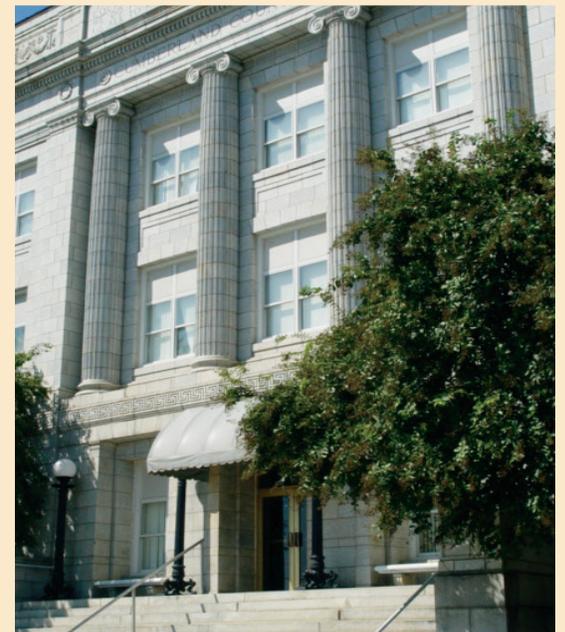




County of Cumberland

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2015



COUNTY OF CUMBERLAND
NORTH CAROLINA

Board of County Commissioners

Kenneth S. Edge, Chairman

W. Marshall Faircloth, Vice Chairman
Dr. Jeannette M. Council
Jimmy Keefe

Glenn B. Adams
Charles Evans
Larry L. Lancaster

Comprehensive Annual
Financial Report

For the Year Ended June 30, 2015

Prepared by:
Cumberland County Finance Department

County Officials

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

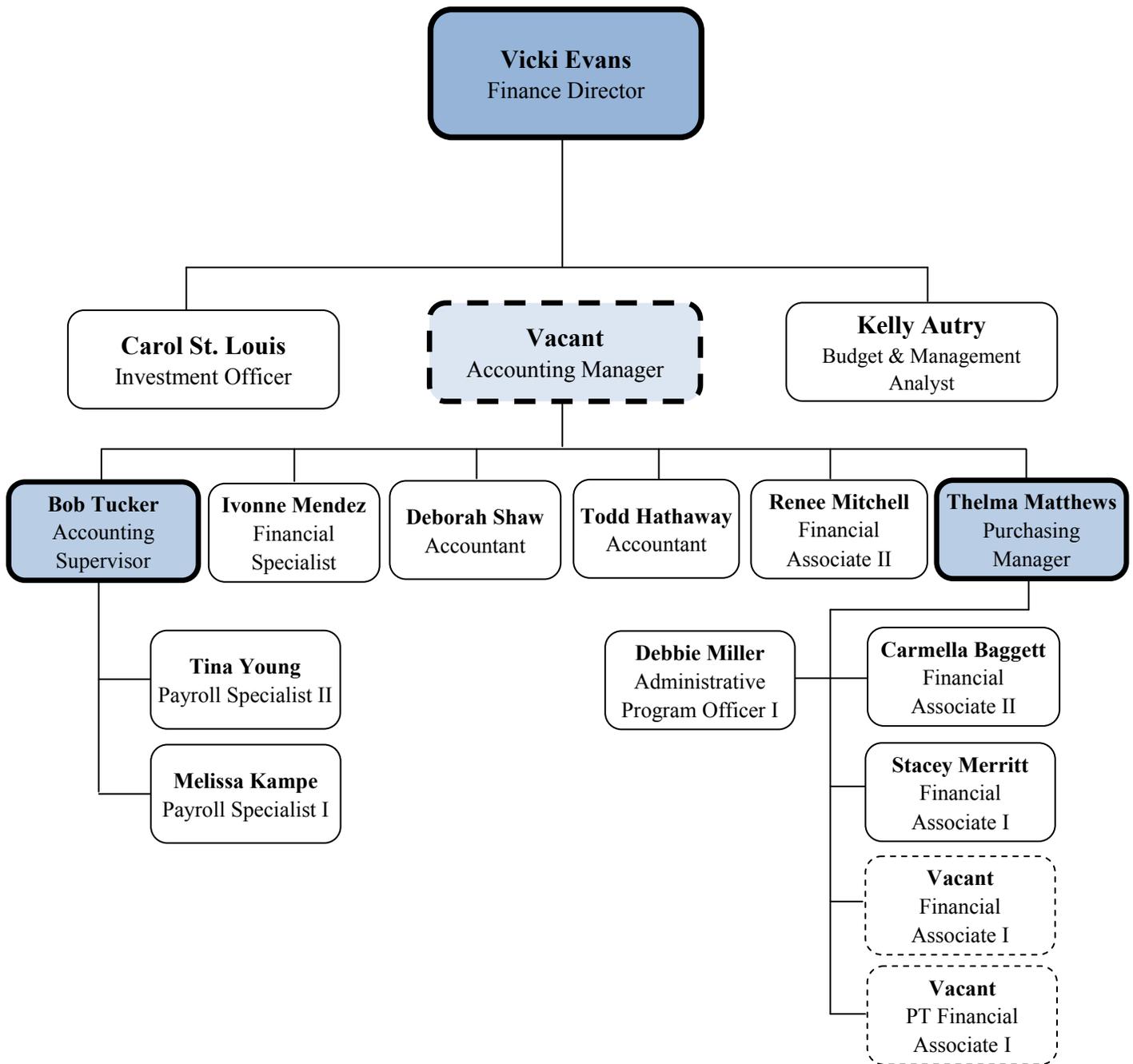
Amy H. Cannon, CPA
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James E. Lawson
Melissa C. Cardinali
W. Tracy Jackson



CUMBERLAND COUNTY

NORTH CAROLINA

Finance Department



COUNTY OF CUMBERLAND, NORTH CAROLINA

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COUNTY OF CUMBERLAND

FINANCE DEPARTMENT

November 20, 2015

The Honorable Kenneth S. Edge, Chairman
The Honorable W. Marshall Faircloth, Vice Chairman
The Honorable Glenn B. Adams
The Honorable Dr. Jeannette M. Council
The Honorable Charles Evans
The Honorable Jimmy Keefe
The Honorable Larry L. Lancaster, and
The Citizens of Cumberland County, North Carolina:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Cumberland for the fiscal year ended June 30, 2015. 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, who is responsible for the accuracy of the data and for the completeness and fairness of its presentation including all disclosures. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report

of independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County is required to undergo an annual single audit in conformity with the provision of the 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 329,411 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 nearly 163,000 acres, including training lands. Fort Bragg contributes to the area economy as well as to the international and cosmopolitan culture of the community.

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

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. On any given day, the post is home to about 40 general officers, including two foreign generals who serve with the 18th Airborne Division. Those numbers put Fort Bragg second only to the Pentagon in terms of general officers. The top-ranked general on Fort Bragg is the four-star officer in charge of the U.S. Army Forces Command. But the post's commanding general is actually a three-star officer – the commander of the 18th Airborne Corps.



