>	<u>17,142,255</u>	<u>-</u>	<u>45,019</u>	<u>17,187,274</u>
Revenues over (under) expenditures	<u>(17,239,528)</u>	<u>(17,082,606)</u>	<u>-</u>	<u>(45,019)</u>	<u>(17,127,625)</u>
Other financing sources (uses)					
Premium on debt issuance	99,693	99,692	-	-	99,692
Bond issuance proceeds	<u>17,139,835</u>	<u>17,139,835</u>	<u>-</u>	<u>-</u>	<u>17,139,835</u>
Total other financing sources	<u>17,239,528</u>	<u>17,239,527</u>	<u>-</u>	<u>-</u>	<u>17,239,527</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 156,921</u>	<u>\$ -</u>	<u>(45,019)</u>	<u>\$ 111,902</u>
Fund balance					
Beginning of year - July 1				<u>156,921</u>	
End of year - June 30				<u>\$ 111,902</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 23,770	\$ 23,768	\$ -	\$ -	\$ 23,768
Total revenues	<u>23,770</u>	<u>23,768</u>	<u>-</u>	<u>-</u>	<u>23,768</u>
Expenditures					
Capital outlay					
Education	15,359,681	15,359,681	-	-	15,359,681
Debt issuance costs	<u>145,065</u>	<u>145,065</u>	<u>-</u>	<u>-</u>	<u>145,065</u>
Total expenditures	<u>15,504,746</u>	<u>15,504,746</u>	<u>-</u>	<u>-</u>	<u>15,504,746</u>
Revenues over (under) expenditures	<u>(15,480,976)</u>	<u>(15,480,978)</u>	<u>-</u>	<u>-</u>	<u>(15,480,978)</u>
Other financing sources (uses)					
Bond issuance proceeds	15,900,000	15,900,000	-	-	15,900,000
Transfers (out)	<u>(419,024)</u>	<u>(418,717)</u>	<u>-</u>	<u>(305)</u>	<u>(419,022)</u>
Total other financing sources	<u>15,480,976</u>	<u>15,481,283</u>	<u>-</u>	<u>(305)</u>	<u>15,480,978</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 305</u>	<u>\$ -</u>	<u>(305)</u>	<u>\$ -</u>
Fund balance					
Beginning of year - July 1				<u>305</u>	
End of year - June 30				<u>\$ -</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ 100	\$ 7	\$ (93)	\$ 15
Burial Fees	2,700	600	(2,100)	2,400
Total revenues	<u>2,800</u>	<u>607</u>	<u>(2,193)</u>	<u>2,415</u>
Expenditures				
Capital outlay				
Maintenance	2,800	-	2,800	-
Total expenditures	<u>2,800</u>	<u>-</u>	<u>2,800</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>607</u>	<u>607</u>	<u>2,415</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>607</u>	<u>\$ 607</u>	<u>2,415</u>
Fund balance				
Beginning of year - July 1		<u>44,980</u>		<u>42,565</u>
End of year - June 30		<u>\$ 45,587</u>		<u>\$ 44,980</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, 2014
(With Comparative Totals for June 30, 2013)**

	2014		Variance Positive (Negative)	2013
	Budget	Actual		
Operating revenues				
Charges for services	\$ 3,486,154	\$ 2,873,129	\$ (613,025)	\$ 2,886,145
Other operating revenue	11,388	11,388	-	11,388
Solid waste fees	5,019,583	4,936,870	(82,713)	4,906,314
Total operating revenues	<u>8,517,125</u>	<u>7,821,387</u>	<u>(695,738)</u>	<u>7,803,847</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	81,994	85,130	3,136	78,404
Miscellaneous	6,000	32,395	26,395	80,436
Grant revenue	494,864	589,023	94,159	729,269
Transfers in	12,592,717	7,803,441	(4,789,276)	-
Total Nonoperating revenues and other financing sources	<u>13,175,575</u>	<u>8,509,989</u>	<u>(4,665,586)</u>	<u>888,109</u>
Appropriated fund balance	<u>9,699,178</u>	<u>-</u>	<u>(9,699,178)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 31,391,878</u>	<u>\$ 16,331,376</u>	<u>\$ (15,060,502)</u>	<u>\$ 8,691,956</u>
Operating expenditures				
Salaries and employee benefits	\$ 3,728,126	\$ 3,398,743	\$ 329,383	\$ 3,291,280
Repairs and maintenance	945,973	1,230,471	(284,498)	1,089,699
Utilities	109,399	105,575	3,824	92,900
Administrative costs	4,304,613	3,056,416	1,248,197	3,243,382
Landfill closure and postclosure care costs	915,000	(1,571,060)	2,486,060	844,048
Total operating expenditures	<u>10,003,111</u>	<u>6,220,145</u>	<u>3,782,966</u>	<u>8,561,309</u>
Other expenditures and financing uses				
Capital outlay	13,585,323	504,755	13,080,568	1,084,794
Transfers out	7,803,444	7,803,441	3	-
Total other expenditures and financing uses	<u>21,388,767</u>	<u>8,308,196</u>	<u>13,080,571</u>	<u>1,084,794</u>
Total expenditures and other financing uses	<u>\$ 31,391,878</u>	<u>\$ 14,528,341</u>	<u>\$ 16,863,537</u>	<u>\$ 9,646,103</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 16,331,376		
Total expenditures and other financing uses		14,528,341		
		<u>1,803,035</u>		
Capital outlay		504,755		
Depreciation		(1,054,063)		
Change in net position		<u>\$ 1,253,727</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, 2014
(With Comparative Totals for June 30, 2013)

	2014		Variance Positive (Negative)	2013
	Budget	Actual		
Operating revenues				
Charges for services	\$ 2,425,750	2,035,391	\$ (390,359)	\$ 2,392,763
Total operating revenues	<u>2,425,750</u>	<u>2,035,391</u>	<u>(390,359)</u>	<u>2,392,763</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	550	38,279	37,729	45,369
Motel occupancy tax	1,228,379	1,252,989	24,610	1,274,901
Gain (loss) on disposal of capital assets	-	-	-	(1,223)
Miscellaneous	-	3,741	3,741	335
Transfers in	5,967,829	5,108,299	(859,530)	5,761,046
Total Nonoperating revenues and other financing sources	<u>7,196,758</u>	<u>6,403,308</u>	<u>(793,450)</u>	<u>7,080,428</u>
Appropriated fund balance	803,927	-	(803,927)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 10,426,435</u>	<u>\$ 8,438,699</u>	<u>\$ (1,987,736)</u>	<u>\$ 9,473,191</u>
Operating expenditures				
Salaries and employee benefits	\$ 978,691	\$ 809,205	\$ 169,486	\$ 2,631,457
Repairs and maintenance	638,384	638,381	3	464,192
Utilities	292,762	292,762	-	859,522
Administrative costs	909,444	675,470	233,974	1,579,050
Global Spectrum, LP	3,914,250	3,128,514	785,736	-
Total operating expenditures	<u>6,733,531</u>	<u>5,544,332</u>	<u>1,189,199</u>	<u>5,534,221</u>
Interest expense	2,465,168	1,461,895	1,003,273	1,592,108
Nonoperating expenditures	<u>2,465,168</u>	<u>1,461,895</u>	<u>1,003,273</u>	<u>1,592,108</u>
Other expenditures and financing (sources) uses				
Principal payments	1,227,736	2,481,140	(1,253,404)	2,547,021
Capital outlay	-	233,975	(233,975)	73,983
Transfers out	-	-	-	55,193
Total other expenditures and financing uses	<u>1,227,736</u>	<u>2,715,115</u>	<u>(1,487,379)</u>	<u>2,676,197</u>
Total expenditures and other financing uses	<u>\$ 10,426,435</u>	<u>\$ 9,721,342</u>	<u>\$ 705,093</u>	<u>\$ 9,802,526</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 8,438,699		
Total expenditures and other financing uses		<u>9,721,342</u>		
		(1,282,643)		
Capital outlay		233,975		
Depreciation		(1,998,022)		
Principal payments		<u>2,481,140</u>		
Change in net position		<u>\$ (565,550)</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, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$	\$ -	\$ -	\$	\$ -
Miscellaneous		-	-		-
Total revenues	-	-	-	-	-
Expenditures					
Capital outlay					
Other	12,592,717	374,215	-	-	374,215
Total expenditures	<u>12,592,717</u>	<u>374,215</u>	<u>-</u>	<u>-</u>	<u>374,215</u>
Revenues over (under) expenditures	<u>(12,592,717)</u>	<u>(374,215)</u>	<u>-</u>	<u>-</u>	<u>(374,215)</u>
Other financing sources (uses)					
Transfers in	12,592,717	-	-	-	-
Total other financing sources	<u>12,592,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (374,215)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (374,215)</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, 2014
(With Comparative Totals for June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 4,000	\$ 5,641	\$ 1,641	\$ 6,097
Total operating revenues	4,000	5,641	1,641	6,097
Nonoperating revenues and other financing sources				
Transfers in	56,000	-	(56,000)	-
Total Nonoperating revenues and other financing sources	56,000	-	(56,000)	-
Appropriated fund balance	9,000	-	(9,000)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 69,000</u>	<u>\$ 5,641</u>	<u>\$ (63,359)</u>	<u>\$ 6,097</u>
Operating expenditures				
Repairs and maintenance	\$ 8,000	\$ 1,801	\$ 6,199	\$ 8,184
	61,000	8	60,992	288
Total operating expenditures	69,000	1,809	67,191	8,472
Nonoperating expenditures	-	-	-	-
Other expenditures and financing uses	-	-	-	-
Total expenditures and other financing uses	<u>\$ 69,000</u>	<u>\$ 1,809</u>	<u>\$ 67,191</u>	<u>\$ 8,472</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 5,641		
Total expenditures and other financing uses		1,809		
		3,832		
Depreciation		(66,852)		
Change in net position		<u>\$ (63,020)</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, 2014
 (With Comparative Totals for June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 478,085	\$ 392,137	\$ (85,948)	\$ 385,599
Total operating revenues	478,085	392,137	(85,948)	385,599
Nonoperating revenues and other financing sources				
Miscellaneous	-	-	-	-
Total Nonoperating revenues and other financing sources	-	-	-	-
Appropriated fund balance	175,500	-	(175,500)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 653,585</u>	<u>\$ 392,137</u>	<u>\$ (261,448)</u>	<u>\$ 385,599</u>
Operating expenditures				
Repairs and maintenance	\$ 369,242	\$ 81,831	\$ 287,411	\$ 75,099
Utilities	205,000	207,817	(2,817)	154,375
Administrative costs	13,740	1,617	12,123	1,353
Total operating expenditures	587,982	291,265	296,717	230,827
Nonoperating expenditures				
Interest expense	65,603	47,541	18,062	48,283
Total nonoperating expenditures	65,603	47,541	18,062	48,283
Other expenditures and financing uses	-	-	-	-
Total expenditures and other financing uses	<u>\$ 653,585</u>	<u>\$ 338,806</u>	<u>\$ 314,779</u>	<u>\$ 279,110</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 392,137		
Total expenditures and other financing uses		338,806		
		53,331		
Depreciation		(237,885)		
Change in net position		<u>\$ (184,554)</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, 2014
(With Comparative Totals for June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 40,000	\$ 32,009	\$ (7,991)	\$ 4,700
Miscellaneous	-	456	456	12,481
Total operating revenues	<u>40,000</u>	<u>32,465</u>	<u>(7,535)</u>	<u>17,181</u>
Nonoperating revenues and other financing sources				
Grant revenue	540,802	40,053	(500,749)	-
Transfers in	-	-	-	5,832
Total Nonoperating revenues and other financing sources	<u>540,802</u>	<u>40,053</u>	<u>(500,749)</u>	<u>5,832</u>
Appropriated fund balance	<u>5,400</u>	<u>-</u>	<u>(5,400)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 586,202</u>	<u>\$ 72,518</u>	<u>\$ (513,684)</u>	<u>\$ 23,013</u>
Operating expenditures				
Administrative costs	\$ 39,992	\$ 12,890	\$ 27,102	\$ 3,529
Total operating expenditures	<u>39,992</u>	<u>12,890</u>	<u>27,102</u>	<u>3,529</u>
Nonoperating expenditures				
Interest expense	-	-	-	-
Total nonoperating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures				
Principal payments	5,408	-	5,408	-
Capital outlay	540,802	32,694	508,108	-
Total other expenditures	<u>546,210</u>	<u>32,694</u>	<u>513,516</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 586,202</u>	<u>\$ 45,584</u>	<u>\$ 540,618</u>	<u>\$ 3,529</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 72,518		
Total expenditures and other financing uses		<u>45,584</u>		
		26,934		
Capital outlay		32,694		
Depreciation		<u>(11,784)</u>		
Change in net position		<u>\$ 47,844</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures
Budget and Actual - Southpoint Water and Sewer District Capital Project Fund**

From Inception and for Year Ended June 30, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Grant revenue	\$ 540,802	\$ 361,239	\$ 361,239	\$ 40,053	\$ 40,053
Miscellaneous	-	12,481	12,481	-	-
Total revenues	<u>540,802</u>	<u>373,720</u>	<u>373,720</u>	<u>40,053</u>	<u>40,053</u>
Expenditures					
Capital outlay					
Water and sewer	540,802	451,549	484,243	32,694	-
Total expenditures	<u>540,802</u>	<u>451,549</u>	<u>484,243</u>	<u>32,694</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>(77,829)</u>	<u>(110,523)</u>	<u>7,359</u>	<u>40,053</u>
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>\$ (77,829)</u>	<u>\$ (110,523)</u>	<u>7,359</u>	<u>\$ 40,053</u>
Fund balance					
Beginning of year - July 1				<u>(77,829)</u>	
End of year - June 30				<u>\$ (70,470)</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, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
USDA Rural Development grant	\$ 2,503,000	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>2,503,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
Economic & Physical Development	3,372,700	-	-	54,811	54,811
Total expenditures	<u>3,372,700</u>	<u>-</u>	<u>-</u>	<u>54,811</u>	<u>54,811</u>
Revenues over (under) expenditures	<u>(869,700)</u>	<u>-</u>	<u>-</u>	<u>(54,811)</u>	<u>(54,811)</u>
Other financing sources (uses)					
Bond issuance proceeds	819,000		-	-	-
Transfers in	99,500	99,500	-	-	99,500
Transfers out	(48,800)	-	-	-	-
Total other financing sources	<u>869,700</u>	<u>99,500</u>	<u>-</u>	<u>-</u>	<u>99,500</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 99,500</u>	<u>\$ -</u>	<u>(54,811)</u>	<u>\$ 44,689</u>
Fund balance					
Beginning of year - July 1				<u>99,500</u>	
End of year - June 30				<u>\$ 44,689</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, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures					
Capital outlay					
Economic & Physical Development	33,000	-	-	21,000	21,000
Total expenditures	33,000	-	-	21,000	21,000
Revenues over (under) expenditures	(33,000)	-	-	(21,000)	(21,000)
Other financing sources (uses)					
Transfers in	33,000	-	-	33,000	33,000
Total other financing sources	33,000	-	-	33,000	33,000
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	12,000	<u>\$ 12,000</u>
Fund balance					
Beginning of year - July 1				-	
End of year - June 30				<u>\$ 12,000</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
Assets							
Current assets							
Taxes receivable, net	\$ 133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133
Sales tax receivable	-	-	112	-	-	-	112
Other receivables, net	64,259	-	159,334	-	-	-	223,593
Inventories	134,406	-	-	-	-	-	134,406
Prepays	11,307	-	2,817	-	-	-	14,124
Total current assets	210,105	-	162,263	-	-	-	372,368
Noncurrent assets							
Restricted:							
Cash and cash equivalents	1,656,564	194,745	2,138,268	507,507	333,981	848,316	5,679,381
Investments	-	-	49	-	-	-	49
Total noncurrent assets	1,656,564	194,745	2,138,317	507,507	333,981	848,316	5,679,430
Total assets	1,866,669	194,745	2,300,580	507,507	333,981	848,316	6,051,798
Liabilities and net position							
Current liabilities							
Accounts and vouchers payable	105,889	-	-	-	-	14	105,903
Accrued payroll	22,734	-	6,671	-	-	-	29,405
Other payables	1,316,000	-	484,994	255,996	-	463,000	2,519,990
Incurred but not reported	336	-	-	-	-	-	336
Current portion of long-term debt and accrued vacation	10,319	-	5,136	-	-	-	15,455
Total current liabilities	1,455,278	-	496,801	255,996	-	463,014	2,671,089
Noncurrent liabilities							
Accrued vacation	543	-	270	-	-	-	813
Other postemployment benefits liability	85,247	-	181,786	-	-	-	267,033
Total noncurrent liabilities	85,790	-	182,056	-	-	-	267,846
Total liabilities	1,541,068	-	678,857	255,996	-	463,014	2,938,935
Net position							
Restricted net position - claims	1,656,564	194,745	2,138,317	507,507	333,981	848,316	5,679,430
Unrestricted	(1,330,963)	-	(516,594)	(255,996)	-	(463,014)	(2,566,567)
Total net position	\$ 325,601	\$ 194,745	\$ 1,621,723	\$ 251,511	\$ 333,981	\$ 385,302	\$ 3,112,863