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's roughly 53,700 troops combined with another 14,000 civilians work on the sprawling post, which claims more than 570 miles of roads. In all, the post supports a population of roughly 260,000, including military families, contractors, retirees and others. They do so with a budget topping \$1.2 billion (spread across several large commands) and an economic impact of about \$9.9 billion on the 11-county area surrounding the post. 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, however the post is not immune to the federal spending cuts that have been occurring. The major construction planned for fiscal year 2015 totals \$121 million which is remarkable when compared with other Army installations. Fort Bragg is doing extremely well because of the diversity of military missions. The projections are averaging about \$100 million per year through FY2021 to support Special Operations Missions which include the 3rd Special Forces Group, 95th Civil Affairs, and the US Army John F. Kennedy Special Warfare Center and School.

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. Locally, the most recent information shows that Fort Bragg will see a small decline in its population over the next few years, but it should continue to remain the nation's most populous military installation. Fort

Bragg is set to lose 842 troops by the end of 2018 and further cuts to civilian employees are expected. The population will fluctuate with gains in some units and losses in others. In comparison to other posts, Fort Bragg has fared very well. Cuts to other installations have been much higher, especially related to the local force affected.

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. New businesses continue to crowd into the Cross Creek Mall area of Fayetteville. The area’s first IMAX Theater, Patriot 14, opened on Lake Valley Drive. There is also commercial growth on Ramsey Street and Raeford Road; both areas of recent residential growth. Over the past year, development has been rapid on Glensford Drive where new businesses include a Fresh Market grocery store, a Jos. A. Bank men’s clothing store and a new upscale restaurant – Bonefish Grill. On Skibo Road, Marketfair Shopping Center has been overhauled and new businesses are starting to move in. Cross Creek Mall expanded last year, has added several new tenants and is opening H&M department store in the fall and opened a Vans shoe store during the year. Retail and service jobs account for about 36 percent of all private industry jobs in the County.



The Fresh Market Grand Opening

As shown in the Taxable Sales Table 1, FY2015 sales experienced the most growth in the recent past, growing 5.24% over the previous fiscal year taxable sales amount.

TAXABLE SALES
Table 1

Year	Cumberland County	% Change
2015	\$3,693,046,187	5.24%
2014	\$3,509,005,624	-1.39%
2013	\$3,558,501,389	1.34%
2012	\$3,511,570,535	4.02%
2011	\$3,375,817,327	9.71%

Source: North Carolina Department of Revenue

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 8.2% versus the state average of 12.7%. 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. Currently, 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		2014 Estimate		2020 Projected	
	Population	Population	% Change from 2005	Population	% Change from 2010	Population	% Change from 2013
Cumberland County	302,576	327,445	7.6%	329,411	.6%	340,425	3.2%
North Carolina	8,685,811	9,574,477	9.3%	9,953,687	3.8%	10,573,611	5.9%

Source: North Carolina Office of State Budget and Management

As shown in Table 3, between 2012 and June 2015, the County's average unemployment rate decreased by 2.5%. The state's average unemployment rate decreased during the same timeframe by 2.8%. 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
2015 (6 mo.)	127,382	117,545	9,837	7.7%	6.1%
2014	124,122	116,207	7,915	6.4%	5.0%
2013	126,943	116,486	10,457	8.2%	6.5%
2012	131,880	118,368	13,512	10.2%	8.9%
2011	132,539	119,026	13,513	10.2%	9.6%

Source: Employment Security Commission of North Carolina

In a weighted study with analysis conducted by WalletHub, a personal finance website, Fayetteville was first in having the highest decrease in ratio of part-time to full-time jobs and ninth in in-flow of college-educated workers. The weighted study checked 17 economic indicators which included college-educated workers, new businesses, home-price appreciation, poverty rate and changes between part-time and full-time jobs. Overall, Fayetteville ranked ninth among the nation's 150 largest most recession-recovered cities. Business leaders are optimistic that the local economy is gaining strength following an announcement regarding the Fort Bragg cuts being limited to only 842 according to an article in the Fayetteville Observer. In addition:

Blue Cross Blue Shield of North Carolina opened a regional customer service center, leasing office space at Festival Park Plaza, off Ray Avenue. This brought 107 customer service professional and leader jobs to Fayetteville during the spring of 2015. The positions are full time with benefits.

The new health care facility of the Fayetteville VA Medical Center is slated to be completed in November 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.

The most recent data available from the US Department of Commerce's – Bureau of Economic Analysis per capita personal income ranks the County fifth highest across the state, and 18% above the average per capita personal income in the state. From 2007 to 2012 personal income rose in Fayetteville by 25.6 percent, more than double the average of the state. In addition, the I-295 Outer Loop which will connect I-95 with Fort Bragg from both the north and south got a boost in June 2015 when the state Board of Transportation approved a plan that includes funding that will complete the highway. Several sections of the highway have already opened with the Ramsey Street to All American connection scheduled to open in September 2016. The Cliffdale Road stretch is scheduled to be finished in March 2019. Several other road projects are scheduled for completion in the fall of 2015, including the Glensford Drive connection to Raeford Road and Hope Mills Road which will connect a busy road and some of Fayetteville's major retail shopping centers.



Crown Coliseum

In November 2013, Philadelphia-based Global Spectrum entered into a five-year management agreement with the County to run the Cumberland County event complex and is now operating as the venue management division of Spectra by Comcast Spectacor, part of the same media company that operates Comcast Cable and NBCUniversal. Some of the local area's biggest events take place in the five venues that make up the Crown Complex. The coliseum, theater, expo center, arena and ballroom host a variety of community events, from high school graduations to some of the biggest names in entertainment. In the fall, the grounds are filled with rides, exhibits and entertainment of the Cumberland County Fair. Throughout the year the Community Concert series brought in acts such as Trace Adkins and Smokey Robinson. Global brought in two roller derby leagues and Tyler Perry shows during February. Ticket sales have been steadily increasing along with growing star power. In a five-day showing in December 2014, Disney on Ice: Frozen broke the venue's record of highest grossing event with almost 50,000 tickets sold and in March 2015, a crowd of more than 9,000 saw living legend Elton John rock the coliseum as reported in the Fayetteville Observer. Other big-name events scheduled during FY2016 are Miranda Lambert and her all-female Roadside Bars and Pink Guitars Tour and J. Cole with his

homecoming tour, 2014 Forest Hills Drive. Since the inception of the management agreement with Global, the website and marketing efforts have been re-vamped, a pub-style bar and eatery has opened within the complex, and the facilities have been spruced up. Operations have been streamlined across the complex and expenses have been cut while the venue continues to contribute to citizens' quality of life.

The Cumberland County housing market continues to emerge slowly from the prolonged economic downturn. Cumberland County home values have slightly decreased by -0.6% over the past year according to Zillow, an online real estate database founded in 2005. Zillow also predicts home values will rise 3.9% within the next year. Utilizing statistics provided by Fayetteville Regional Association of Realtors, in comparing new and existing home sales in June 2015 to June 2014, 4% more homes were sold and the comparative increase in value at closing was 3%.