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2014**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
Operating revenues							
Contributions	\$ -	\$ 378,475	\$ 1,298,053	\$ -	\$ 480,777	\$ -	\$ 2,157,305
Contributions - Group health insurance	13,407,063	-	-	-	-	4,625,474	18,032,537
Pharmacy services	1,223,536	-	-	-	-	-	1,223,536
Total operating revenues	<u>14,630,599</u>	<u>378,475</u>	<u>1,298,053</u>	<u>-</u>	<u>480,777</u>	<u>4,625,474</u>	<u>21,413,378</u>
Operating expenses							
Salaries and employee benefits	-	375,412	2,009,539	-	-	-	2,384,951
Administrative costs	-	-	28,797	640,051	347,099	-	1,015,947
Depreciation	-	-	-	155	-	-	155
Group health insurance	13,196,266	-	-	-	-	4,670,036	17,866,302
Employee pharmacy	1,721,933	-	-	-	-	-	1,721,933
Employee clinic	264,764	-	-	-	-	-	264,764
Employee wellness program	80,551	-	-	-	-	-	80,551
Total operating expenses	<u>15,263,514</u>	<u>375,412</u>	<u>2,038,336</u>	<u>640,206</u>	<u>347,099</u>	<u>4,670,036</u>	<u>23,334,603</u>
Operating income (loss)	<u>(632,915)</u>	<u>3,063</u>	<u>(740,283)</u>	<u>(640,206)</u>	<u>133,678</u>	<u>(44,562)</u>	<u>(1,921,225)</u>
Nonoperating revenue (expense)							
Interest earned on investments	359	9	2,003	74	-	68	2,513
Miscellaneous	1	-	-	-	-	-	1
Total nonoperating revenue (expense)	<u>360</u>	<u>9</u>	<u>2,003</u>	<u>74</u>	<u>-</u>	<u>68</u>	<u>2,514</u>
Income (loss) before transfers	<u>(632,555)</u>	<u>3,072</u>	<u>(738,280)</u>	<u>(640,132)</u>	<u>133,678</u>	<u>(44,494)</u>	<u>(1,918,711)</u>
Transfers in	-	-	500,000	102,200	-	-	602,200
Change in net position	<u>(632,555)</u>	<u>3,072</u>	<u>(238,280)</u>	<u>(537,932)</u>	<u>133,678</u>	<u>(44,494)</u>	<u>(1,316,511)</u>
Total net position - beginning	<u>958,156</u>	<u>191,673</u>	<u>1,860,003</u>	<u>789,443</u>	<u>200,303</u>	<u>429,796</u>	<u>4,429,374</u>
Total net position - ending	<u>\$ 325,601</u>	<u>\$ 194,745</u>	<u>\$ 1,621,723</u>	<u>\$ 251,511</u>	<u>\$ 333,981</u>	<u>\$ 385,302</u>	<u>\$ 3,112,863</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2014**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total Internal Service Funds
Operating activities							
Contributions	\$ 13,409,420	\$ 378,475	\$ 2,056,813	\$ -	\$ 480,777	\$ 4,625,474	\$ 20,950,959
Cash paid to employees	-	(375,412)	(801)	-	-	-	(376,213)
Cash paid for goods and services	-	-	-	(383,604)	(465,063)	-	(848,667)
Cash received for goods and services	1,227,556	31	(4,273)	-	-	-	1,223,314
Cash paid for claims	(15,075,946)	-	(2,666,847)	-	-	(4,571,022)	(22,313,815)
Net cash provided by (used in) operating activities	(438,970)	3,094	(615,108)	(383,604)	15,714	54,452	(1,364,422)
Noncapital financing activities							
Transfers in	-	-	500,000	102,200	-	-	602,200
Net cash provided (used) by noncapital financing activities	-	-	500,000	102,200	-	-	602,200
Capital and related financing activities							
Other miscellaneous transactions	1	-	-	-	-	-	1
Net cash provided (used) by capital and related financing activities	1	-	-	-	-	-	1
Investing activities							
Purchase of investments	-	-	(69)	-	-	-	(69)
Investment earnings	359	9	2,003	74	-	68	2,513
Net cash provided (used) in investing activities	359	9	1,934	74	-	68	2,444
Net increase (decrease) in cash and cash equivalents/investments	(438,610)	3,103	(113,174)	(281,330)	15,714	54,520	(759,777)
Cash and cash equivalents/investments Beginning of year	2,095,174	191,642	2,251,442	788,837	318,267	793,796	6,439,158
End of year	\$ 1,656,564	\$ 194,745	\$ 2,138,268	\$ 507,507	\$ 333,981	\$ 848,316	\$ 5,679,381

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2014**

	<u>Group Insurance Fund</u>	<u>Employee Flexible Benefit Fund</u>	<u>Workers' Compensation Fund</u>	<u>General Litigation Fund</u>	<u>Vehicle Insurance Fund</u>	<u>Retiree Insurance Fund</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (632,915)	\$ 3,063	\$ (740,283)	\$ (640,206)	\$ 133,678	\$ (44,562)	\$ (1,921,225)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	-	155	-	-	155
Change in assets and liabilities							
(Increase) decrease in accounts receivable	2,357	-	-	-	-	-	2,357
(Increase) decrease in other receivables	(3,447)	31	758,760	-	-	-	755,344
(Increase) decrease in inventories	(29,342)	-	-	-	-	-	(29,342)
(Increase) decrease in prepaids	(11,307)	-	(2,817)	-	-	-	(14,124)
Increase (decrease) in accounts payable and accrued liabilities	181,959	-	(623,691)	256,447	(117,964)	99,014	(204,235)
Increase (decrease) in compensated absences payable	5,396	-	(801)	-	-	-	4,595
Increase (decrease) in OPEB	42,720	-	-	-	-	-	42,720
Increase (decrease) in contract retainage	5,609	-	(6,276)	-	-	-	(667)
Total adjustments	<u>193,945</u>	<u>31</u>	<u>125,175</u>	<u>256,602</u>	<u>(117,964)</u>	<u>99,014</u>	<u>556,803</u>
Net cash provided by (used in) operating activities	<u>\$ (438,970)</u>	<u>\$ 3,094</u>	<u>\$ (615,108)</u>	<u>\$ (383,604)</u>	<u>\$ 15,714</u>	<u>\$ 54,452</u>	<u>\$ (1,364,422)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014		Variance Positive (Negative)	2013
	Budget	Actual		
Revenues				
Operating revenues				
Contributions - Group health insurance	\$ 14,809,175	\$ 13,407,063	\$ (1,402,112)	\$ 13,525,749
Pharmacy services	832,000	1,223,536	391,536	227,021
	<u>15,641,175</u>	<u>14,630,599</u>	<u>(1,010,576)</u>	<u>13,752,770</u>
Non-operating revenues				
Litigation settlement	-	1	1	1,375
Interest earned on investments	1,500	359	(1,141)	482
	<u>1,500</u>	<u>360</u>	<u>(1,140)</u>	<u>1,857</u>
Other financing sources				
Transfers in			-	500,000
Appropriated fund balance	512,531	-	(512,531)	-
Total revenues and other financing sources	<u>\$ 16,155,206</u>	<u>\$ 14,630,959</u>	<u>\$ (1,524,247)</u>	<u>\$ 14,254,627</u>
Operating expenditures				
Employee pharmacy	\$ 2,078,331	\$ 1,721,933	\$ 356,398	\$ 1,054,082
Employee clinic	276,119	264,764	11,355	252,914
Group health insurance	13,642,104	13,196,266	445,838	13,369,439
Employee wellness program	158,652	80,551	78,101	153,208
	<u>16,155,206</u>	<u>15,263,514</u>	<u>891,692</u>	<u>14,829,643</u>
Other financing uses				
Transfers out			-	-
Total expenditures and other financing uses	<u>\$ 16,155,206</u>	<u>\$ 15,263,514</u>	<u>\$ 891,692</u>	<u>\$ 14,829,643</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 14,630,959		
Total expenditures		<u>15,263,514</u>		
Subtotal		<u>(632,555)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ (632,555)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 550,000	\$ 378,475	\$ (171,525)	\$ 467,900
Non-operating revenues				
Interest earned on investments	-	9	9	17
Appropriated fund balance	-	-	-	-
Total revenues	<u>\$ 550,000</u>	<u>\$ 378,484</u>	<u>\$ (171,516)</u>	<u>\$ 467,917</u>
Operating expenditures				
Salaries and employee benefits	\$ 550,000	\$ 375,412	\$ 174,588	\$ 456,918
Total expenditures	<u>\$ 550,000</u>	<u>\$ 375,412</u>	<u>\$ 174,588</u>	<u>\$ 456,918</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 378,484		
Total expenditures		<u>375,412</u>		
Subtotal		<u>3,072</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ 3,072</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 1,325,758	\$ 1,298,053	\$ (27,705)	\$ 1,291,306
Non-operating revenues				
Interest earned on investments	3,500	2,003	(1,497)	3,300
Other financing sources				
Transfers in	500,000	500,000	-	500,000
Appropriated fund balance	500,000	-	(500,000)	-
Total revenues	<u>\$ 2,329,258</u>	<u>\$ 1,800,056</u>	<u>\$ (529,202)</u>	<u>\$ 1,794,606</u>
Operating expenditures				
Administrative costs	\$ 33,185	\$ 28,797	\$ 4,388	\$ 8,572
Salaries and employee benefits	2,296,073	2,009,539	286,534	2,048,246
Total expenditures	<u>2,329,258</u>	<u>2,038,336</u>	<u>290,922</u>	<u>2,056,818</u>
Other financing sources				
Transfers out	-	-	-	(500,000)
Total expenditures and other financing uses	<u>\$ 2,329,258</u>	<u>\$ 2,038,336</u>	<u>\$ 290,922</u>	<u>\$ 1,556,818</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 1,800,056		
Total expenditures		<u>2,038,336</u>		
Subtotal		<u>(238,280)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ (238,280)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	800	74	(726)	313
Other financing sources				
Transfers in	102,200	102,200	-	102,200
Appropriated fund balance	367,500	-	(367,500)	-
Total revenues and other financing sources	<u>\$ 470,500</u>	<u>\$ 102,274</u>	<u>\$ (368,226)</u>	<u>\$ 102,513</u>
Operating expenditures				
Administrative costs	\$ 445,544	\$ 640,051	\$ (194,507)	\$ 42,431
Other financing uses				
Transfers out	24,956	-	24,956	-
Total expenditures and other financing uses	<u>\$ 470,500</u>	<u>\$ 640,051</u>	<u>\$ (169,551)</u>	<u>\$ 42,431</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 102,274		
Total expenditures		640,051		
Subtotal		(537,777)		
Depreciation		(155)		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ (537,932)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 500,000	\$ 480,777	\$ (19,223)	\$ 358,490
Operating expenditures				
Administrative costs	\$ 500,000	\$ 347,099	\$ 152,901	\$ 453,038
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 480,777		
Total expenditures		347,099		
Subtotal		133,678		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		\$ 133,678		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2014
(With Comparative Totals for June 30, 2013)

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 4,201,373	\$ 4,625,474	\$ 424,101	\$ 3,220,273
Non-operating revenues				
Interest earned on investments	800	68	(732)	756
Other financing sources				
Transfers in	-	-	-	-
Appropriated fund balance	500,000		(500,000)	
Total revenues and other financing sources	<u>\$ 4,702,173</u>	<u>\$ 4,625,542</u>	<u>\$ (76,631)</u>	<u>\$ 3,221,029</u>
Operating expenditures				
Salaries and employee benefits	\$ 4,702,173	\$ 4,670,036	\$ 32,137	\$ 4,256,702
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 4,625,542		
Total expenditures		<u>4,670,036</u>		
Subtotal		<u>(44,494)</u>		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in net position		<u>\$ (44,494)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014**

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Vehicle Interest Fund	Totals
Assets							
Taxes receivable	\$ 4,238,087	\$ -	\$ -	\$ -	\$ 21,145	\$ -	\$ 4,259,232
Due from other governments	706,856	-	-	-	-	-	706,856
Restricted cash and cash equivalents	120,596	360,907	60,544	80,944	75,035	19,793	717,819
Total assets	\$ 5,065,539	\$ 360,907	\$ 60,544	\$ 80,944	\$ 96,180	\$ 19,793	\$ 5,683,907
Liabilities							
Accounts and vouchers payable	\$ 5,062,177	\$ 360,907	\$ 60,544	\$ 80,944	\$ 96,180	\$ -	\$ 5,660,752
Due to other governments	3,362	-	-	-	-	19,793	23,155
Total liabilities	\$ 5,065,539	\$ 360,907	\$ 60,544	\$ 80,944	\$ 96,180	\$ 19,793	\$ 5,683,907

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2014**

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
City Tax Fund				
Assets				
Taxes receivable	\$ 5,034,036	\$ 78,232,762	\$ 79,028,711	\$ 4,238,087
Due from other governments	26,061	706,856	26,061	706,856
Restricted cash and cash equivalents	126,201	85,850,013	85,855,618	120,596
Total assets	\$ 5,186,298	\$ 164,789,631	\$ 164,910,390	\$ 5,065,539
Liabilities				
Accounts and vouchers payable	\$ 5,182,663	\$ 164,786,269	\$ 164,906,755	\$ 5,062,177
Due to other governments	3,635	3,362	3,635	3,362
Total liabilities	\$ 5,186,298	\$ 164,789,631	\$ 164,910,390	\$ 5,065,539
Payee Account Fund				
Assets				
Restricted cash and cash equivalents	\$ 320,201	\$ 1,324,784	\$ 1,284,078	\$ 360,907
Total assets	\$ 320,201	\$ 1,324,784	\$ 1,284,078	\$ 360,907
Liabilities				
Accounts and vouchers payable	\$ 320,201	\$ 1,324,784	\$ 1,284,078	\$ 360,907
Total liabilities	\$ 320,201	\$ 1,324,784	\$ 1,284,078	\$ 360,907
Inmate Payee Fund				
Assets				
Restricted cash and cash equivalents	\$ 41,958	\$ 1,142,291	\$ 1,123,705	\$ 60,544
Total assets	\$ 41,958	\$ 1,142,291	\$ 1,123,705	\$ 60,544
Liabilities				
Accounts and vouchers payable	\$ 41,958	\$ 1,142,291	\$ 1,123,705	\$ 60,544
Total liabilities	\$ 41,958	\$ 1,142,291	\$ 1,123,705	\$ 60,544
Intergovernmental Custodial Fund				
Assets				
Restricted cash and cash equivalents	\$ 66,249	\$ 1,281,314	\$ 1,266,619	\$ 80,944
Total assets	\$ 66,249	\$ 1,281,314	\$ 1,266,619	\$ 80,944
Liabilities				
Accounts and vouchers payable	\$ 66,249	\$ 1,281,314	\$ 1,266,619	\$ 80,944
Total liabilities	\$ 66,249	\$ 1,281,314	\$ 1,266,619	\$ 80,944
Stormwater Utility Fund				
Assets				
Taxes receivable	\$ 23,546	\$ 1,755,715	\$ 1,758,116	\$ 21,145
Restricted cash and cash equivalents	73,870	1,763,201	1,762,036	75,035
Total assets	\$ 97,416	\$ 3,518,916	\$ 3,520,152	\$ 96,180
Liabilities				
Accounts and vouchers payable	\$ 97,416	\$ 3,518,916	\$ 3,520,152	\$ 96,180
Total liabilities	\$ 97,416	\$ 3,518,916	\$ 3,520,152	\$ 96,180
Vehicle Interest Fund				
Assets				
Restricted cash and cash equivalents	\$ 19,861	\$ 284,224	\$ 284,292	\$ 19,793
Total assets	\$ 19,861	\$ 284,224	\$ 284,292	\$ 19,793
Liabilities				
Due to other governments	\$ 19,861	\$ 284,224	\$ 284,292	\$ 19,793
Total liabilities	\$ 19,861	\$ 284,224	\$ 284,292	\$ 19,793
TOTAL - ALL AGENCY FUNDS				
Assets				
Taxes receivable	\$ 5,057,582	\$ 79,988,477	\$ 80,786,827	\$ 4,259,232
Due from other governments	26,061	706,856	26,061	706,856
Restricted cash and cash equivalents	648,340	91,645,827	91,576,348	717,819
Total assets	\$ 5,731,983	\$ 172,341,160	\$ 172,389,236	\$ 5,683,907
Liabilities				
Accounts and vouchers payable	\$ 5,708,487	\$ 172,053,574	\$ 172,101,309	\$ 5,660,752
Due to other governments	23,496	287,586	287,927	23,155
Total liabilities	\$ 5,731,983	\$ 172,341,160	\$ 172,389,236	\$ 5,683,907

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Fiduciary Assets and Liabilities
Agency Fund - City Tax Fund
June 30, 2014

	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	\$ 3,738,359	\$ 3,780	\$ 1,105	\$ 891	\$ 189,310	\$ 1,551	\$ 271,611	\$ 9,473	\$ 3,847	\$ 18,160	\$ 4,238,087
Due from other governments	631,530	471	260	287	40,802	324	20,599	3,993	1,007	7,583	706,856
Restricted cash and cash equivalents	98,853	-	-	431	9,554	408	5,187	1,936	304	3,923	120,596
Total assets	\$ 4,468,742	\$ 4,251	\$ 1,365	\$ 1,609	\$ 239,666	\$ 2,283	\$ 297,397	\$ 15,402	\$ 5,158	\$ 29,666	\$ 5,065,539
Liabilities											
Accounts and vouchers payable	\$ 4,468,742	\$ 1,518	\$ 1,074	\$ 1,603	\$ 239,519	\$ 2,277	\$ 297,312	\$ 15,372	\$ 5,153	\$ 29,607	\$ 5,062,177
Due to other governments	-	2,733	291	6	147	6	85	30	5	59	3,362
Total liabilities	\$ 4,468,742	\$ 4,251	\$ 1,365	\$ 1,609	\$ 239,666	\$ 2,283	\$ 297,397	\$ 15,402	\$ 5,158	\$ 29,666	\$ 5,065,539

DISCRETELY PRESENTED COMPONENT UNITS

EASTOVER SANITARY DISTRICT (Page P-1)

TOURISM DEVELOPMENT AUTHORITY (Page Q-1)

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Eastover Sanitary District
Statement of Net Position
June 30, 2014

Assets

Current assets

Cash and cash equivalents	\$	707,012
Investments		918
Accounts receivable, net		203,690
Sales tax receivable		2,810
Due from other governments		500
Prepays		1,486
Total current assets		<u>916,416</u>

Noncurrent assets

Restricted:		
Cash and cash equivalents		113,047
Capital assets, net of accumulated depreciation		<u>19,515,447</u>
Total noncurrent assets		<u>19,628,494</u>
Total assets		<u>20,544,910</u>

Liabilities and net position

Current liabilities

Accounts and vouchers payable		78,963
Accrued payroll		4,957
Accrued interest payable		41,198
Other payables		4,272
Current portion of long-term debt		<u>257,170</u>
Total current liabilities		<u>386,560</u>

Noncurrent liabilities

Long-term debt		<u>11,797,072</u>
Total noncurrent liabilities		<u>11,797,072</u>
Total liabilities		<u>12,183,632</u>

Net position

Net investment in capital assets		7,464,400
Restricted net position - debt service		95,121
Restricted net position - capital projects		17,926
Restricted net position - maintenance and repairs		10,000
Unrestricted		<u>773,831</u>
Total net position	\$	<u>8,361,278</u>

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, 2014

Operating revenues	
Charges for services	\$ 1,997,658
Total operating revenues	<u>1,997,658</u>
Operating expenses	
Salaries and employee benefits	122,866
Repairs and maintenance	31,414
Utilities	18,123
Administrative costs	129,509
Bulk water purchases	282,912
Sewer treatment	87,954
Contracted services	267,103
Depreciation	769,153
Total operating expenses	<u>1,709,034</u>
Operating income (loss)	<u>288,624</u>
Nonoperating revenue (expense)	
Interest earned on investments	72
Miscellaneous	3,795
Interest expense	(507,515)
Total nonoperating revenue (expense)	<u>(503,648)</u>
Change in net position	(215,024)
Total net position - beginning	<u>8,576,302</u>
Total net position - ending	<u>\$ 8,361,278</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
 Eastover Sanitary District
 Statement of Cash Flows
 Year Ended June 30, 2014

Operating activities	
Cash received from customers	\$ 2,010,413
Cash paid to employees	(118,723)
Cash paid for goods and services	<u>(838,501)</u>
Net cash provided by (used in) operating activities	<u>1,053,189</u>
 Net cash provided (used) by noncapital financing activities	 <u>-</u>
Capital and related financing activities	
Acquisition and construction of capital assets	(100,930)
Principal paid on long-term debt	(244,942)
Interest paid on debt	(508,623)
Other miscellaneous transactions	<u>3,795</u>
Net cash provided (used) by capital and related financing activities	<u>(850,700)</u>
Investing activities	
Purchase of investments	(918)
Investment earnings	<u>72</u>
Net cash provided (used) in investing activities	<u>(846)</u>
 Net increase in cash and cash equivalents	 <u>201,643</u>
Cash and cash equivalents	
Beginning of year	<u>618,416</u>
 End of year	 <u>\$ 820,059</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 288,624
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	769,153
Change in assets and liabilities	
(Increase) decrease in accounts receivable	15,570
(Increase) decrease in prepaids	(1,486)
Increase (decrease) in accounts payable and accrued liabilities	(21,868)
Increase (decrease) in compensated absences payable	<u>3,196</u>
Total adjustments	<u>764,565</u>
 Net cash provided by (used in) operating activities	 <u>\$ 1,053,189</u>
Reconciliation to cash and cash equivalents	
Cash and cash equivalents - unrestricted	\$ 707,012
Cash and cash equivalents - restricted	<u>113,047</u>
	<u>\$ 820,059</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 Eastover Sanitary District
 Year Ended June 30, 2014
 (With Comparative Totals for June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 1,960,326	\$ 1,997,658	\$ 37,332	\$ 1,662,107
Total operating revenues	<u>1,960,326</u>	<u>1,997,658</u>	<u>37,332</u>	<u>1,662,107</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	200	72	(128)	145
Miscellaneous	2,206	3,795	1,589	17,674
Grant revenue	1,797,700	-	(1,797,700)	61,971
Proceeds from issuance of bonds	6,177,000	-	(6,177,000)	-
Transfers in	957,375	807,371	(150,004)	762,270
Payment from primary government	-	-	-	425,520
Total Nonoperating revenues and other financing sources	<u>8,934,481</u>	<u>811,238</u>	<u>(8,123,243)</u>	<u>1,267,580</u>
Appropriated fund balance	<u>98,374</u>	<u>-</u>	<u>(98,374)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 10,993,181</u>	<u>\$ 2,808,896</u>	<u>\$ (8,184,285)</u>	<u>\$ 2,929,687</u>
Operating expenditures				
Salaries and employee benefits	\$ 129,009	\$ 122,866	\$ 6,143	\$ 111,984
Repairs and maintenance	43,791	31,414	12,377	8,905
Utilities	21,800	18,123	3,677	11,764
Administrative costs	216,422	129,509	86,913	189,486
Bulk water purchases	256,200	282,912	(26,712)	193,065
Sewer treatment	91,445	87,954	3,491	42,424
Contracted services	382,262	267,103	115,159	252,682
Miscellaneous	50,000	-	50,000	-
Total operating expenditures	<u>1,190,929</u>	<u>939,881</u>	<u>251,048</u>	<u>810,310</u>
Nonoperating expenditures				
Debt Service	<u>753,566</u>	<u>507,515</u>	<u>246,051</u>	<u>478,508</u>
Total nonoperating expenditures	<u>753,566</u>	<u>507,515</u>	<u>246,051</u>	<u>478,508</u>
Other expenditures and financing uses				
Transfers out	970,880	807,371	163,509	762,270
Capital outlay	8,077,806	100,930	7,976,876	3,409,330
Total other expenditures and financing uses	<u>9,048,686</u>	<u>908,301</u>	<u>8,140,385</u>	<u>4,171,600</u>
Total expenditures and other financing uses	<u>\$ 10,993,181</u>	<u>\$ 2,355,697</u>	<u>\$ 8,637,484</u>	<u>\$ 5,460,418</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 2,808,896		
Total expenditures and other financing uses		<u>2,355,697</u>		
		453,199		
Capital outlay		100,930		
Depreciation		<u>(769,153)</u>		
Income (loss) per Statement of Revenue, Expenses and Changes in net position		<u>\$ (215,024)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2014

	<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

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

From Inception and for Year Ended June 30, 2014

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental revenue	\$ 1,797,700	\$ 1,875,500	\$ -	\$ -	\$ 1,875,500
Sales and services	157,000	79,200	-	-	79,200
Miscellaneous	2,006	-	-	-	-
Total revenues	<u>1,956,706</u>	<u>1,954,700</u>	<u>-</u>	<u>-</u>	<u>1,954,700</u>
Expenditures					
Capital outlay					
Water	8,048,099	7,774,350	-	-	7,774,350
Total expenditures	<u>8,048,099</u>	<u>7,774,350</u>	<u>-</u>	<u>-</u>	<u>7,774,350</u>
Revenues over (under) expenditures	<u>(6,091,393)</u>	<u>(5,819,650)</u>	<u>-</u>	<u>-</u>	<u>(5,819,650)</u>
Other financing sources (uses)					
Bond anticipation note	6,177,000	6,177,000	-	-	6,177,000
Transfers in (out)	(85,607)	(63,504)	-	(22,101)	(85,605)
Total other financing sources	<u>6,091,393</u>	<u>6,113,496</u>	<u>-</u>	<u>(22,101)</u>	<u>6,091,395</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 293,846</u>	<u>\$ -</u>	<u>\$ (22,101)</u>	<u>\$ 271,745</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Net Position
June 30, 2014

Assets

Current assets

Cash and cash equivalents

\$ 1,386,856

Total current assets

1,386,856

Total assets

1,386,856

Liabilities and net position

Current liabilities

Accounts and vouchers payable

565,672

Total current liabilities

565,672

Total liabilities

565,672

Net position

Unrestricted

821,184

Total net position

\$ 821,184

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, 2014

Operating revenues	
Occupancy taxes	\$ 5,124,890
Total operating revenues	<u>5,124,890</u>
Operating expenses	
Cultural and recreational	5,104,628
Total operating expenses	<u>5,104,628</u>
Operating income (loss)	<u>20,262</u>
Nonoperating revenue (expense)	<u>-</u>
Income (loss) before transfers and contributions	<u>20,262</u>
Change in net position	20,262
Total net position - beginning	800,922
Total net position - ending	<u>\$ 821,184</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Cash Flows
Year Ended June 30, 2014

Operating activities	
Cash received from operations	\$ 5,124,890
Cash paid for goods and services	<u>(5,041,642)</u>
Net cash provided by (used in) operating activities	<u>83,248</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>
Net cash provided (used) in investing activities	<u>-</u>
Net increase in cash and cash equivalents	<u>83,248</u>
Cash and cash equivalents	
Beginning of year	<u>1,303,608</u>
End of year	<u>\$ 1,386,856</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 20,262
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	<u>62,986</u>
Total adjustments	<u>62,986</u>
Net cash provided by (used in) operating activities	<u>\$ 83,248</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 Tourism Development Authority
 Year Ended June 30, 2014
 (With Comparative Totals for June 30, 2013)**

	2014			2013
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 5,124,889	\$ 5,124,890	\$ 1	\$ 5,213,880
Total operating revenues	5,124,889	5,124,890	1	5,213,880
Nonoperating revenues and other financing sources				
Total Nonoperating revenues and other financing sources	-	-	-	-
Appropriated fund balance				
Total revenues, other financing sources and fund balance appropriations	\$ 5,124,889	\$ 5,124,890	\$ 1	\$ 5,213,880
Operating expenditures				
Cultural and recreational	\$ 5,124,889	\$ 5,104,628	\$ 20,261	\$ 5,169,562
Total operating expenditures	5,124,889	5,104,628	20,261	5,169,562
Nonoperating expenditures				
Total nonoperating expenditures	-	-	-	-
Other expenditures and financing uses				
Total other expenditures and financing uses	-	-	-	-
Total expenditures and other financing uses	\$ 5,124,889	\$ 5,104,628	\$ 20,261	\$ 5,169,562
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 5,124,890		
Total expenditures and other financing uses		5,104,628		
		20,262		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Net Position		\$ 20,262		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Current Tax Levy
Year Ended June 30, 2014

	County-wide			Total Levy		
	Total Property Valuation	Rate	Amount of Levy		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy						
County-wide	\$ 23,078,375,008	0.00740	\$ 170,779,975			
Late listing penalties		0.10000	<u>142,587</u>	\$ 170,922,562	\$ 150,105,825	\$ 20,816,737
Discoveries						
County-wide	1,746,763,612	0.00740	12,926,051			
Late listing penalties		0.10000	<u>380,383</u>	13,306,434	13,267,544	38,890
Abatements						
County wide	(1,678,408,819)	0.00740	(12,420,225)			
Late listing penalties		0.10000	<u>(167,345)</u>	<u>(12,587,570)</u>	<u>(11,855,848)</u>	<u>(731,722)</u>
	<u>\$ 23,146,729,801</u>					
Adjusted tax levy				171,641,426	151,517,521	20,123,905
Uncollected taxes at June 30, 2014				<u>(2,423,624)</u>	<u>(1,303,198)</u>	<u>(1,120,426)</u>
Current year's taxes collected				<u>\$ 169,217,802</u>	<u>\$ 150,214,323</u>	<u>\$ 19,003,479</u>
Percent of current year's taxes collected				<u>98.59%</u>	<u>99.14%</u>	<u>94.43%</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Ad Valorem Taxes Receivable
June 30, 2014**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2013</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2014</u>
2013-2014	\$ -	\$ 171,641,426	\$ 169,217,802	\$ 2,423,624
Prior years	<u>10,252,493</u>	<u>-</u>	<u>3,699,779</u>	<u>6,552,714</u>
	<u>\$ 10,252,493</u>	<u>\$ 171,641,426</u>	<u>\$ 172,917,581</u>	8,976,338
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,524,703)</u>
				<u>\$ 1,451,635</u>

RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES

Collections and credits per above	\$ 172,917,581
Interest	934,480
Processing fees	288,900
Rental Car/Equipment Taxes	778,092
Other	2,873
Releases from prior years	<u>(331,539)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 174,590,387</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Emergency Telephone System Unspent Balance
PSAP Reconciliation
June 30, 2014**

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	\$ (382,921)
A portion of 911 Revenue received not reported on budget to actual	(84,764)
Eligible 911 expenditures - Included in FY2013 Actual	(858)
Beginning Balance, PSAP Revenue-Expenditure Report***	<u>1,875,731</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 1,407,188</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 13,374,791	\$ 22,117,158	\$ 31,490,183	\$ 46,663,703	\$ 113,222,386	\$ 130,423,459	\$ 145,718,565	\$ 144,858,779	\$ 152,206,505	\$ 159,441,226
Restricted	35,261,376	45,222,958	45,620,960	59,131,948	32,513,194	31,401,643	91,003,476	54,474,736	51,350,047	55,508,183
Unrestricted	19,674,642	23,995,634	31,023,558	5,969,240	(43,920,792)	(62,322,028)	(136,915,906)	(102,125,872)	(107,618,490)	(120,546,496)
Prior period adjustment	-	-	-	-	-	-	-	(1,464,823)	-	-
Total governmental activities net position	<u>\$ 68,310,809</u>	<u>\$ 91,335,750</u>	<u>\$ 108,134,701</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 29,393,382	\$ 31,693,900	\$ 33,021,723	\$ 34,904,003	\$ 35,922,541	\$ 37,024,911	\$ 36,170,451	\$ 32,823,195	\$ 32,095,383	\$ 31,819,848
Restricted	1,432,349	1,625,492	2,038,462	5,328,277	8,544,807	8,646,797	8,927,040	11,838,655	11,525,551	19,988,485
Unrestricted	23,840,995	28,226,868	31,209,571	28,607,695	26,985,168	26,701,894	26,268,296	25,781,447	25,993,379	18,426,927
Prior period adjustment	-	-	-	-	-	-	-	(254,826)	-	-
Total business-type activities net position	<u>\$ 54,666,726</u>	<u>\$ 61,546,260</u>	<u>\$ 66,269,756</u>	<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>
Primary government										
Net investment in capital assets	\$ 42,768,173	\$ 53,811,058	\$ 64,511,906	\$ 81,567,706	\$ 149,144,927	\$ 167,448,370	\$ 181,889,016	\$ 177,681,974	\$ 184,301,888	\$ 191,261,074
Restricted	36,693,725	46,848,450	47,659,422	64,460,225	41,058,001	40,048,440	99,930,516	66,313,391	62,875,598	75,496,668
Unrestricted	43,515,637	52,222,502	62,233,129	34,576,935	(16,935,624)	(35,620,134)	(110,647,610)	(76,344,425)	(81,625,111)	(102,119,569)
Prior period adjustment	-	-	-	-	-	-	-	(1,719,649)	-	-
Total primary government net position	<u>\$ 122,977,535</u>	<u>\$ 152,882,010</u>	<u>\$ 174,404,457</u>	<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>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
General government	\$ 20,761,217	\$ 20,483,697	\$ 19,112,649	\$ 23,237,459	\$ 27,423,609	\$ 23,337,278	\$ 26,113,873	\$ 26,438,229	\$ 26,044,059	\$ 28,905,546
Public safety	41,207,126	42,301,225	44,747,490	51,535,695	52,605,678	57,441,883	57,268,195	59,658,090	61,955,844	66,897,589
Economic & physical development	12,357,831	13,586,698	15,170,460	13,898,530	15,361,627	18,944,001	16,199,629	13,147,908	12,806,612	12,557,762
Human services	107,506,798	111,115,841	108,265,701	118,152,732	115,362,990	113,529,432	115,603,566	117,628,689	110,237,271	105,177,910
Cultural & recreational	13,865,651	12,007,763	13,342,022	14,240,374	14,464,541	15,095,287	16,019,975	16,416,067	17,031,729	17,973,551
Education	83,763,840	80,402,772	88,478,548	96,807,818	98,329,043	98,360,208	93,248,232	92,463,573	96,686,785	94,841,212
Interest on long-term debt	9,190,661	8,755,303	8,464,650	8,179,997	10,948,170	8,285,618	8,080,259	7,322,300	6,746,530	6,049,811
Total governmental activities expenses	<u>\$ 288,653,124</u>	<u>\$ 288,653,299</u>	<u>\$ 297,581,520</u>	<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>
Business type activities										
Crown Center	\$ 11,172,781	\$ 9,550,376	\$ 9,816,360	\$ 10,374,820	\$ 10,062,189	\$ 9,166,951	\$ 9,348,450	\$ 9,227,595	\$ 9,134,040	\$ 9,004,249
Solid Waste	5,123,756	5,720,234	6,924,954	8,777,111	8,088,765	9,268,378	10,631,856	10,362,349	9,717,623	7,274,208
NORCRESS water and sewer district	-	206,966	437,476	475,019	469,528	531,425	560,100	667,009	517,050	576,691
Kelly Hills water and sewer district	-	-	-	602	66,862	66,845	66,855	72,569	75,337	68,661
Southpoint Water District	-	-	-	-	-	-	-	-	3,529	24,674
Total business-type activities	<u>\$ 16,296,537</u>	<u>\$ 15,477,576</u>	<u>\$ 17,178,790</u>	<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>
Total primary government expenses	<u>\$ 304,949,661</u>	<u>\$ 304,130,875</u>	<u>\$ 314,760,310</u>	<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>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 3,839,955	\$ 3,082,335	\$ 3,344,191	\$ 3,053,211	\$ 2,746,345	\$ 2,858,960	\$ 2,832,221	\$ 3,099,848	\$ 2,773,636	\$ 2,302,492
Public safety	2,420,801	2,633,124	2,500,210	2,735,035	2,822,042	3,419,961	3,310,454	3,847,775	4,190,473	3,588,254
Economic & physical development	1,205,185	923,979	1,000,137	918,059	907,184	969,652	1,660,379	1,509,164	1,440,607	1,387,921
Human services	18,407,219	16,755,278	10,170,040	10,563,755	11,672,005	12,388,227	10,466,993	11,018,446	8,358,643	4,858,269
Cultural & recreational	316,072	323,425	314,225	262,982	316,123	364,878	347,121	325,891	290,288	227,669
Operating grants and contributions										
General government	534,074	1,248,637	672,243	722,308	766,005	752,384	1,362,164	1,343,499	1,273,932	1,210,508
Public safety	1,711,447	1,148,872	938,285	1,258,882	3,000,993	1,274,393	1,251,625	924,305	572,249	553,242
Economic & physical development	8,573,974	8,651,204	8,903,443	6,479,821	5,880,722	10,942,151	7,901,581	4,401,963	5,031,215	4,570,441
Human services	53,756,844	56,882,715	55,618,886	58,407,822	58,022,758	61,167,757	67,653,598	62,937,668	59,693,157	53,687,957
Cultural & recreational	1,117,610	964,879	980,287	1,038,876	1,148,277	886,957	859,040	739,037	690,144	940,764
Capital grants and contributions										
General government	2,400,000	3,141,493	6,898,894	11,123,266	3,397,118	6,046,938	7,566,686	4,230,817	5,397,336	3,863,323
Public safety	543,995	739,188	606,687	1,545,270	752,035	746,372	228,701	293,661	467,535	774,769
Economic & physical development	266,840	267,545	598,137	973,716	1,349,603	1,336,432	1,153,621	929,630	935,972	1,165,423
Human services	-	311,967	386,076	630,824	497,549	348,341	-	-	-	-
Cultural & recreational	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Total governmental activities programs revenues	<u>\$ 95,094,016</u>	<u>\$ 97,074,641</u>	<u>\$ 92,931,741</u>	<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>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services										
Crown Center	\$ 2,002,713	\$ 2,305,165	\$ 2,155,096	\$ 2,682,260	\$ 2,482,167	\$ 2,467,261	\$ 2,515,822	\$ 2,466,218	\$ 2,392,763	\$ 2,035,391
Solid Waste	3,752,650	3,597,816	4,268,885	4,042,647	3,824,892	3,304,501	3,725,540	3,523,978	2,897,533	2,884,517
NORCRESS water and sewer district	10,224	77,730	327,926	231,570	250,755	294,027	370,612	391,357	385,599	392,137
Kelly Hills water and sewer district	-	238	1,054	-	-	-	1,951	2,082	6,097	5,641
Southpoint Water District	-	-	-	-	-	-	-	-	4,700	32,009
Operating grants and contributions										
Solid Waste	-	21,180	-	-	10,472	518,723	591,983	456,766	729,269	589,023
Capital grants and contributions										
NORCRESS water and sewer district	5,269,641	1,272,212	254,122	-	-	-	-	-	-	-
Kelly Hills water and sewer district	1,782,725	465,882	2,910	-	-	-	-	-	-	-
Southpoint water and sewer district	-	-	-	-	-	-	-	-	361,239	40,053
Total business-type activities program revenues	<u>\$ 12,817,953</u>	<u>\$ 7,740,223</u>	<u>\$ 7,009,993</u>	<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>
Total primary government program revenues	<u>\$ 107,911,969</u>	<u>\$ 104,814,864</u>	<u>\$ 99,941,734</u>	<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>
Net (expense)/revenue										
Governmental activities	\$ (193,559,108)	\$ (191,578,658)	\$ (204,649,779)	\$ (226,338,778)	\$ (241,216,899)	\$ (231,490,304)	\$ (225,939,545)	\$ (237,473,152)	\$ (240,393,643)	\$ (253,272,349)
Business-type activities	(3,478,584)	(7,737,353)	(10,168,797)	(12,671,075)	(12,119,058)	(12,449,087)	(13,401,353)	(13,489,121)	(12,670,379)	(10,969,712)
Total primary government net expense	<u>\$ (197,037,692)</u>	<u>\$ (199,316,011)</u>	<u>\$ (214,818,576)</u>	<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>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Ad valorem taxes	\$ 138,418,541	\$ 143,158,737	\$ 146,997,789	\$ 153,067,580	\$ 155,334,243	\$ 168,579,799	\$ 167,672,376	\$ 171,683,119	\$ 176,659,705	\$ 184,443,830
Other taxes	58,376,570	63,143,666	60,450,548	63,209,326	60,658,983	50,815,261	50,238,808	53,075,353	54,126,583	54,497,219
Unrestricted grants and contributions	4,592,341	5,109,038	8,236,597	8,498,758	9,354,732	10,663,034	10,313,488	10,614,999	10,434,412	11,708,537
Investment earnings	3,048,858	5,667,104	7,779,579	5,932,341	2,237,751	423,070	307,459	212,121	204,969	187,033
Miscellaneous	5,796,274	5,813,227	5,376,376	6,647,488	10,958,032	6,045,932	5,772,310	5,587,620	4,874,901	6,141,380
Transfers	(9,922,588)	(7,863,279)	(7,392,159)	(7,386,525)	(7,276,945)	(7,348,506)	(8,061,835)	(6,298,552)	(5,711,685)	(5,141,299)
Total governmental activities	<u>\$ 200,309,996</u>	<u>\$ 215,028,493</u>	<u>\$ 221,448,730</u>	<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>
Business-type activities:										
Other taxes	\$ 5,321,308	\$ 5,342,933	\$ 5,540,407	\$ 5,780,859	\$ 5,827,811	\$ 5,811,507	\$ 6,051,624	\$ 6,097,110	\$ 6,181,215	\$ 6,189,859
Investment earnings	566,852	1,239,835	1,953,383	2,045,131	1,336,681	190,657	193,799	73,141	123,773	123,409
Miscellaneous	835,559	170,844	6,344	28,779	290,162	19,503	153,030	97,828	79,548	36,592
Transfers	9,922,588	7,863,279	7,392,159	7,386,525	7,276,945	7,348,506	8,061,835	6,298,552	5,711,685	5,141,299
Total business-type activities	<u>\$ 16,646,307</u>	<u>\$ 14,616,891</u>	<u>\$ 14,892,293</u>	<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>
Total primary government	<u>\$ 216,956,303</u>	<u>\$ 229,645,384</u>	<u>\$ 236,341,023</u>	<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>
Change in Net Position										
Governmental activities	\$ 6,750,888	\$ 23,449,835	\$ 16,798,951	\$ 3,630,190	\$ (9,950,103)	\$ (2,311,714)	\$ 303,061	\$ (2,598,492)	\$ 195,242	\$ (1,435,649)
Business-type activities	13,167,723	6,879,538	4,723,496	2,570,219	2,612,541	921,086	1,058,935	(922,490)	(574,158)	521,447
Total primary government	<u>\$ 19,918,611</u>	<u>\$ 30,329,373</u>	<u>\$ 21,522,447</u>	<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>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable:										
Inventories	\$ 265,955	\$ 246,003	\$ 250,613	\$ 230,328	\$ 194,096	\$ 156,802	\$ 179,164	\$ 144,603	\$ 139,885	\$ 161,583
Prepays	-	-	-	-	-	-	-	-	-	2,387,765
Restricted:										
Mental Health programs	-	-	-	-	-	-	14,331,047	-	-	-
Stabilization by state statute	26,336,940	32,038,222	30,324,444	30,294,819	29,184,653	27,238,569	30,902,011	28,676,134	29,317,680	34,692,443
Register of Deeds	137,081	233,127	254,065	463,139	461,343	498,743	498,743	623,297	820,471	714,243
County Schools	-	-	-	-	-	-	5,796,008	4,746,081	5,439,575	4,996,993
Committed:										
Property revaluation	-	-	-	-	-	-	416,927	443,426	494,773	631,503
Hope VI project	-	-	3,120,000	3,375,000	3,375,000	3,375,000	-	-	-	-
Assigned										
Subsequent year's expenditures	17,502,451	15,407,911	14,711,456	15,778,274	12,606,247	18,261,131	12,245,321	6,289,246	13,214,992	18,376,960
Property revaluation	-	150,000	150,000	175,000	-	-	-	-	-	-
Finance office software	-	1,161,950	655,072	1,000,000	1,175,000	1,175,000	1,175,000	1,175,000	7,175,000	4,000,000
Water and sewer industrial expansion	-	-	-	-	-	-	5,897,670	6,236,961	5,845,409	4,421,513
Economic development incentives	-	-	-	-	-	-	2,531,854	1,500,448	1,500,448	695,665
Mental Health services	-	-	-	-	-	-	-	14,364,212	10,448,756	7,849,970
Renovations and maintenance	3,984,050	752,234	454,516	3,258,222	3,536,479	2,265,121	2,258,117	1,641,942	3,472,205	-
Jail expansion	-	-	-	-	-	-	6,274,760	6,274,760	-	-
Potential medicaid increase	-	-	1,500,000	-	-	-	-	-	-	-
Backup E911 system	-	-	73,004	-	-	-	-	-	-	-
Health department renovations	2,500,000	3,166,150	1,606,150	-	5,682,892	3,882,892	-	-	-	-
Courthouse/plaza renovations	-	2,704,163	2,622,136	262,793	-	-	-	-	-	-
Other purposes	-	3,065,833	1,351,235	876,004	-	-	-	9,025,135	267,719	-
Current year's expenditures	-	1,227,898	-	-	-	-	-	-	-	-
Technology	2,861,997	-	-	-	-	-	-	-	-	-
School buses	453,000	-	-	-	-	-	-	-	-	-
Unassigned	36,557,371	38,481,266	41,039,193	42,003,181	39,869,822	39,409,785	28,994,728	31,043,762	31,763,738	32,584,014
Total general fund	\$ 90,598,845	\$ 98,634,757	\$ 98,111,884	\$ 97,716,760	\$ 96,085,532	\$ 96,263,043	\$ 111,501,350	\$ 112,185,007	\$ 109,900,651	\$ 111,512,652