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 2015 is 21% greater than for the same period of time in 2014. The value of new residential permits is up by 3% over the same period. While the total number of new non-residential permits in the first six months of 2015 is up by 34%, the value of the new non-residential permits is 32% lower over the same period the previous year. The dramatic increase in value of new non-residential during 2014 is a result of the construction costs for the VA Fayetteville Health Care Center.

BUILDING PERMITS
Table 4

Calendar Year	New Residential		New Non-Residential	
	Number	Value	Number	Value
2015 (6 mo.)	468	\$ 62,759,511	63	\$ 57,989,273
2014	851	\$127,106,376	97	\$128,359,992
2013	1,235	\$170,894,335	93	\$70,265,759
2012	2,230	\$223,447,127	123	\$64,995,113
2011	1,930	\$241,609,901	124	\$66,131,097
2010	2,058	\$218,503,430	122	\$75,329,951

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 2014-2015 School Year. For the fiscal year ended June 30, 2015, the County appropriated \$78,066,624 from General Fund revenues

for school current operations. For the fiscal year ending June 30, 2016, the County's budgeted appropriation is \$78,983,070 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, 2015, those actual sales taxes totaled \$9,458,763. An additional \$832,373 was received as part of the inter-local Sales Tax Hold Harmless agreement with its municipalities. The County received \$3,802,117 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2015. As of June 30, 2015, the County has received \$44,043,218 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 AVERAGE DAILY MEMBERSHIP
Table 5

Year	K-5		6-8		9-12		Total ADM
	# Schools	ADM	# Schools	ADM	# Schools	ADM	
2014-2015*	52	27,074	17	11,784	17	15,997	51,855
2013-2014*	52	24,005	17	11,850	17	15,992	51,847
2012-2013*	53	24,788	16	11,857	15	16,084	52,729
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

* 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 4,152.

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 *2015 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, 2015 totaled \$9,647,928. The County also appropriated capital outlay funds in the amount of \$2,989,303. For the fiscal year ending June 30, 2016, the appropriations from the County to FTCC are \$10,104,516, an increase of \$456,588.

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:

2014-2015 ENROLLMENT
Table 6

Institution	Total Enrollment	Full-Time/FTEs
Fayetteville State University		
Undergraduate	5,247	3,935
Graduate	652	332
Methodist University		
Undergraduate	2,171	1,881
Graduate	199	186
Fayetteville Technical Community College		
Curriculum Students	17,880	8,811
Continuing Education Students	19,403	2,859

Sources: FSU, MU and NC Community Colleges respective websites

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 within available resources to address increased service demands to continue our mission of providing quality services while being fiscally responsible; and to allocate funding that supports the Board of Commissioners' strategic plan. *Investing in our workforce* enhances the Board's goal of retaining motivated, professional and well-trained personnel who offer excellent customer service. *Customer service* addresses the Board's core value of serving our citizens with professionalism, respect, integrity with accountability, diversity and excellent customer service (PRIDE). *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* upgrades seek to address the Board's objectives of advancing the County's automation capabilities and to optimize service delivery through innovation, automation and technology to enhance current services and create new service opportunities. A new initiative – *Business Intelligence Partnership* – was developed to advance the philosophy of continue seeking ways to streamline service delivery process and continue to emphasize technology as a means of enhancing customer service. A summary of each FY2016 budget funding priorities are as follows:

Investing in Our Workforce: As the County's greatest resource, employees received a cost of living increase with funds identified during the FY2016 budget process which accomplished a top priority established by the Board. Providing a comprehensive and creative wellness program is another initiative that serves to invest in improving the well-being, job satisfaction and retention rates of employees. The focus of the initiative is to offer creative activities that combine nutrition, physical activity, stress reduction and positive lifestyle changes. During FY2015 an employee garden was created; walking and running groups were started; team sports were organized; and a full array of nutrition classes were offered. Investing in the health and nutrition of our workforce may serve as a catalyst for positive lifestyle changes throughout the community.

Customer Service: Addressing homelessness as a community issue was also identified as a funding priority and it was also included as an initiative by the Fayetteville City Council. In partnership with the City, a systematic approach will be used in reaching this underserved population in our communities.

Adding new positions within several County departments also addresses the initiative of customer service. Fifteen new positions were approved in areas that were experiencing difficulty in providing timely services to the citizens. Prior to approval, those departments accepted the charge to develop strategic and creative solutions to customer service gaps without adding personnel and determined the increased demand could not be appropriately managed without additional personnel.

Infrastructure Repairs and Maintenance: During FY2015 an evaluation of parking lots, roof systems and building systems was completed and a five year plus capital improvement plan was established. The evaluation showed a total cost of nearly \$10 million to fund the next three years of improvements. Due to the significant costs to catch up and proactively fund an ongoing maintenance program, financing to fund the first three years of the improvements was approved by the Board.

Technology Upgrades: The County has made significant progress in the past two years in advancing automation and technology capabilities. This initiative seeks to address the Board's objectives of optimizing service delivery through innovation, automation and technology to enhance current services and create new service opportunities. Updates to financial and human resources software, called Enterprise Resource Planning (ERP) began in FY2015 as well as adding document imaging systems for DSS, Child Support and Veterans Services. Funds were budgeted in FY2016 for upgrades and replacement of networking equipment, computer replacement at the Health Department and Library. Funds were also budgeted to complete the final phase of Voice Over Internet Protocol (VOIP) to provide

a County-wide uniform phone system which allows for video conferencing, enhances services mobility and will reduce annual operating costs.

Business Intelligence Partnership: Advancing this philosophy supports the strategic plan goals and objectives of advancing the County's automation and technology capabilities. An Enterprise Solutions Division has been developed to create a Business Intelligence Partnership. This area will advance and expand the analysis from business process efficiencies related to ERP and document imaging to all business processes to include informational, relationship or staffing changes to maximize efficiency opportunities. This division will work collaboratively in partnership with all County departments to enhance service delivery in the most efficient and economical manner.

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.

In February 2015, very strong budgetary flexibility with available reserves, adequate budgetary performance based on adjusted FY2014 results, very strong liquidity and management conditions, and a very strong debt and contingent liabilities profile led to Standard and Poor's Rating Group affirming the County's AA+ General Obligation Bond Rating and AA appropriation rating on debt outstanding. 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, 2014. This was the twenty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

We appreciate the assistance and dedication of the Finance Department and Internal Auditor 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



Vicki Evans
Finance Director



Government Finance Officers Association

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

Presented to

**County of Cumberland
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Citizens of Cumberland County

Board of County Commissioners

County Manager

Clerk to the Board

County Attorney

Assistant County Manager
Support Services

Animal Control

Central Maintenance

Community Development

Cooperative Extension

Emergency Services

Engineering & Infrastructure

Planning & Inspections

Soil & Water Conservation

Workforce Development

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

Deputy County Manager
Human Services

Child Support

Human Resources

Library

Mail Management

Pretrial Services

Print & Graphic Services

Public Health

Senior Employment

Social Services

Veterans Services

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

Board of Elections

Crown Complex

Parks & Recreation

Public Information

Assistant County Manager
Finance &
Administrative Services

Finance & Budget

Information Services

Internal Audit &
Wellness Services

Risk Management

Solid Waste Management

Tax Administration

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

Legal

Register of Deeds

Sheriff's Office &
Detention Center

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

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, 2015 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Changes in Accounting Principle

As discussed in Note 18 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB statement No. 27)*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, effective July 1, 2014. As a result, net position as of June 30, 2014 has been restated. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

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

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplemental financial data, statistical section, and the continuing disclosure information section, as well as the accompanying schedule of expenditures of federal and State awards as required by 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. In our opinion, based on our audit and the procedures described above and the report of other auditors, the combining and individual fund statements and schedules, other supplemental financial data, and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 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.