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
All other governmental funds										
Nonspendable:										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,334.00
Restricted:										
Stabilization by state statute	\$ 3,989,274	\$ 9,219,264	\$ 3,649,961	\$ 6,302,440	\$ 5,771,716	\$ 5,759,546	\$ 3,294,515	\$ 1,458,636	\$ 1,491,278	\$ 1,356,802
Inmates	310,054	231,064	180,841	54,648	23,566	23,566	125,212	135,440	264,683	374,799
Cemetery	36,913	36,477	36,553	39,125	41,139	42,296	42,540	42,565	44,980	45,587
School capital	-	-	-	-	-	-	19,091,481	6,158,810	1,744,183	344,806
Fire protection	-	-	-	-	-	-	299,841	403,678	227,257	201,946
Public safety	-	-	-	-	-	-	1,846,688	2,026,803	1,168,645	1,968,231
Economic and physical development	-	-	-	-	-	-	315,108	315,276	583,024	468,277
Human services	-	-	-	-	-	-	1,826,613	1,878,210	119,324	81,672
Cultural and recreational	-	-	-	-	-	-	4,354,582	3,281,232	3,689,809	4,998,917
Committed:										
Public safety	-	-	-	-	-	-	2,764,806	3,823,564	5,298,480	196,435
Assigned reported in other major funds										
Subsequent year's expenditures- Special revenue	-	-	2,800,000	3,021,881	-	-	-	-	2,276,469	295,689
Unassigned reported in other major funds										
Special revenue	2,098,313	-	9,501,512	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	4,190,146	4,538,462	370,325	-	3,155,966	5,182,510	1,588,147	1,588,147	-	-
Subsequent year's expenditures- capital projects	-	-	-	-	-	-	-	-	-	-
Other purposes	200,000	-	-	-	-	-	-	-	-	-
Unassigned reported in nonmajor funds										
Special revenue	17,047,045	16,728,673	17,289,218	17,234,733	14,664,366	13,022,215	(978,187)	(773,963)	(743,450)	(573,862)
Capital projects	8,418,369	6,984,593	2,608,563	987,936	20,229,259	14,942,491	-	-	-	-
Total all other governmental funds	\$ 36,290,114	\$ 37,738,533	\$ 36,436,973	\$ 80,026,909	\$ 60,697,224	\$ 48,066,933	\$ 34,571,346	\$ 20,338,398	\$ 16,164,682	\$ 9,796,633
Change in fund classification									\$ (99,500)	
Total all governmental funds	\$ 126,888,959	\$ 136,373,290	\$ 134,548,857	\$ 177,743,669	\$ 156,782,756	\$ 144,329,976	\$ 146,072,696	\$ 132,523,405	\$ 125,965,833	\$ 121,309,285

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Ad valorem taxes	\$ 139,296,709	\$ 144,301,591	\$ 147,462,917	\$ 153,840,044	\$ 154,079,637	\$ 169,741,239	\$ 167,525,335	\$ 172,060,308	\$ 176,550,408	\$ 186,599,051
Other taxes	61,258,764	66,196,673	60,403,171	63,333,195	60,658,983	50,836,545	50,238,808	53,075,353	54,126,583	54,497,219
Unrestricted Intergovernmental	4,592,341	5,272,501	8,322,319	8,720,504	9,396,585	11,655,040	11,034,949	11,568,980	11,175,941	11,708,537
Restricted Intergovernmental	68,928,744	73,145,402	75,409,616	81,482,041	74,559,352	83,468,125	88,077,437	75,813,478	74,586,602	66,766,427
Licenses and permits	5,231,307	3,616,805	3,707,358	2,841,307	2,630,642	2,471,947	2,626,234	2,573,132	2,628,527	2,291,257
Sales and services	20,938,883	20,175,715	13,803,729	14,924,481	16,181,728	16,570,637	15,169,052	16,166,037	13,438,278	10,073,348
Investment earnings	2,994,836	5,528,756	7,528,255	5,694,409	2,253,863	411,269	323,232	213,148	204,317	184,759
Other general revenues	6,801,754	5,898,692	6,038,736	6,640,826	10,244,184	5,976,393	5,758,820	5,479,404	5,467,383	6,085,295
Total revenues	310,043,338	324,136,135	322,676,101	337,476,807	330,004,974	341,131,195	340,753,867	336,949,840	338,178,039	338,205,893
Expenditures										
General government	\$ 20,448,388	\$ 19,573,002	\$ 18,574,204	\$ 20,760,735	\$ 24,297,883	\$ 20,405,042	\$ 23,007,884	\$ 22,839,074	\$ 23,036,995	\$ 24,675,393
Public safety	38,385,258	40,308,572	42,626,745	44,953,991	46,240,025	50,997,670	52,273,973	53,893,878	63,336,548	66,757,676
Economic and physical development	11,442,987	13,190,720	14,783,011	12,750,827	14,440,533	17,912,506	15,566,827	12,555,173	11,295,650	12,312,111
Human services	105,115,297	110,306,464	106,811,398	109,860,802	108,391,349	106,044,694	107,562,119	108,744,079	101,970,567	97,163,671
Cultural and recreational	13,396,711	14,343,093	12,491,367	12,233,311	12,678,564	13,112,830	14,934,525	14,674,542	14,950,120	15,864,055
Education	83,763,840	80,402,772	88,478,548	103,367,194	110,002,055	98,360,208	105,744,251	105,549,244	100,386,158	94,993,970
Capital outlay	4,236,462	8,576,837	10,517,733	6,499,102	24,897,478	30,506,601	-	-	-	-
Debt service										
Principal	12,100,187	13,888,769	13,585,630	14,100,329	15,538,661	15,848,042	18,067,605	18,530,350	18,325,685	18,711,637
Interest and fees	9,477,155	8,961,568	8,572,961	7,984,798	10,713,417	8,779,875	8,259,775	7,639,054	7,524,594	6,647,785
Debt issuance costs	(268,699)	-	-	-	(846,413)	(320,367)	300,027	371,354	-	73,607
Total expenditures	298,097,586	309,551,797	316,441,597	332,511,089	366,353,552	361,647,101	345,716,986	344,796,748	340,826,317	337,199,905
Revenues over (under) expenditures	11,945,752	14,584,338	6,234,504	4,965,718	(36,348,578)	(20,515,906)	(4,963,119)	(7,846,908)	(2,648,278)	1,005,988
Other financing sources (uses)										
Debt issuance	9,862,080	4,300,000	-	46,500,000	74,656,315	51,862,540	14,805,000	50,490,000	-	-
Proceeds from refunding bonds	35,505,000	-	-	-	-	-	-	5,528,808	-	15,070,000
Premium on debt issuance	2,713,376	-	-	-	3,331,681	-	-	-	-	-
Discount on issuance of bonds	-	-	-	-	(29,238)	-	-	-	-	-
Payment to refund bond escrow agent	(37,659,214)	-	-	-	(55,622,909)	(36,414,948)	-	(55,560,424)	-	(15,204,915)
Proceeds from installment notes	-	-	-	-	-	-	-	-	3,198,130	-
Sale of capital assets	-	55,177	189,243	172,355	547,666	174,040	172,674	239,985	221,680	215,878
Transfers in	10,358,015	12,025,388	8,714,304	8,220,078	11,226,447	9,379,386	5,138,793	1,165,227	10,672,931	1,016,060
Transfers out	(24,435,460)	(21,480,572)	(16,325,367)	(16,663,339)	(18,722,297)	(16,937,892)	(13,410,628)	(7,565,979)	(17,486,816)	(6,759,559)
Payment from/to component unit	-	-	-	-	-	-	-	-	(425,520)	-
Total other financing sources (uses)	(3,656,203)	(5,100,007)	(7,421,820)	38,229,094	15,387,665	8,063,126	6,705,839	(5,702,383)	(3,819,595)	(5,662,536)
Net change in fund balances	\$ 8,289,549	\$ 9,484,331	\$ (1,187,316)	\$ 43,194,812	\$ (20,960,913)	\$ (12,452,780)	\$ 1,742,720	\$ (13,549,291)	\$ (6,467,873)	\$ (4,656,548)
Debt service as a percentage of noncapital expenditures	7.34%	7.59%	7.24%	6.77%	7.69%	7.44%	7.62%	7.95%	7.96%	7.75%

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	Room Occupancy Tourism Tax²	Real Estate Transfer Tax	Dog and Cat Registration Tax	Prepared Food and Beverage Tax	Total Tax
2005	\$ 139,296,712	\$ 53,103,181	\$ -	\$ 686,819	\$ 3,026	\$ 2,092,077	\$ 1,131,223	\$ 405,668	\$ 3,836,771	\$ 200,555,477
2006	144,301,591	55,674,521	-	695,840	2,443	3,259,120	1,477,071	381,637	4,110,467	209,902,690
2007	147,462,917	53,343,686	126,540	489,287	-	-	1,515,827	367,630	4,560,201	207,866,088
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

¹ Sales Tax on Video Programming Services was implemented in FY 2007.

² In FY 2007, the Tourism Development Authority was reclassified to a discretely presented component unit and is no longer considered to be governmental.

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					
2005	\$ 13,156,842	\$ 336,616	\$ 1,767,131	\$ 1,075,944	\$ 1,847,915	\$ 14,488,618	\$ 1.0350	\$ 14,734,687	98.33%
2006	13,497,036	366,205	2,017,935	1,086,581	1,780,516	15,187,241	1.0350	16,425,742	92.46%
2007	14,054,554	368,900	1,982,534	1,115,176	1,813,350	15,707,814	1.0350	17,521,265	89.65%
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%
⁴ 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%
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%

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	
2005	\$ 0.880	\$ 0.050	\$ 0.100	\$ 0.0050	\$ 1.0350	\$ 0.530	\$ 0.100	\$ 0.410	\$ 0.660	NA	\$ 0.150	\$ 0.170	\$ 0.150	\$ 0.370	\$ 0.235	
2006	0.880	0.050	0.100	0.0050	1.0350	0.530	0.100	0.410	0.660	NA	0.150	0.170	0.150	0.370	0.235	
2007	0.880	0.050	0.100	0.0050	1.0350	0.530	0.100	0.460	0.660	NA	0.150	0.170	0.150	0.370	0.235	
2008	0.880	0.050	0.100	0.0050	1.0350	0.530	0.100	0.460	0.660	0.205	0.150	0.190	0.150	0.370	0.235	
2009	0.860	0.050	0.100	0.0050	1.0150	0.530	0.100	0.460	0.760	0.205	0.150	0.195	0.150	0.370	0.240	
2010	0.766	0.050	0.100	0.0050	0.9210	0.456	0.100	0.390	0.660	0.205	0.150	0.195	0.150	0.300	0.240	
2011	0.740	0.050	0.100	0.0125	0.9025	0.456	0.100	0.420	0.660	0.205	0.150	0.195	0.150	0.320	0.240	
2012	0.740	0.050	0.100	0.0125	0.9025	0.456	0.100	0.420	0.660	0.205	0.150	0.195	0.150	0.320	0.240	
2013	0.740	0.050	0.100	0.0125	0.9025	0.456	0.100	0.420	0.660	0.205	0.150	0.195	0.150	0.320	0.240	
2014	0.740	0.050	0.100	0.0125	0.9025	0.456	0.100	0.420	0.660	0.205	0.150	0.195	0.200	0.320	0.240	

- (1) Cumberland County has seventeen fire protection districts
- (2) Established in FY 1990 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 FY 2008

Source: Cumberland County Tax Department

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Taxpayer	Fiscal Year 2014			Fiscal Year 2005		
	2013 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2004 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 328,160	1	1.52%	\$ 109,359	2	0.75%
Cross Creek Mall, LLC	130,249	2	0.60%	85,301	4	0.59%
Wal-Mart Stores, Inc.	126,810	3	0.59%	91,998	3	0.63%
Progress Energy Carolinas	86,171	5	0.40%			
Carolina Telephone Co.	71,197	4	0.33%	117,547	1	0.81%
Purolator Filters, NA LLC	59,731	6	0.28%	61,912	7	0.43%
Piedmont Natural Gas Co., Inc.	52,790	7	0.24%	56,981	9	0.39%
DAK Americas, LLC	50,971	9	0.24%	60,182	8	0.42%
South River EMC	46,147	8	0.21%			
Cargill	38,991	10	0.18%			
Black & Decker				63,330	6	0.44%
Carolina Power & Light Co.				69,678	5	0.48%
UDRT of NC				40,987	10	0.28%
	<u>\$ 991,217</u>		<u>4.59%</u>	<u>\$ 757,275</u>		<u>5.22%</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	
2005	¹ \$ 127,699,476	\$ 122,645,671	96.04%	\$ 3,979,667	\$ 126,625,338	99.16%	
2006	133,891,832	129,101,364	96.42%	3,737,885	132,839,249	99.21%	
2007	138,486,845	133,857,005	96.66%	3,648,900	137,505,905	99.29%	
2008	144,435,397	140,172,406	97.05%	3,364,344	143,536,750	99.38%	
2009	144,914,639	140,776,733	97.14%	3,297,598	144,074,331	99.42%	
2010	¹ 158,424,003	154,634,400	97.61%	2,987,363	157,621,763	99.49%	
2011	155,671,269	151,707,302	97.45%	3,082,190	154,789,492	99.43%	
2012	159,824,747	155,867,130	97.52%	2,994,214	158,861,344	99.40%	
2013	164,274,193	160,024,057	97.41%	2,882,676	162,906,733	99.17%	
2014	171,641,426	169,217,802	98.59%	NA	169,217,802	98.59%	

Source: Cumberland County Tax Department

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

² Collections for FY 2005 include all collections through 9th prior year.
Collections for FY 2006 include all collections through 8th prior year.
Collections for FY 2007 include all collections through 7th prior year.
Collections for FY 2008 include all collections through 6th prior year.
Collections for FY 2009 include all collections through 5th prior year.
Collections for FY 2010 include all collections through 4th prior year.
Collections for FY 2011 include all collections through 3rd prior year.
Collections for FY 2012 include all collections through 2nd prior year.
Collections for FY 2013 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			
2005	\$ 116,720,834	\$ 70,635,000	\$ 4,537,080	\$ 2,999,271	\$ 1,250,000	\$ 51,058,781	\$ -	\$ -	\$ 247,200,966	2.40%	\$ 804
2006	108,558,716	66,475,000	4,562,232	5,631,302	1,250,000	48,693,781	-	-	235,171,031	2.13%	751
2007	100,436,598	62,250,000	4,241,761	4,526,143	1,250,000	46,078,781	-	-	218,783,283	1.84%	699
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

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)	Per Capita (1)
2005	\$ 117,970,834	1.15%	0.80%	\$ 384
2006	109,808,716	0.99%	0.67%	351
2007	101,686,598	0.85%	0.58%	325
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	NA	0.33%	213
2012	61,927,177	NA	0.29%	189
2013	53,594,072	NA	0.24%	162
2014	44,564,866	NA	0.20%	134

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.

(2) See Schedule 6 for property value data.