Handwritten signature in black ink that reads "Cherry Bekasert LLP". The signature is written in a cursive, flowing style.

Fayetteville, North Carolina
November 20, 2015

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, 2015. 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.

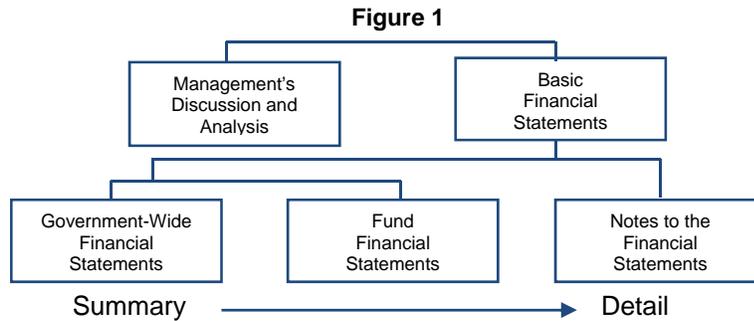
Financial Highlights

- 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 \$163,128,330 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$32,518,415 in long-term debt associated with assets belonging to the Cumberland County Board of Education. Also, the County has two installment financing agreements with a total balance of \$4,599,065 to pay for the purchase and renovation of a building plus HVAC and roofing projects at Fayetteville Technical Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a corresponding lower net asset amount.
- The County's net position decreased \$1,509,843, a decrease of .92% due to a decrease in Governmental Activities of \$2,234,084 and an increase in Business-type Activities of \$724,241.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$123,871,691 an increase of \$2,562,406 from the prior year. Approximately 60.25% of this total amount or \$74,584,826 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 \$113,176,472 or 35.56% of the total \$318,234,173 general fund expenditures (adjusted for transfers). Of this amount, \$41,186,789 or 12.94% is non-spendable, restricted or committed. Another \$40,166,266 or 12.62% is assigned leaving \$31,823,417 or 10.0% of total general fund expenditures as unassigned.
- The County's total outstanding debt decreased by \$28,714,215 (8.99%) during the current fiscal year.
- In February 2015, very strong budgetary flexibility with available reserves, adequate budgetary performance based on adjusted FY2014 results, very strong liquidity and management conditions, and a very strong debt and contingent liabilities profile led to Standard and Poor's Rating Group affirming the County's AA+ General Obligation Bond Rating and AA appropriation rating on debt outstanding. 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.

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** (pages F-1 through F-54). The Notes explain in detail some of the data contained in those statements. Following the notes is the **Required Supplemental Information** (pages G-1 through G-10). This section contains funding information about the County's, Law Enforcement Officers' Special Separation Allowance, Pension Plan Obligations and Other Post Employment Benefit Retiree Healthcare. 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 Center, 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 23 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 and the Gray's Creek Middle School Capital Project Fund—both 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. [Note: The Special Allowance Fund is reported as a Fiduciary Fund, but does not meet the criteria for a trust fund outlined in the Governmental Accounting Standards Board’s Statement (GASB) 68, paragraph 4.]

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 a separation allowance to qualified sworn law enforcement officers, pension benefits, 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**

Cumberland County’s Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 148,983,715	\$ 157,309,872	\$ 55,294,524	\$ 57,763,814	\$ 204,278,239	\$ 215,073,686
Capital assets	218,474,474	212,200,345	62,418,555	60,070,842	280,893,029	272,271,187
Total assets	<u>367,458,189</u>	<u>369,510,217</u>	<u>117,713,079</u>	<u>117,834,656</u>	<u>485,171,268</u>	<u>487,344,873</u>
Deferred outflows of resources	2,226,143	8,554,627	2,170,713	2,106,516	4,396,856	10,661,143
Long-term liabilities outstanding	253,312,014	244,832,759	47,533,827	45,783,430	300,845,841	290,616,189
Other liabilities	21,544,820	19,186,313	1,632,199	2,454,045	23,177,019	21,640,358
Total liabilities	<u>274,856,834</u>	<u>264,019,072</u>	<u>49,166,026</u>	<u>48,237,475</u>	<u>324,022,860</u>	<u>312,256,547</u>
Deferred inflows of resources	424,585	21,876,943	482,506	744,196	907,091	22,621,139
Net position:						
Net investment in capital assets	159,441,226	160,482,008	31,819,848	31,557,533	191,261,074	192,039,541
Restricted	55,508,183	51,285,265	19,988,485	14,589,748	75,496,668	65,875,013
Unrestricted	(120,546,496)	(119,598,444)	18,426,927	24,812,220	(102,119,569)	(94,786,224)
Total net position	<u>\$ 94,402,913</u>	<u>\$ 92,168,829</u>	<u>\$ 70,235,260</u>	<u>\$ 70,959,501</u>	<u>\$ 164,638,173</u>	<u>\$ 163,128,330</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 \$163,128,330 as of June 30, 2015. The County’s net position decreased by \$1,509,843 for the fiscal year ended June 30, 2015. 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 other

postemployment healthcare benefits (OPEB) to retirees of the County. For FY2015, the net OPEB obligation (expense) of \$8,377,727 was allocated between the governmental activities functional areas and business-type activities. The net OPEB obligation at year end is \$105,379,548 an 8.64% increase. Of total net position, one of the largest portions, \$192,039,541, 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, \$65,875,013 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 \$94,786,224 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 debt obligations. 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 \$37,117,480 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 99.23% for real and personal property. .
- Program revenues totaled \$82,770,304 increasing by \$3,639,272 from the previous year.
- Operating grants from the State and Federal government and charges for services increased a total of \$4,666,284 to \$77,993,801. Most of this increase was in Social Service Programs with the North Carolina Medical Assistance Administration increasing \$3,764,247 due to an increase in the reimbursement rate changing from 50% to 75%. The rest of the increase was spread across several different grants.
- Capital Grants and contributions decreased \$1,027,012 to \$4,776,503 primarily due to a \$722,194 reduction in Federal Drug Forfeiture Funds and a \$246,321 reduction in E-911 wireless funds.
- General revenues, excluding transfers, totaled \$257,111,913 increasing by \$133,914 from the previous year.
- Property tax revenue decreased \$1,879,013 to \$182,564,817. Real property tax revenues increased \$2,370,827 due to growth in the tax base and continued high tax collection rate. However, motor vehicle tax collections decreased \$4,195,191. The reason for this decrease is that in FY2014 there was a three month overlap in the transition from the County collecting motor vehicle taxes to the state-wide "Tax and Tag Together" program. This overlap created a one-time revenue windfall in FY2014.
- Sales tax revenue increased \$2,610,759 to \$49,737,087 or 5.54% due a rebound in the local economy.
- Governmental activities expenses decreased by \$6,452,087 to \$325,951,294 or 1.94%.