NA: Information not available

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 1,306,923	\$ 1,357,421	\$ 1,401,693	\$ 1,458,735	\$ 1,509,817	\$ 1,878,634	\$ 2,037,270	\$ 2,098,236	\$ 2,020,254	\$ 2,104,340
Total net debt applicable to limit	114,140	106,165	98,230	90,235	82,295	73,815	65,845	56,830	49,115	42,711
Legal debt margin	<u>\$ 1,192,783</u>	<u>\$ 1,251,256</u>	<u>\$ 1,303,463</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	8.73%	7.82%	7.01%	6.19%	5.45%	3.93%	3.23%	2.71%	2.43%	2.03%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Property Value	\$ 23,146,730
Plus : Exempt Property	<u>3,157,526</u>
Total Assessed Value	<u>\$ 26,304,256</u>
Debt Limit (8% of total assessed value)	2,104,340
Debt applicable to limit:	
Total Bonded debt	42,711
Authorized and unissued debt	<u>20,126</u>
	62,837
Less: Statutory deductions	
Authorized and unissued debt	20,126
Revenue bonds	<u>-</u>
	20,126
Total amount of debt applicable to debt limit	<u>42,711</u>
Legal debt margin	<u>\$ 2,061,629</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Demographic and Economic Statistics

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30	Population ¹	Personal Income	Per Capita Income ²	Median Age ¹	School Enrollment ³	Unemployment Rate ⁴
2005	307,336	\$ 10,300,673,376	\$ 33,516	30.8	53,399	5.4%
2006	313,282	11,064,493,676	35,318	NA	53,403	5.4%
2007	313,138	11,910,830,106	38,037	NA	53,912	5.3%
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	9.2%
2010	324,225	13,732,225,650	42,354	NA	52,187	9.1%
2011	326,673	NA	44,678	NA	53,361	10.3%
2012	327,643	NA	45,590	NA	53,063	10.4%
2013	331,279	NA	NA	NA	52,729	10.6%
2014	332,553	NA	NA	NA	52,725	8.2%

Sources:

1. North Carolina State Office of Demographics
2. Bureau of Economic Analysis
3. Cumberland County Board of Education
4. Bureau of Labor Statistics

NA: Information not available

COUNTY OF CUMBERLAND, NORTH CAROLINA

Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	Fiscal Year 2014			Fiscal Year 2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Department of Defense-Military	51,000	1	36.39%	52,616	1	39.09%
U.S. Department of Defense-Civilians	23,000	2	16.41%	5,155	3	3.83%
Cumberland County Schools	6,530	3	4.66%	6,313	2	4.69%
Cape Fear Valley Health System	5,400	4	3.85%	3,800	4	2.82%
Wal-Mart	2,860	5	2.04%	1,100	9	0.82%
Cumberland County Government	2,350	6	1.68%	2,388	6	1.77%
Goodyear Tire & Rubber Co.	2,330	7	1.66%	2,650	5	1.97%
*City of Fayetteville	2,055	8	1.47%	1,743	7	1.29%
Fayetteville Technical Community College	1,390	9	0.99%	1,150	8	0.85%
U.S. Postal Service	1,225	10	0.87%			
Purolator				1,150	8	0.85%
M.J. Soffe				1,100	9	0.82%
	<u>98,140</u>		<u>70.02%</u>	<u>79,165</u>		<u>58.80%</u>
Total Employment	<u>140,134</u>			<u>134,607</u>		

*2014 City of Fayetteville includes Fay PWC in the amount of 643

Sources:

1. North Carolina Municipal Council
2. North Carolina Employment Security Commission

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	236	234	239	245	245	238	239	232	250	248
Public Safety										
Sheriff	369	379	381	381	385	378	377	377	378	395
Detention Facility	181	187	187	188	187	190	188	200	254	266
Other	34	35	66	57	73	91	96	101	97	97
Human Services										
Public Health	226	233	240	233	239	247	251	289	280	276
Mental Health	469	407	373	215	218	208	145	72	5	4
Social Services	602	608	616	635	635	652	643	636	636	636
Other	22	23	22	7	7	73	76	77	77	77
Cultural & Recreation										
Library	162	169	176	176	175	195	191	188	188	188
Economic and Physical Development	110	108	108	116	105	106	102	102	80	80
Crown Center	41	39	41	41	41	40	40	40	40	0
Solid Waste	52	64	64	60	60	68	68	68	68	68
Total	2,504	2,486	2,513	2,354	2,370	2,486	2,416	2,382	2,353	2,335

Source: County Budget System (BRASS)

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Number of persons voting in elections	32,258	47,466	35,785	18,385	128,873	53,454	69,644	53,878	134,566	63,062
Number of registered voters *	171,030	176,853	139,350	177,718	208,513	194,383	195,242	199,194	215,084	202,486
Number of birth certificates processed	8,051	7,943	8,242	8,046	8,800	8,547	8,502	8,401	8,865	8,973
Number of death certificates processed	2,355	2,533	2,511	2,790	2,715	2,657	2,862	2,842	2,985	3,015
Number of land record instruments	61,356	63,852	61,396	49,243	47,970	45,072	43,487	46,217	49,619	41,770
Number of marriage licenses issued	4,044	3,828	3,898	4,003	4,676	3,967	4,407	3,946	3,964	3,751
Number of pieces of mail handled	737,929	793,048	639,434	725,028	709,172	676,736	674,100	837,402	683,304	502,486
* List Maintenance every 4 years (non-voters removed)										
Public Safety										
Number of fire calls answered	9,904	7,562	9,459	11,056	11,585	18,135	15,113	30,632	14,968	14,080
Number fire permits issued	820	266	232	274	381	324	161	122	223	243
Number of emergency calls dispatched	58,446	NA	57,320	60,116	190,041*	221,147	367,109	326,410	309,872	303,011
Number of sheriff calls answered	94,698	144,381	137,576	144,689	152,069	145,879	189,149	190,335	174,953	172,367
Number of civil court papers handled	40,542	38,237	40,767	57,872	62,574	47,723	50,363	47,142	47,419	47,893
Average daily inmate population	504	518	532	536	541	563	586	601	658	721
Number of inmates admitted	9,983	10,640	9,833	11,257	12,044	12,128	12,280	12,537	11,359	11,253
Number of animals impounded (dogs and cats)	10,907	11,953	17,895	18,590	12,162	17,786	15,691	14,111	14,143	12,987
Number of animal investigations	14,482	15,767	16,014	14,240	17,223	19,555	15,093	21,121	33,424	43,075
*2009 consolidated emergency service and sheriff dispatchers										
Human Services										
Number of health dept. clinical services	32,143	31,010	29,399	31,282	33,515	47,721	32,918	34,724	36,701	40,739
Number of health dept. lab tests processed	43,057	39,165	28,286	59,007	67,919	28,279	33,339	36,179	35,233	39,506
Number of health dept. prescriptions filled	29,302	38,119	35,252	36,619	35,635	39,856	40,566	16,146	40,574	42,799
Amount of health care provided with no compensation	\$1,361,831	\$1,568,571	\$1,616,979	\$1,788,131	\$2,029,511	\$1,895,768	\$1,997,502	\$2,626,841	\$2,428,495	\$2,938,037
Number of WIC Clients	38,496	36,456	142,916	150,370	168,342	168,114	171,260	147,977	170,450	167,541
Number of food stamp ave monthly households	13,928	15,623	16,167	18,972	20,926	24,071	28,644	31,491	32,011	32,731
Average active Medicaid family & children's cases	17,802	19,402	21,705	24,565	29,073	28,964	30,372	31,932	30,358	28,578
Average active Medicaid adult cases	4,654	4,941	5,205	5,445	5,482	5,820	6,174	5,048	6,625	5,537
Average TANF active cases	2,301	2,140	2,967	1,647	1,423	1,343	1,324	1,297	1,219	14,025
Number of protective services referrals	4,957	4,853	4,977	5,735	5,784	5,319	5,502	6,105	5,413	5,427
Number of veterans claims processed*	2,845	2,692	5,233	2,377	5,882	3,978	2,454	4,040	4,122	2,405
Number of veterans served in office	9,618	8,384	7,568	7,379	9,241	8,753	8,553	10,014	8,517	10,803

*all claims processed not just claims generating dollars

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Human Services (continued)										
Number of veterans served by telephone	16,496	16,198	16,848	18,070	26,410	35,151	19,695	24,247	24,040	27,696
Number of mental health days of service (24 hrs)	70,219	81,879	48,481	45,092	31,795	46,620	69,943	42,339	32,758	NA
Number of mental health outpatients served	8,055	8,607	6,337	6,410	6,785	5,785	6,265	6,508	5,538	NA
Number of mental health inpatients served**	417	429	NA	NA	NA	NA	NA	NA	NA	NA
Number of workforce development applicants***	2,061	993	683	1,331	2,095	2,189	1,046	NA	NA	NA
**clients no longer contracted with hospital										
***Workforce Development no longer part of County										
Economic and Physical Development										
Number of inspections performed	54,606	70,487	27,891	20,164	19,353	22,159	20,702	19,988	16,700	16,291
Number of building permits issued	2,169	NA	1,760	1,273	1,300	1,105	1,081	1,037	1,046	1,038
Culture and Recreation										
Number of library books	513,922	595,462	592,536	558,713	587,093	591,357	592,186	485,469	490,528	549,798
Number of materials circulated	1,365,396	1,446,477	1,994,109 *	2,047,346 *	1,965,299 *	2,005,059 *	2,177,794	2,644,472 *	2,377,598 *	2,220,865 *
Number of public visits	1,278,154	1,284,143	1,444,916	1,255,529	1,093,931	1,238,738	1,342,587	1,431,217	1,447,152	1,346,026
* includes books and audio visual materials										
Business Activities										
Number of civic center event days	326	328	309	348	326	316	291	320	266	190
Number in attendance	513,658	545,409	521,088	554,792	576,673	533,092	567,936	518,103	519,485	485,290
Number of solid waste tonnages processed	265,464	282,679	305,915	261,389	262,427	263,996	263,410	261,952	235,295	270,571

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire										
Number of volunteer stations	21	19	20	20	20	20	20	20	20	20
Sheriff										
Number of stations	6	6	4	6	5	5	5	4	4	5
Number of patrol vehicles	325	325	326	323	324	324	333	342	344	355
Detention facility beds	568	568	568	568	568	568	568	568	592	884
Culture and Recreation										
Number of libraries	8	8	8	8	8	8	9	9	9	9
Library collections	513,922	595,462	592,536	605,911	637,731	639,119	558,186 *	546,909	555,557	611,496
E-book collections**							10,384	9,503	16,551	53,045
Number of parks	3	3	3	3	3	3	3	3	3	3
Park acreage	189	189	185	185	185	170	170	170	170	170
Number of ball fields	107	67	64	63	63	65	65	65	65	65
Number of tennis courts	40	40	28	28	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	80	80	87	87	87	87	85	86	87	87
Number of students	53,326	52,565	53,078	52,912	53,162	52,187	52,400	53,063	52,729	52,725
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	1	1	2	2	2	2	2	2	2	2
Number of patient beds	447	447	546	546	546	546	546	546	546	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
Continuing Disclosure Information (Unaudited)
June 30, 2014

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, 2014 were \$298,582,855. The major sources of General Fund revenues include property taxes (58.5%), sales taxes (12.6%), and intergovernmental revenues (22.3%). The County's property tax rate is \$0.74 per \$100 of assessed value. A rate of \$.01 per \$100 of assessed value presently generates approximately \$2,208,553 annually. 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 at June 30, 2014 is \$42,711,000 which is significantly less than the legal limit of approximately \$2 billion. Debt service payments represent 5.28% of total budgeted expenditures for FY 2014 and 5.69% of total adopted budget expenditures for FY 2015. In fiscal years 2013 and 2014, the County did not transfer any funds from the General Fund to the Crown Center for either operating or debt service.

Prepared Food and Beverage Tax Revenues - The North Carolina General Assembly (the "General Assembly") has authorized the County to levy a prepared food and beverage tax (the "Food and Beverage Tax") of up to 1% of the sale price of prepared food and beverages sold at retail for consumption on or off the premises by any retailer within the County that is subject to sales tax imposed by the State.

The proceeds of the Food and Beverage Tax are collected monthly by the County and allocated to the Cumberland County Civic Center Commission (the "Commission") and maintained in the County's Crown Center Enterprise Fund. The Commission may use the proceeds of the Food and Beverage Tax to pay debt service 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, 2014 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2019:

<u>Fiscal Year Ended June 30 (1)</u>	<u>Historical Receipts (2)</u>
2010	\$ 5,157,562
2011	5,381,695
2012	5,563,994
2013	5,758,211
2014	5,843,580
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (3)</u>
2015	\$ 5,960,452
2016	6,079,661
2017	6,201,254
2018	6,325,279
2019	6,451,784

- (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 \$48,538 to \$53,474 per year.
- (3) Forecasted receipts assume 2% annual growth in tax revenue and 2.0% growth in the cost of collection.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2014

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, 2014 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2019:

<u>Fiscal Year Ended June 30</u>	<u>Historical Receipts (1)</u>
2010	\$ 1,001,367
2011	1,186,416
2012	1,190,047
2013	1,236,654
2014	1,214,817
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (2)</u>
2015	\$ 1,226,966
2016	1,239,235
2017	1,251,628
2018	1,264,144
2019	1,276,785

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee.
(2) Forecasted receipts assume 1% 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. 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

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2014

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 appealed 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 September 2008, Standard & Poor's upgraded its rating on the County's general obligation debt from AA- to AA+ and its rating on the County's certificates of participation from A+ to AA. In March 2009, Moody's upgraded its rating on the County's general obligation debt from Aa3 to Aa2 and its rating on the County's certificates of participation from A1 to Aa3.

In May 2010, Moody's recalibrated municipal ratings to improve comparability with ratings issued in the private sector. As a result of this recalibration, Moody's assigned the County a rating of Aa1 for general obligation debt.

CURRENT YEAR REFUNDING OF GENERAL OBLIGATION DEBT

On February 20, 2014, the County issued \$15,070,000 G.O. Refunding Bonds, Series 2014 to advance refund the \$14,860,000 outstanding balance from the \$35,505,000 G.O. Refunding Bonds, Series 2004. Sufficient funds were deposited in escrow at US Bank to call the outstanding bond maturities on May 1, 2014.

PRIOR YEARS' 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 was considered to be defeased and therefore removed from the County's liabilities. As of June 30, 2014, all prior year defeased general obligation debt has been fully paid by the various escrow agents.

OUTSTANDING GENERAL OBLIGATION DEBT

	Principal Outstanding as of			
	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>
General Obligation Bonds				
School	\$ 61,555,000	\$ 53,465,000	\$ 46,795,000	\$ 40,119,720
Community College Facilities	790,000	460,000	-	-
Library Facilities	3,500,000	2,905,000	2,320,000	1,455,280
NORCRESS Sewer	<u>1,189,000</u>	<u>1,172,000</u>	<u>1,154,000</u>	<u>1,136,000</u>
Total G.O. Debt	67,034,000	58,002,000	50,269,000	42,711,000
Premium	<u>2,471,237</u>	<u>3,925,177</u>	<u>3,325,072</u>	<u>1,853,866</u>
G.O. Debt Carrying Value	<u>\$ 69,505,237</u>	<u>\$ 61,927,177</u>	<u>\$ 53,594,072</u>	<u>\$ 44,564,866</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 (\$3,386,000), a discretely presented component unit.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2014

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 \$2,061,629,000 as of June 30, 2014.