CUMBERLAND COUNTY'S CHANGES IN NET POSITION
Table 2

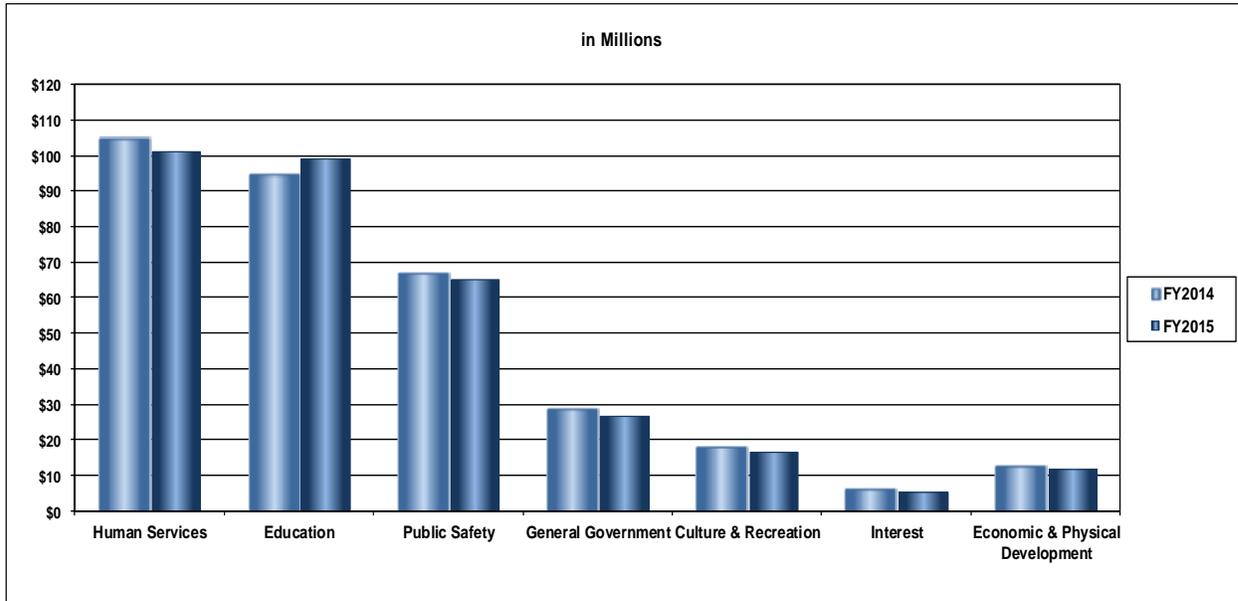
	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues:						
Charges for services	\$ 12,364,605	\$ 13,059,239	\$ 5,349,695	\$ 5,651,202	\$ 17,714,300	\$ 18,710,441
Operating grants and contributions	60,962,912	64,934,562	589,023	621,463	61,551,935	65,556,025
Capital grants and contributions	5,803,515	4,776,503	40,053	-	5,843,568	4,776,503
General revenues:						
Property taxes	184,443,830	182,564,817	-	-	184,443,830	182,564,817
Other taxes	54,497,219	57,502,019	6,189,859	6,349,741	60,687,078	63,851,760
Grants and contributions not restricted to specific programs	11,708,537	11,250,145	-	-	11,708,537	11,250,145
Unrestricted investment earnings	187,033	188,401	123,409	123,897	310,442	312,298
Gain on sale of assets	127,232	273,463	-	-	127,232	273,463
Miscellaneous	6,014,148	5,333,068	36,592	-	6,050,740	5,333,068
Total revenues	<u>336,109,031</u>	<u>339,882,217</u>	<u>12,328,631</u>	<u>12,746,303</u>	<u>348,437,662</u>	<u>352,628,520</u>
Expenses:						
General government	28,905,546	26,795,436	-	-	28,905,546	26,795,436
Public safety	66,897,589	65,033,036	-	-	66,897,589	65,033,036
Economic and physical development	12,557,762	11,911,261	-	-	12,557,762	11,911,261
Human services	105,177,910	101,196,588	-	-	105,177,910	101,196,588
Culture and recreation	17,973,551	16,715,175	-	-	17,973,551	16,715,175
Education	94,841,212	99,040,656	-	-	94,841,212	99,040,656
Interest on long-term debt	6,049,811	5,259,142	-	-	6,049,811	5,259,142
Solid Waste	-	-	7,274,208	8,367,442	7,274,208	8,367,442
Crown Center	-	-	9,004,249	7,829,562	9,004,249	7,829,562
Kelly Hills Water and Sewer District	-	-	68,661	67,709	68,661	67,709
Norcross Water and Sewer District	-	-	576,691	572,121	576,691	572,121
Southpoint Water	-	-	24,674	30,673	24,674	30,673
Total expenses	<u>332,403,381</u>	<u>325,951,294</u>	<u>16,948,483</u>	<u>16,867,507</u>	<u>349,327,190</u>	<u>342,818,801</u>
Increase in net position before transfers	3,705,650	13,930,923	(4,619,852)	(4,121,204)	(914,202)	9,809,719
Transfers	(5,141,299)	(5,441,959)	5,141,299	5,441,959	-	-
Change in net position	(1,435,649)	8,488,964	521,447	1,320,755	(914,202)	9,809,719
Net position - beginning	95,938,062	94,402,913	69,614,313	70,235,260	165,552,375	164,638,173
Restatement Pensions	-	(10,723,048)	-	(596,514)	-	(11,319,562)
Reclassification - Capital Project	(99,500)	-	99,500	-	-	-
Net assets - beginning as restated	<u>95,838,562</u>	<u>83,679,865</u>	<u>69,713,813</u>	<u>69,638,746</u>	<u>165,552,375</u>	<u>153,318,611</u>
Net assets - ending	<u>\$ 94,402,913</u>	<u>\$ 92,168,829</u>	<u>\$ 70,235,260</u>	<u>\$ 70,959,501</u>	<u>\$164,638,173</u>	<u>\$163,128,330</u>

Governmental Activities. Governmental activities decreased the County's net position by \$2,234,084. Key elements of this decrease are as follows:

- The FY2014 ending net position of \$94,402,913 was reduced \$10,723,048 to \$83,679,865 due to the implementation of GASB Statements 68 and 71 as discussed in Note #18 of the Notes to the Financial Statements.
- As noted above, governmental activities expenses decreased by \$6,452,087 to \$325,951,294 or 1.94%.
- *Personnel expenses* decreased \$9,980,002. The two main components of decrease were pension and other post-employment benefits (OPEB) expenses. Pension expense was a \$5,566,755 credit because the County's FY2015 contributions to the statewide Local Government Retirement plan were treated as a deferred outflow subsequent to the actuarial measurement date of June 30, 2014. OPEB expense decreased \$5,537,076 because of a reduction in the Annual Required Contribution due to changes in eligibility requirements for retirees to qualify for post-employment health insurance.
- *Operating expenses* increased \$606,537 or 1.74%. The majority of the increase was due to the software expense line which increased \$1,065,185. The increase was offset by decreases in other operating expenses spread across several different expense lines.
- *Other charges and services* stayed virtually the same increasing only \$84,011.
- *Capital outlay*, excluding capital project funds, increased \$3,254,989. Most of this increase can be attributed to increases in capital outlay for Fayetteville Technical Community College and School

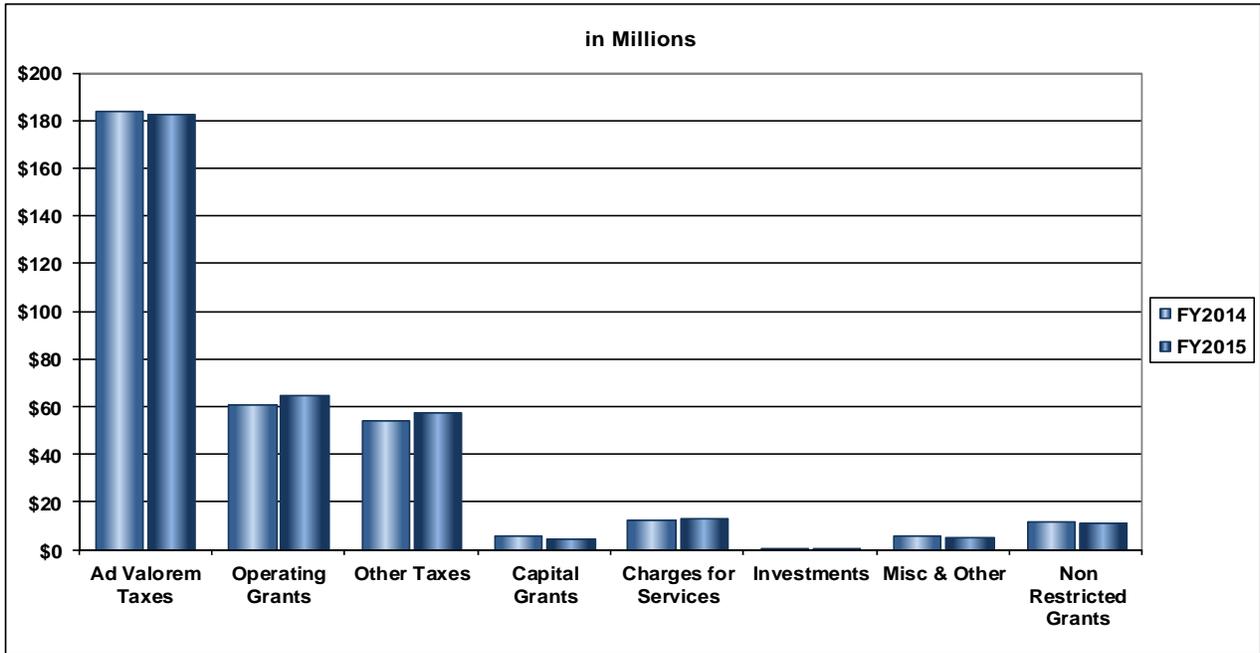
Capital Outlay Category I which increased \$2,571,392 and \$741,284 respectively. Capital project expenses were \$254,028 as construction winds down for the Detention Facility Expansion Project, the New Century Middle and Elementary Schools, and classroom additions to the Grays Creek Middle School. In FY2015 the County started construction on the Bullard Circle water project.

GOVERNMENTAL ACTIVITIES EXPENSES
Figure 2



- *Ad valorem taxes*, Figure 3, decreased \$1,879,013. Real property tax revenues increased \$2,370,827 due to growth in the tax base and continued high tax collection rate. However, motor vehicle tax collections decreased \$4,195,191. The reason for this decrease is that in FY2014 there was a three month overlap in the transition from the County collecting motor vehicle taxes to the state-wide “Tax and Tag Together” program. This overlap created a one-time revenue windfall in FY2014.
- *Charges for Services and Operating Grants and Contributions* increased \$4,666,284. Most of this increase was in Social Service Programs with the North Carolina Medical Assistance Administration increasing \$3,764,247 due to an increase in the reimbursement rate changing from 50% to 75%.
- *Sales tax* revenue increased \$2,610,759 to \$49,737,087 or 5.54% due a rebound in the local economy.
- The remaining components of revenue: Grants and Contributions not restricted to specific programs, Investments, and Miscellaneous Revenue decreased by \$991,873. Major contributors to this decrease included: a one-time refund of \$601,391 was received from the state in FY2014 for start-up costs for the “Tax and Tag Together” program and a \$561,351 decrease in ABC Store profit distribution.