GENERAL OBLIGATION DEBT RATIOS

<u>At July 1</u>	<u>Total G.O. Debt (1)</u>	<u>Assessed Valuation</u>	<u>Ratio of G.O. Debt To Assessed Valuation</u>	<u>Population (2)</u>	<u>Total G.O. Debt Per Capita</u>
2010	\$ 75,020,000	\$ 20,653,305,000	0.36%	324,225	\$ 231.38
2011	67,034,000	21,002,185,000	0.32%	326,673	205.20
2012	58,002,000	21,557,253,000	0.27%	327,643	177.03
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

(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

<u>Cumberland County</u>						
<u>FY Ending June 30</u>	<u>Schools</u>		<u>Libraries</u>		<u>NORCRESS</u>	
	<u>(Including Related 2004 Refunding)</u>		<u>(Including Related 2004 Refunding)</u>		<u>(Blended Component Unit)</u>	
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>
2015	\$ 7,601,305	\$ 8,925,400	\$ 233,695	\$ 253,923	\$ 19,000	\$ 65,860
2016	7,433,484	8,565,039	196,516	213,496	20,000	66,076
2017	7,216,070	8,101,120	198,930	213,179	21,000	66,251
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	-	-	-	-	156,000	330,694
2030-34	-	-	-	-	189,000	328,920
2035-39	-	-	-	-	232,000	329,474
2040-44	-	-	-	-	274,000	319,870
2045-49	-	-	-	-	56,000	58,310
	<u>\$ 40,119,720</u>	<u>\$ 44,686,517</u>	<u>\$ 1,455,280</u>	<u>\$ 1,523,831</u>	<u>\$ 1,136,000</u>	<u>\$ 2,025,268</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2014

GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u> ⁽¹⁾
School Refunding	February 16, 1998	\$ 6,605,000
School Refunding	August 16, 2004	1,000
School Refunding	August 16, 2004	3,595,000
School Refunding	October 18, 2004	3,900,000
School Refunding	June 1, 2009	2,830,000
School Refunding	June 6, 2011	2,265,000
School Refunding	February 20, 2014	930,000
		<u>\$ 20,126,000</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, 2014

Please refer to the report "Analysis of Debt of North Carolina Counties, Municipalities and Districts at June 30, 2014" 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>FY 2015 Principal And Interest Requirements</u>	<u>Balance June 30, 2014</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.	\$ 1,933,725	\$ 17,700,000
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.	9,014,338	59,140,000

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2014

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY 2015 Principal and Interest Requirements	Balance June 30, 2014
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	11,925,000
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	11,844,000
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.	256,568	1,188,000
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.	147,462	682,800

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2014

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY 2015 Principal and Interest Requirements	Balance June 30, 2014
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.	497,321	1,611,032
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.	3,584,662	30,725,000
Installment Financing – Fayetteville Technical Community College - Roofing and HVAC Projects	3,198,130	Semi-annual payments of principal and interest in arrears ending December 14, 2017. Semi-annual principal and interest payments at the rate of 1.11% range from \$321,588 to \$669,800; payable from the General Fund.	662,701	2,238,691
Total:	<u>\$ 191,228,210</u>		<u>\$ 19,179,382</u>	<u>\$ 137,054,523</u>

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COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2014

The County's payment obligations (principal & interest) at June 30, 2014 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
2015	\$ 1,933,725	\$ 9,014,338	\$ 3,584,663	\$ 4,646,656	\$ 19,179,382
2016	1,886,525	8,905,213	3,482,362	4,624,186	18,898,286
2017	1,836,375	8,789,988	3,380,688	4,601,714	18,608,765
2018	1,794,338	8,684,063	3,284,062	4,010,769	17,773,232
2019	1,750,088	5,797,262	3,177,563	3,425,149	14,150,062
2020	1,703,625	5,689,762	3,080,812	3,409,776	13,883,975
2021	1,654,950	5,563,138	2,978,688	3,082,605	13,279,381
2022	1,604,062	5,447,387	2,876,312	3,082,605	13,010,366
2023	1,551,700	5,330,356	2,778,563	3,082,605	12,743,224
2024	1,498,600	5,213,600	2,680,312	3,082,605	12,475,117
2025	1,444,025	3,269,750	2,576,688	3,082,605	10,373,068
2026	1,387,237	-	2,477,687	2,531,678	6,396,602
2027	1,328,975	-	2,373,313	-	3,702,288
2028	1,269,975	-	2,273,562	-	3,543,537
2029	1,210,238	-	459,281	-	1,669,519
	<u>23,854,438</u>	<u>71,704,857</u>	<u>41,464,556</u>	<u>42,662,953</u>	<u>179,686,804</u>
Premium	94,380	3,254,753	2,850,828	-	6,199,961
Carrying Value	<u>\$ 23,948,818</u>	<u>\$ 74,959,610</u>	<u>\$ 44,315,384</u>	<u>\$ 42,662,953</u>	<u>\$ 185,886,765</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 (\$8,665,046) and the ABC Board (\$897,309).

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.

CURRENT YEAR REFUNDING OF OTHER (NON-GENERAL OBLIGATION) DEBT

During FY 2014, the County did not issue any non-general obligation refunding debt.

PRIOR YEARS' 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, 2014, there is no outstanding prior year defeased non-general obligation debt.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2014

DEBT OUTLOOK

During FY 2015, the County is committed to borrowing \$3,000,000 to fund the purchase of an existing building for Fayetteville Technical Community College to expand its automotive repair curriculum.

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.

During the next several years, the County will review other potential projects for funding. These projects include renovation of the former Public Health building to be used as a County Administration building, Pamalee Branch Library, and a potential bond issue for the school system.

TAX INFORMATION

GENERAL TAX INFORMATION

	<u>Fiscal Year Ended or Ending June 30,</u>		
	<u>2013</u>	<u>2014</u>	<u>2015⁽³⁾</u>
		(Amounts in thousands)	
Assessment Ratio ⁽¹⁾	100%	100%	100%
Real Property	\$ 18,173,826	\$ 18,538,777	\$ 18,798,633
Personal Property	1,366,096	1,426,969	1,535,491
Vehicles	2,233,690	2,813,072	2,282,005
Public Service Companies ⁽²⁾	<u>375,488</u>	<u>367,912</u>	<u>365,032</u>
Total Assessed Valuation	22,149,100	23,146,730	22,981,161
Assessed Valuation Per Capita	66.86	69.05	68.79
Rate per \$100	.740	.740	.740
County-wide Levy	\$ 163,903	\$ 171,286	\$ 170,061

(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 as of October 31, 2014 for the fiscal year ending June 30, 2015. Population used for FY2015 assessed valuation per capita is 334,076 as estimated by the Demographics Section of the NC Office of State Budget and Management.

During FY 2014, 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 is expected to substantially increase the collection rate on vehicles. During the year of transition, there was a one-time overlap in which both systems were operating simultaneously resulting in higher than normal collections.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2014

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>2013</u>	<u>2014</u>	<u>2015</u> ⁽¹⁾
County-wide	\$ 163,903,340	\$ 171,285,802	\$ 170,060,591
Recreation District	3,920,547	3,182,519	3,245,426
Special Fire Districts	<u>7,454,997</u>	<u>7,160,667</u>	<u>7,302,208</u>
Total Levy	<u>\$ 175,278,884</u>	<u>\$ 181,628,988</u>	<u>\$ 180,608,225</u>

(1) Valuation estimates as of July 1, 2014 for the fiscal year ending June 30, 2015.

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>
2010	\$ 3,828,991	\$ 154,634,400	97.61%
2011	3,584,110	151,707,130	97.45%
2012	3,527,359	155,867,130	97.52%
2013	3,498,667	160,024,057	97.41%
2014	3,699,779	169,217,802	98.59%

The figures in the preceding table consist of property tax revenues deposited in the General Fund.

TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2013-14 (TAX YEAR 2012-13)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2013 Taxable Assessed Valuation*</u>	<u>% of Total Taxable Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 328,160	1.52%
Cross Creek Mall, LLC	Retail Mall	130,249	0.60
Wal-Mart Stores, Inc.	Retail/Distribution	126,810	0.59
Progress Energy Carolinas	Electric Utility	86,171	0.40
Carolina Telephone	Telephone Utility	71,197	0.33
Purolator Filters, NA, LLC	Auto Filter Manufacturer	59,731	0.28
Piedmont Natural Gas Co.	Gas Utility	52,790	0.24
DAK Americas, LLC	Textiles	50,971	0.24
South River EMC	Electric Utility	46,147	0.21
Cargill	Soybean Processor	<u>38,991</u>	<u>0.18</u>
		<u>\$ 991,217</u>	<u>4.59%</u>

* Amounts expressed in thousands.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Compiled Budget - Annually Budgeted Funds
Year Ended June 30, 2014
(Unaudited)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Estimated revenues:			
Ad valorem taxes	\$ 168,933,380	\$ 12,602,954	\$ 24,238
Other taxes	49,755,685	5,457,689	6,223,724
Unrestricted intergovernmental	11,348,363	8,500	-
Restricted intergovernmental	62,773,594	9,063,074	637,864
Licenses and permits	2,084,150	-	11,388
Sales and services	9,723,682	262,744	6,290,989
Interest earned on investments	110,000	3,250	82,544
Miscellaneous	4,123,316	786,050	6,000
Total estimated revenues	<u>308,852,170</u>	<u>28,184,261</u>	<u>13,276,747</u>
Appropriations:			
General government	29,231,172	4,596	-
Public safety	53,690,672	9,863,538	-
Economic and physical development	8,167,649	9,469,716	-
Human services	103,574,851	1,934,677	-
Cultural and recreation	12,074,063	5,023,431	-
Education	98,496,764	-	-
Salaries and employee benefits	-	-	4,708,217
Repairs and maintenance	-	-	945,973
Utilities	-	-	109,399
Administrative costs	-	-	4,288,213
Landfill closure and postclosure	-	-	915,000
Other operating - crown center	-	-	5,520,864
Capital outlay	-	-	1,302,582
Landfill cell construction	-	-	7,803,444
Water and sewer	-	-	635,974
Debt service:			
Principal retirement	18,711,638	-	1,251,144
Interest and fees	6,857,887	-	2,512,771
Issuance costs	75,186	-	-
Total appropriations	<u>330,879,882</u>	<u>26,295,958</u>	<u>29,993,581</u>
Estimated revenues over (under) appropriations	<u>(22,027,712)</u>	<u>1,888,303</u>	<u>(16,716,834)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	979,654	56,000
Special revenue funds	233,474	-	5,967,829
Capital projects	306	-	-
Internal service funds	24,956	-	-
Enterprise funds with multi-year budgets	48,800	-	-
Transfers to other funds:			
General fund	-	(233,474)	-
Special revenue funds	(979,654)	-	-
Capital projects	(309,758)	-	-
Internal service funds	(602,200)	-	-
Enterprise funds	(56,000)	(5,967,829)	-
Enterprise funds with multi-year budgets	(33,000)	-	-
Proceeds of general long term debt	15,070,000	-	-
County contribution	210,102	-	-
Refunding escrow payment	(15,204,916)	-	-
Sale of fixed assets	32,805	-	-
Appropriated fund balances	23,592,797	3,333,346	10,693,005
Total other financing sources	<u>22,027,712</u>	<u>(1,888,303)</u>	<u>16,716,834</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 FY 2014 budget at June 30, 2014.

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, 2015
(Unaudited)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Estimated revenues:			
Ad valorem taxes	\$ 168,863,868	\$ 12,170,430	\$ 22,854
Other taxes	47,943,097	5,374,222	5,975,441
Unrestricted intergovernmental	10,174,977	5,000	-
Restricted intergovernmental	59,137,640	6,747,178	658,753
Licenses and permits	1,845,869	-	11,388
Sales and services	10,179,003	218,236	5,442,305
Interest earned on investments	267,890	1,697	65,027
Miscellaneous	4,835,270	699,716	8,021
Total estimated revenues	<u>303,247,614</u>	<u>25,216,479</u>	<u>12,183,789</u>
Appropriations:			
General government	27,493,235	2,000	-
Public safety	54,209,569	8,411,245	-
Economic and physical development	6,559,953	5,992,069	-
Human services	98,599,235	1,902,001	-
Cultural and recreation	11,273,515	4,530,344	-
Education	98,058,443	-	-
Salaries and employee benefits	-	-	3,739,903
Repairs and maintenance	-	-	1,312,896
Utilities	-	-	114,398
Administrative costs	-	-	4,237,889
Landfill closure and postclosure	-	-	1,015,000
Other operating - crown center	-	-	4,921,087
Capital outlay	-	-	1,560,528
Landfill cell construction	-	-	7,803,444
Water and sewer	-	-	688,357
Debt service:			
Principal retirement	18,789,775	-	2,459,854
Interest and fees	5,841,535	-	1,338,814
Issuance costs	-	-	-
Total appropriations	<u>320,825,260</u>	<u>20,837,659</u>	<u>29,192,170</u>
Estimated revenues over (under) appropriations	<u>(17,577,646)</u>	<u>4,378,820</u>	<u>(17,008,381)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	774,609	-
Special revenue funds	77,495	-	5,371,623
Capital projects	-	-	-
Internal service funds	-	-	-
Enterprise funds	-	-	-
Transfers to other funds:			
General fund	-	(77,495)	-
Special revenue funds	(774,609)	-	-
Capital projects	-	-	-
Internal service funds	(102,200)	-	-
Enterprise funds	-	(5,371,623)	-
Proceeds of general long term debt	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	-	-	-
Appropriated fund balances	18,376,960	295,689	11,636,758
Total other financing sources	<u>17,577,646</u>	<u>(4,378,820)</u>	<u>17,008,381</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 FY 2015 adopted budget ordinance at July 1, 2014.

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 3, 2014. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2014-001.

County's Response to Findings

The County's response to the 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 the financial statements and, accordingly, we express no opinion on it.

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.

Handwritten signature of Cherry Bekavert LLP in cursive script.

Fayetteville, North Carolina
December 3, 2014

**Report of Independent Auditor on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by OMB Circular A-133
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 Circular A-133 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, 2014. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County'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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-002, 2014-003, 2014-004, and 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cherry Bekart LLP

Fayetteville, North Carolina
December 3, 2014

**Report of Independent Auditor on Compliance for Each Major State Program
and on Internal Control Over Compliance Required by
OMB Circular A-133 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, 2014. 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; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2014.

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 OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, which is described in the accompanying schedule of findings and questioned costs as item 2014-006. 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 OMB Circular A-133, 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-006 that we consider to be a significant deficiency.

The County's response to the internal control over compliance 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cherry Bekavert LLP

Fayetteville, North Carolina
December 3, 2014

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **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 Section 510(a) of Circular A-133 Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.551	Food and Nutrition Services Cluster
10.561	Food and Nutrition Services (FNS) State Administrative Matching Grants for FNS
10.557	Special Supplemental Nutrition Program for Women, Infants & Children

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Section I. Summary of Auditor's Results (continued)

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families
	Foster Care/Adoption Assistance Cluster
93.556	Family Preservation
93.658	Title IV-E Foster Care
93.659	Adoption Assistance – Direct Benefit Payments
93.767	Children's Health Insurance Program
93.778	Medical Assistance Program
93.994	Maternal and Child Health Services Block Grants

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major state program 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 (CONCLUDED)

YEAR ENDED JUNE 30, 2014

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 X Yes ___ 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 Foster Care Benefits Program
State/County Special Assistance for Adults
State Aid to Public Libraries
Rural Operating Assistance Program
Smart Start

State match on federal programs, included in the list of major federal programs above for
Temporary Assistance for Needy Families, Children's Health Insurance Program, Medical
Assistance and Maternal and Child Health Services Block Grant.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

YEAR ENDED JUNE 30, 2014

Section II. Financial Statement Findings

Non-material noncompliance with laws and regulations

OVER EXPENDITURE OF BUDGET ORDINANCE

Finding 2014-001

Criteria: North Carolina General Statutes require that actual expenditures do not exceed appropriated expenditures at the legal level of budgetary control.

Condition: For the fiscal year ended June 30, 2014, expenditures exceeded authorized appropriations for the General Litigation Fund budget by \$194,507.

Context: Not applicable.

Effect: Not in compliance with North Carolina General Statutes.

Cause: Appropriations for the General Litigation Fund are based on historical costs, and the fourth quarter review indicated the budget was adequate. However, final costs invoiced after the end of the budget year exceeded the appropriation.

Recommendation: The County should continue to monitor budgets periodically and appropriate funds, if necessary.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

YEAR ENDED JUNE 30, 2014

Section III. Federal Award Findings and Questioned Costs

Department of Health and Human Services
Passed through N.C. Department of Health and Human Services, Division of Social Services
Medical Assistance Program
CFDA # 93.778
Children's Health Insurance Program
CFDA # 93.767

Eligibility

Non-material noncompliance

Finding 2014-002

Criteria: Caseworkers key the applications by direct entry into the computer system, which is online with the state system. The various elements of applications are verified, and dispositions are made in a timely manner to ensure compliance with the Alexander Monitoring, which includes accurately completing and filing the budget sheet for each client.

Condition: We noted two instances for the Medical Assistance program where the budget sheets could not be located in the client file. The caseworker's dictation indicated the client met the requirements. We also noted one instance for the Children's Health Insurance Program where the incorrect unemployment amount was used in the budget worksheet.

Questioned Costs: None. The missing documentation did not affect the client's eligibility for the Medical Assistance program. Using the correct amount for the Children's Health Insurance program did not change the client's eligibility or benefits received.

Context: A total of 35 Medical Assistance and 5 Children's Health Insurance program clients were selected from September 2013 and March 2014 Activity Reports.

Effect: By not correctly completing and filing the budget sheets for each client, several programs could potentially be paying out the incorrect amount of benefits.

Cause: Employee oversight during the initial eligibility determination or was misplaced.

Recommendation: The County should implement policies and procedures to ensure that participant eligibility and documentation is maintained appropriately.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

YEAR ENDED JUNE 30, 2014

Section III. Federal Award Findings and Questioned Costs (continued)

U. S. Department of Health and Human Services
Passed through N.C. Department of Health and Human Services - Division of Medical Assistance
Children's Health Insurance Program
CFDA # 93.767

Eligibility

Non-material noncompliance

Finding 2014-003

Criteria: A caseworker enters information from the online application into the electronic Form 8124 in the eligibility information system ("EIS"), which indicates that the client has been entered into the state system to eliminate duplication.

Condition: We noted one instance in which the Form 8124 could not be located in the recipient's file.

Questioned Costs: None.

Context: A total of 5 Children's Health Insurance program clients were selected from September 2013 and March 2014 Activity Reports.

Effect: The client could potentially be in the state system multiple times with multiple cases open.

Cause: Employee oversight during the initial eligibility determination or documentation was misplaced.

Recommendation: The County should implement policies and procedures to ensure that participant eligibility and documentation is appropriately maintained.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

YEAR ENDED JUNE 30, 2014

Section III. Federal Award Findings and Questioned Costs (continued)

U. S. Department of Health and Human Services
Centers for Disease Control and Prevention
Passed through the N.C Department of Health and Human Services, Division of Public Health
Maternal and Child Health Services Block Grant
CFDA # 93.994

Eligibility

Non-material noncompliance

Finding 2014-004

Criteria: Public Health intake workers are responsible for ensuring all eligibility requirements are met and appropriate documentation is maintained, including a copy of each client's Medicaid card.

Condition: We noted seven instances in which the client's Medicaid card was not included in the client file. We noted one instance in which a current copy of the Medicaid card could not be found for the service date and the address on a prior service's Medicaid card did not match the address in the Health Department's System.

Questioned Costs: None

Context: A total of 40 Maternal and Child Health clients were selected for review from October 2013 and April 2014 Accounts Receivable Reports.

Effect: The client files did not have proof of Medicaid insurance.

Cause: Employee oversight during the initial eligibility determination or documentation was misplaced.

Recommendation: The County should implement policies and procedures to ensure that participant eligibility and documentation is maintained appropriately.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

YEAR ENDED JUNE 30, 2014

Section III. Federal Award Findings and Questioned Costs (continued)

U. S. Department of Agriculture
Passed through the N.C Department of Health and Human Services, Division of Public Health
Special Supplemental Nutrition Program for Women, Infants, and Children ("WIC")
CFDA # 93.994

Non-material noncompliance - Eligibility
Finding 2014-005

Criteria: In accordance with the Cumberland County's policies and procedures, client files must maintain the proper documentation related to all services and eligibility determinations performed.

Condition: We noted one instance in which there was no documentation in file that client was seen in October 2013.

Questioned Costs: None.

Context: A total of 40 WIC services from October 2013 and April 2014 Accounts Receivable Report.

Effect: The client receiving benefits was potentially ineligible for services performed.

Cause: Employee oversight over file documentation or was misplaced.

Recommendation: The County should implement policies and procedures to ensure that participant eligibility and documentation is appropriately maintained.

Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

YEAR ENDED JUNE 30, 2014

Section IV. State Award Findings and Questioned Costs

N.C. Department of Transportation
Rural Operating Assistance Program ("ROAP")
CFDA: DOT-16CL

Internal Control – Significant Deficiency
Allowable Costs, Allowable Activities
Finding 2014-006

- Criteria: In accordance with the Planning and Inspections Department's processes over expenditures, approval of all expenditures should be documented with the signature of the transportation manager on the invoice prior to initiating the payment.
- Condition: The signature of the transportation manager was not documented on the Work First Transitional/Employment Transportation Assistance Program ("EMPL") invoice for April 2014, which affected six of the 40 clients selected for testing.
- Context: A total of 40 clients with a total of 484 trips were selected for testing from the month of April 2014 from the Elderly and Disabled Transportation Assistance Program ("EDTAP"), Rural General Public Program ("RGP") and EMPL ridership logs. Of the sample selected, six clients (125 trips) were paid with EMPL funds, fourteen clients (175 trips) were paid with RGP funds, and twenty clients (184 trips) were paid with EDTAP funds.
- Effect: Expenditures may be unauthorized or unallowable.
- Cause: Employee oversight during the review process.
- Recommendation: The County should implement policies and procedures to ensure that the approval of expenditures is properly documented.
- Management Response: Management agrees with this finding.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF CORRECTIVE ACTION PLAN (CONTINUED)

YEAR ENDED JUNE 30, 2014

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

Finding #: 2014-001

Name of Contact Person: Melissa Cardinali, Assistant County Manager

Corrective Action Plan: Management will complete a projected expenditure of funds before June 30th of the fiscal year when items of a sensitive nature are pending so that budget revisions can be appropriately completed.

Proposed Completion Date: Immediately

Finding #: 2014-002

Name of Contact Person: Vanessa McClain, IM Program Manager

Corrective Action Plan: We believe that additional training and guidance on policy through unit supervisors, our internal staff development and quality assurance teams will show the desired improvement.

Proposed Completion Date: Immediately

Finding #: 2014-003

Name of Contact Person: Vanessa McClain, IM Program Manager

Corrective Action Plan: We believe that additional training and guidance on policy through unit supervisors, our internal staff development and quality assurance teams will show the desired improvement.

Proposed Completion Date: Immediately

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF CORRECTIVE ACTION PLAN (CONCLUDED)

YEAR ENDED JUNE 30, 2014

Section IV. State Award Findings and Questioned Costs

Finding #: 2014-004

Name of Contact Person: Candice York, Cumberland County Public Health Department

Corrective Action Plan: Health Department Staff reviewed the charts where Medicaid cards were missing. There were many instances where the patient received retro Medicaid benefits. Benefits were verified on the NC Tracks System but the staff did not print out the verification. Procedures have been modified to require a screen print for retro Medicaid benefits. The screen print will be scanned into the patient's medical record.

Proposed Completion Date: Immediately

Finding #: 2014-005

Name of Contact Person: Sharon Batten, Program Director

Corrective Action Plan: The WIC Program went live with the Crossroads Web Based Program effective July 2014. With the new system, all information will be entered directly into the system and acknowledged electronically by the client. This process eliminates paper records and the possibility of misplacing or omitting any documentation.

Proposed Completion Date: Immediately

Finding #: 2014-006

Name of Contact Person: Kristine Wagner, Transportation Program Coordinator

Corrective Action Plan: Management will ensure the Transportation Program Coordinator's signature is on the invoices prior to sending to the Finance Department for processing.

Proposed Completion Date: Immediately

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2014

Section IV. State Award Findings and Questioned Costs (continued)

Finding #: 2013-01

Status: Corrected

Finding #: 2013-02

Status: Corrected

Finding #: 2013-03

Status: Corrected

Finding #: 2013-04

Status: Similar finding noted in the current year. See 2014-004.

Finding #: 2013-05

Status: Corrected

Finding #: 2013-06

Status: Corrected

Finding #: 2013-07

Status: Corrected

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2014

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Consumer Service</u>					
Passed-through N.C. Dept. of Agriculture:					
Food Distribution	10.550		\$ 2,980	\$ -	\$ -
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		34,948	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		3,105,757	-	-
Total Food Stamp Cluster			<u>3,140,705</u>	<u>-</u>	<u>-</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		2,427,564	-	-
AGRI-SFP Food Program Meal	10.559		2,913	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children					
	10.557		9,771,121	-	-
Total U.S. Dept. of Agriculture			<u>15,345,283</u>	<u>-</u>	<u>-</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		176,255	10,718	-
Direct Program:					
Community Development Block Grants/Entitlement Grants					
	14.218		808,687	-	-
Supportive Housing Program	14.235		97,800	-	-
HOME Investment Partnerships Program	14.239		227,502	-	-
Total U.S. Dept. of Housing and Urban Development			<u>1,310,244</u>	<u>10,718</u>	<u>-</u>
<u>U.S. Dept. of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Passed-through the N.C. Dept. of Crime Control and Public Safety:					
Direct Program:					
Crime Victim Assistance					
	16.575		75,772	-	-
Edward Byrne Memorial Justice Assistance Grant					
	16.579		181,966	-	-
Federal Drug Forfeiture Program	16.600		728,636	-	-
Total U.S. Dept. of Justice			<u>986,374</u>	<u>-</u>	<u>-</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2014

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<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		593,972	-	-
<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		341,276	-	-
National Highway Traffic Safety Administration					
Passed-through the N.C. Department of Public Safety:					
Division of Emergency Management:					
Hazardous Materials Emergency Preparedness Grants	20.703		8,360	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants	20.505		63,061	-	-
Formula Grants for Other Than Urbanized Areas	20.509		67,575	-	-
Alcohol Impaired Driving Countermeasures Incentive	20.601		42,998	-	-
Total U.S. Dept. of Transportation			523,270	-	-
<u>Environmental Protection Agency</u>					
Passed-through N.C. Dept. of Environmental and Natural Resources					
Division of Water Resources					
Capitalization Grants For Drinking Water State Revolving Funds - Recovery					
	66.468		40,053	-	-
<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 ("TAN WorkFirst/TANF - Direct	93.558		5,488,544	-	6,293,523
Benefit Payments	93.558		3,297,141	(2,658)	(1,522)
N.C. Child Support Enforcement Section	93.563		3,924,617	-	706,209
Refugee Assistance	93.566		16,173	-	-
Energy Assistance Block Grant:					
Administration	93.568		271,819	-	-
Crisis Intervention Program	93.568		2,067,139	-	35,415
Child Welfare Services - State Grants					
Permanency Planning - Families for Kids	93.645		272,741	-	770,922
SSBG - Other Services and Training	93.667		1,287,819	181,037	2,831,286
LINKS (formerly Independent Living Grant)	93.674		137,490	28,017	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2014

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Foster Care and Adoption Cluster:</u>					
Family Preservation	93.556		296,693	-	721,921
Title IV-E Foster Care	93.658		2,471,332	1,322,959	912,077
Adoption Assistance - Direct Benefit Payments	93.659		1,271,626	331,665	331,664
Total Foster Care and Adoption Cluster			4,039,651	1,654,624	1,965,662
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		62,499	56,517	17,004
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		566,433	-	2,660
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		5,038,219	-	-
Child Care and Development Fund - Mandatory	93.596		2,894,679	-	-
Child Care and Development Fund - Match	93.596		2,391,066	827,903	-
Total Child Care Development Fund Cluster			10,890,397	827,903	2,660
Temporary Assistance for Needy Families	93.558		2,402,119	-	-
Foster Care Title IV-E	93.658		106,092	55,335	-
TANF - MOE			-	1,492,415	-
State Appropriations			-	855,594	-
Total Subsidized Child Care Cluster			13,398,608	3,231,247	2,660
<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		402,881	-	-
Block Grant for Prevention and Treatment of Substance Abuse - Community Based Programs					
Substance Abuse	93.959		80,000	-	-
<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		251,110,986	136,936,643	-

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u> 1(a)	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
Division of Social Services:					
Medical Assistance Program Administration	93.778		5,059,680	692,754	3,254,826
Health Choice	93.767		125,583	8,953	30,682
Direct Benefit Payments:					
Health Choice	93.767		4,946,380	1,560,358	-
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		57,703	-	-
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116	4552	32,202	-	-
Immunization Program/Aid to County Funding	93.268	5715	146,804	-	-
The Patient Protection and Affordable Care Act of HIV State Funds-Sexually Transmitted Diseases	93.531		547,698	-	-
PPHF 2012: Breast and Cervical Cancer Screening	93.744		1,812	-	-
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		47,486	38,183	-
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		1,403	-	-
Maternal and Child Health Services Block Grant	93.994		367,820	281,595	-
Statewide Health Promotion Program	93.991		10,783	-	-
Office of Population Affairs passed-through the N.C. Dept. of Health and Human Services:					
Office of Population Affairs					
Family Planning Services	93.217		166,713	-	-
Total U.S. Dept. of Health and Human Services			297,370,175	144,677,988	15,906,667
Department of Homeland Security Passed-through N.C. Dept. of Crime Control and Public Safety:					
Division of Emergency Management:					
Emergency Management Performance Grants	97.042		76,455	-	2,763,956
Homeland Security Grant Program	97.067		71,813	-	-
Total Homeland Security			148,268	-	2,763,956
Human Services:					
Division of Medical Assistance:					
Medicaid At-Risk			45,124	-	-
Total Federal awards			316,362,763	144,677,988	18,670,623

COUNTY OF CUMBERLAND, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u> 1(a)	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
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			-	1,902,815	1,905,125
State Foster Care Benefits Program			-	2,451,637	2,451,630
Energy Assistance - CP&L Energy Program			-	35,985	234
Temporary Assistance for Needy Families Incentives			-	7,410	-
Special Links			-	25,423	-
AFDC Incentives			-	1,034	-
Smart Start Administration			-	182,570	1,478
Family Violence Prevention Grant			-	32,753	-
Division of Child Development:					
Smart Start Raising a Reader			-	101,393	-
Smart Start - Mental Health			-	50,291	-
Division of Public Health:					
General		4110	-	233,180	-
School Nurse Funding Initiative			-	189,406	-
Risk Reduction/Health Promotion			-	6,285	-
Food and Lodging Fees			-	47,647	-
Environmental Health			-	4,000	-
Mosquito-Public Health Pesticide			-	3,730	-
Communicable Disease			-	25,762	-
Tuberculosis			-	85,122	-
Women's Health Service Fund			-	6,283	-
Maternal Health (HMHC)			-	13,911	-
TB Medical Services		4536	-	4,969	-
Total N. C. Department of Health and Human Services			-	5,411,606	4,358,467
<u>N.C. Dept. of Environment & Natural Resources</u>					
Division of Water and Soil Conservation:					
Agriculture Cost Share Program			-	25,761	42,169
Soil and Water District Projects			-	3,600	65,350
Total N.C. Department of Environment & Natural Resources			-	29,361	107,519

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2014

Grantor/Pass-through <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>	Local <u>Expenditures</u>
<u>N.C. Department of Veteran's Affairs</u> Veteran's Services Grant			-	1,452	369,980
<u>Department of Public Safety</u> Juvenile Crime Prevention Program			-	1,041,196	712,620
<u>N.C. Dept. of Cultural Resources</u> State Aid to Public Libraries			-	468,337	10,019,086
<u>N.C. Dept. of Transportation</u> Rural Operating Assistance Program Cluster: Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	149,916	-
Rural General Program			-	135,051	-
Work First Transitional/Employment Trans. Assistance			-	75,471	-
Total Rural Operating Assistance Program Cluster			-	360,438	-
Total N.C. Department of Transportation			-	360,438	-
<u>N.C. Dept. of Administration</u> Domestic Violence Program			-	75,733	-
<u>N.C. Housing Finance Agency</u> Urgent Repair Grant			-	7,468	-
Total State awards			-	7,395,591	15,567,672
Total Federal and State awards			\$ 316,362,763	\$ 152,073,579	\$ 34,238,295

COUNTY OF CUMBERLAND, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2014

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the County of Cumberland and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2. Subrecipients

Of the federal and State expenditures presented in the schedule, the County of Cumberland provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Highway Planning and Construction	20.205	\$ 341,276	\$ -
Supportive Housing Program	14.235	97,800	-
Juvenile Crime Prevention Program		-	1,041,196

3. 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.**