GOVERNMENTAL ACTIVITIES REVENUE
Figure 3



GOVERNMENTAL ACTIVITIES - PROGRAM REVENUE & EXPENSES
Figure 4

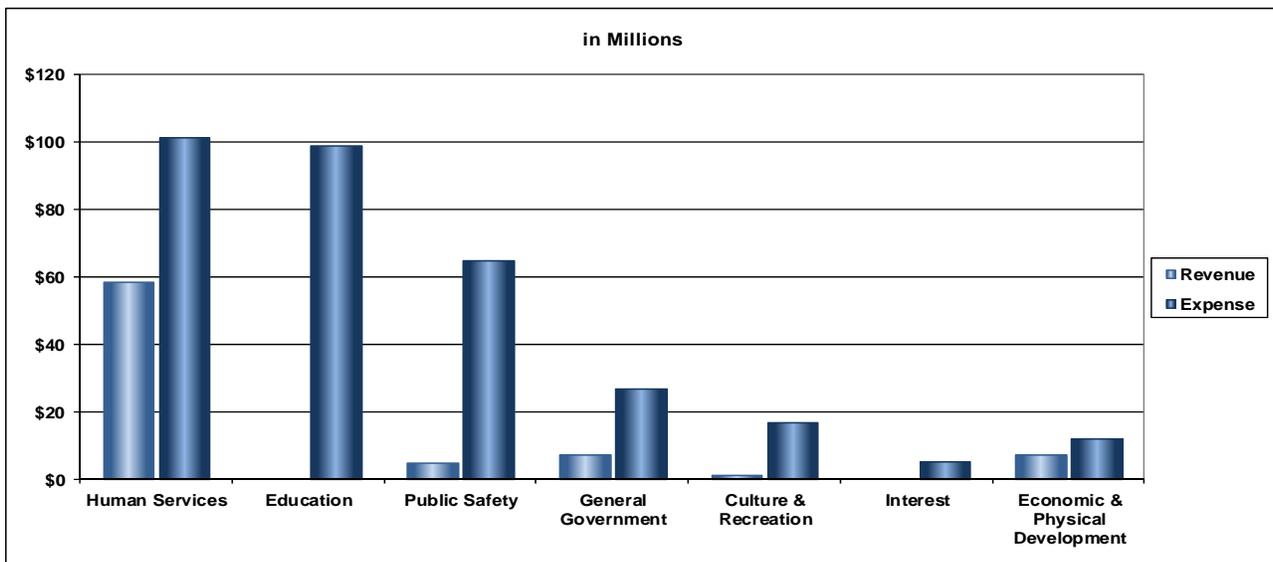
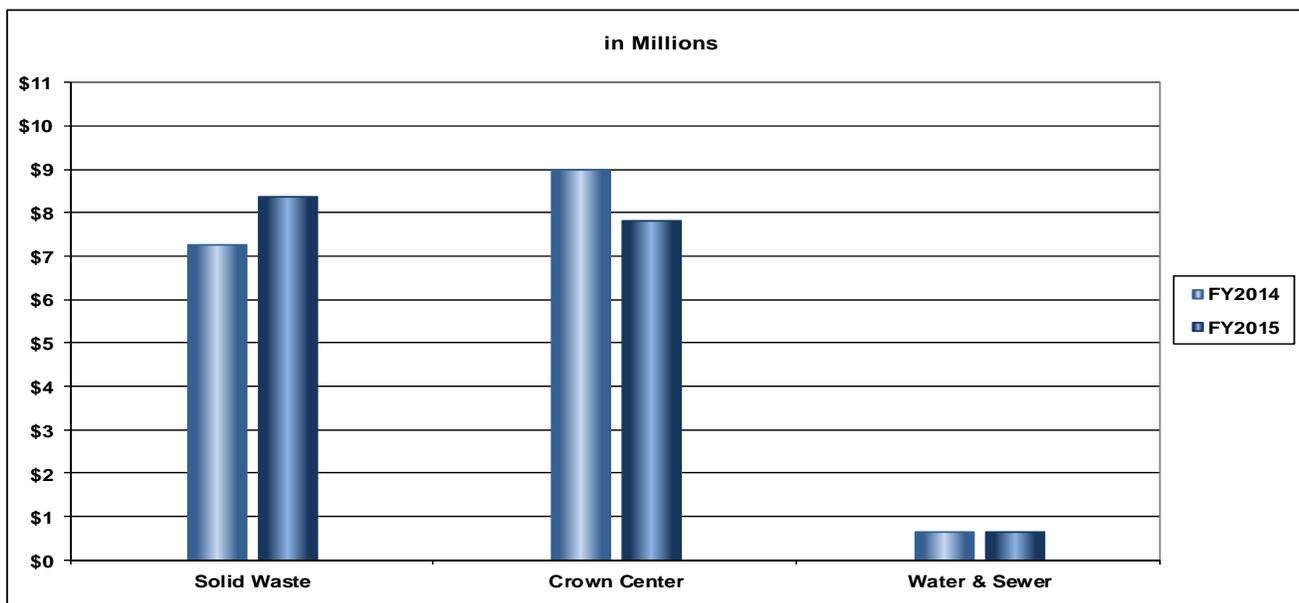


Figure 4 represents a comparison of program revenues to program expenses for governmental activities. For each activity, general revenues were required to support expenses. Program revenues covered 24.3% of expenses at June 30, 2015 and 23.8% at June 30, 2014. The largest general revenue source for governmental activities was ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$182,564,817 amounted to 71.01% of the total general revenues excluding transfers. The second largest general revenue source was Other Taxes at \$57,502,019 or 22.36% of total general revenues excluding transfers. All other general revenue amounted to 17,045,077 or 6.63%.

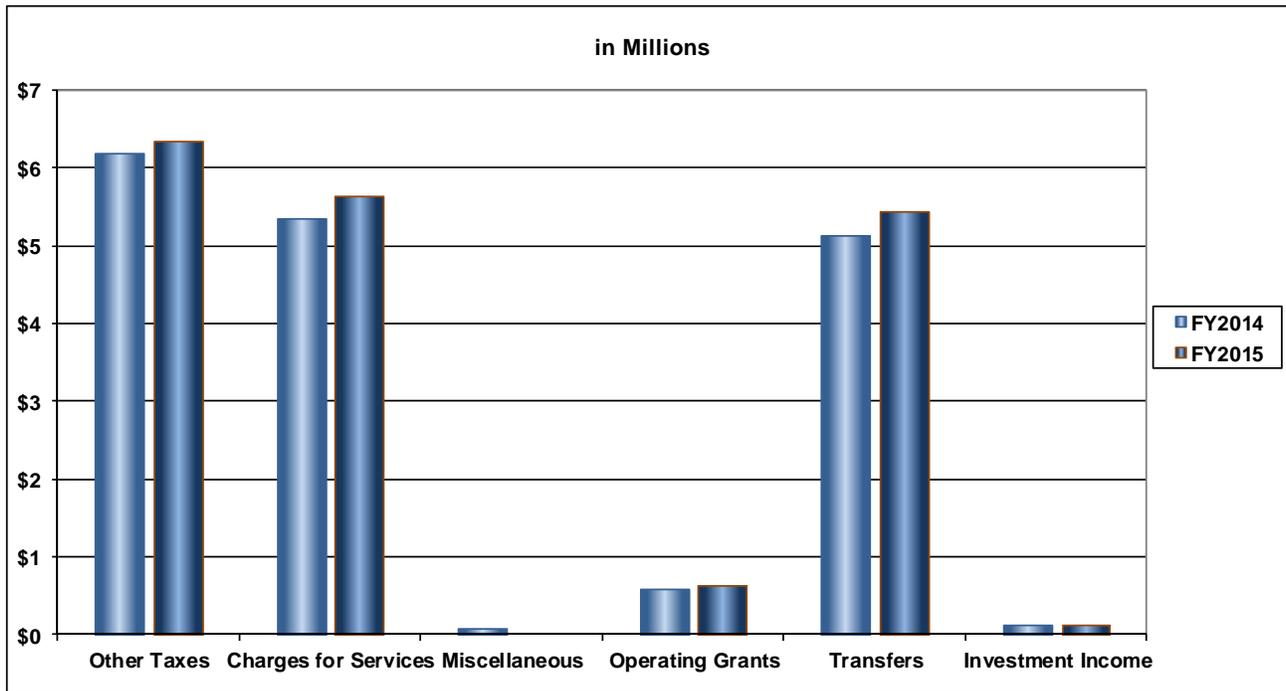
Business-type activities: Business-type activities, (Figures 5 and 6) increased the County's net position by \$724,241. Key elements of this increase are as follows:

- The FY2014 ending net position of \$70,235,260 was reduced \$596,514 to \$69,638,746 with the implementation of GASB statements 68 and 71.
- The Crown Center's net position increased by \$698,269. The primary reason for this increase is that Operating Expenses were down \$1,060,649 from FY2014. This decrease in operating expenses off-set a \$249,657 decrease in Operating Revenue. The County entered into an agreement with a private management firm to manage the Crown Center effective November 2013. FY2015 was the first full year the Crown Center was managed by the private management firm.
- The Solid Waste Fund reported an increase in net position of \$725,054. The \$558,430 increase in Operating Revenue was primary reason for the increase in net position.
- The Kelly Hills Water and Sewer District had a \$28,254 increase in net position due primarily to a transfer from the General Fund for the purchase of equipment.
- The NORCRESS Water and Sewer District had a \$148,520 decrease in net position due to expenses exceeding revenue.
- Southpoint Water and Sewer District had a \$698 increase in net position.
- The net position of the Overhills Park Water and Sewer District remained unchanged at \$99,500.
- The net position of the Bragg Estates Water and Sewer District Fund remained unchanged at \$33,000.

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 \$123,871,691 a 2.11% increase from FY2014. The unassigned fund balance of \$31,241,301 which is not restricted, committed or assigned for specific purposes, makes up 25.22% of the total \$123,871,691. Another \$43,343,525 is assigned for specific purposes: (1) for subsequent years' expenditures - \$17,701,134; (2) for tax office software - \$4,500,000; (3) for water & sewer industrial expansion - \$4,876,523; (4) for economic development incentives - \$1,500,000; (5) for mental health services - \$4,633,970; (6) for renovations and maintenance - \$5,131,898; (7) for special purposes - \$2,500,000; (8) for technology upgrades - \$2,500,000. Committed fund balance includes \$758,093 for property revaluation per state statute and another \$122,390 for public safety. Another \$2,589,843 of fund balance is in non-spendable form for inventories and pre-paids. The remainder of fund balance, \$45,738,333, 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 \$31,823,417; assigned and committed fund balance was \$40,924,359 while total fund balance was \$113,176,472. 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 adjusted for transfers. Available fund balance which includes unassigned, assigned and committed fund balance was 22.85% while total fund balance represents 35.56% 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 \$316,471,807 increasing \$4,381,511 (1.40%) from last year. Significant highlights include:

- *Ad valorem property tax revenues* decreased \$2,053,196 (1.18%) to \$172,537,191. Real property tax revenues increased \$2,194,103 due to growth in both the real property tax base. However, motor vehicle tax collections decreased \$3,919,017. The reason for this decrease is that in FY2014 there was a three month overlap in the transition from the County collecting motor vehicle taxes to the state-wide "Tax and Tag Together" program. This overlap created a one-time revenue windfall in FY2014. The initial estimate was \$3,000,000 but appears to have been closer to \$4,000,000. Finally, the interest tax penalty on late tax bills decreased \$303,144 due to the State collecting the taxes for motor vehicles.
- *Other taxes* increased by \$2,631,381 (5.41%) to \$51,231,546. This amount includes Sales Taxes which increased \$2,747,446 due a rebound in the local economy. Pet Registration Fees and the Video/Telecommunications taxes decreased \$84,338 and \$31,727 respectively to make up most of the difference between the \$2,631,381 and the \$2,747,446.
- *Unrestricted Intergovernmental Revenue* decreased \$453,499 (3.87%) primarily due to a decrease in ABC Store profits and distributions of \$534,186. Federal Prisoner Housing and Investigation Support increased \$35,817 and \$44,389 respectively to make up most of the difference between the \$453,499 and the \$534,186.
- *Restricted Intergovernmental Revenue* increased \$3,961,546 (6.65%) to \$63,509,224. Most of this increase is because NC Medical Administration reimbursements have increased \$3,764,249. The reason for this increase is that the reimbursement percentage has increased from 50% to 75%. The balance of the offset is spread across several categories of revenue.
- *Licenses and Permits* remained virtually unchanged decreasing by \$27,301 from \$2,291,257 to \$2,263,956.
- *Sales and Services* increased \$712,495 (7.19%) to \$10,622,917. This increase was primarily the result of an increase in Board of Education Security Fees and Case Management Fees which increased \$562,704 and \$226,113 respectively. The Board of Education Security Fees increased due to the addition of more school resource officers and reimbursement for the purchase of cars to be used by the school resource officers. The Case Management Fees increased due to an adjustment in the way the state provided enrollment numbers for the Pregnancy Care Management and Child Care Coordination programs.
- *Investment Income* on idle funds for the General Fund increased \$1,717 to \$183,204 as interest rates remain at historically low levels.
- *Miscellaneous Income* decreased \$391,632 (7.44%) to \$4,868,731. The primary reason for the decrease is that in FY2014 the County received a one-time refund of \$601,391 from the state for start-up costs for the "Tax and Tag Together" program. This decrease was off-set by the addition of a building lease with annual payments totaling \$244,669. The balance of the difference is spread across several categories of revenue.

General Fund actual expenditures including a legally budgeted County School Fund, but excluding other financing uses and transfers was \$314,722,572 increasing \$5,660,825 or 1.83% from last year. Highlights of significant areas of change include:

- *Personnel expenditures* increased \$1,535,212 (1.28%). Medical insurance premiums charged to each position for the County's Medical Insurance Funds increased a total amount of \$1,628,868. Workers

compensation premiums charged to each position for the County's Workers' Compensation increased \$289,648. In FY2015 the County added DSS Temporary Workers to handle NCFAST backlog at a cost of \$680,000. Salaries increased \$870,604 primarily due to new positions. These increases were off-set by the fact that the County did not pay a stipend in FY2015 versus paying a stipend in FY2014 which cost \$1,395,373. Also, unemployment insurance premiums decreased \$524,695.

- *Basic operating expenditures* increased \$983,309 or 3.51%. The majority of the increase was due to the software expense line which increased \$1,065,185.
- *Other charges and services* increased \$522,727 or .41%. This increase is spread across many expenditure lines.
- *Capital outlay expenditures*, which are reported with the functional expenditure categories, increased \$4,307,023. Most of this increase can be attributed to increases in capital outlay for Fayetteville Technical Community College and School Capital Outlay which increased \$2,560,467 and \$741,286 respectively.

The other major governmental fund is the Gray's Creek Middle School Fund. 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 \$78,206 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 \$3,244,206 or 1.12% of total the budget excluding other financing sources.

- *Restricted intergovernmental revenue*, which is additional and/or adjustments to federal and state funding estimates, increased \$3,542,688. Many of the increases are caused by the State not setting their funding levels until after the County adopted its budget. Also, in many instances unused grants funds from the prior year are rolled forward into the current year. Social Services funds increased \$1,835,658; Health Department funding increased \$211,992; Sheriff's Grants increased \$534,488; and Library Program Grants increased \$106,987. Additionally PWC co-sponsored a construction project in the amount of \$461,155. The balance of the increase is spread among other revenue lines.
- *Local sales & services revenues* remained virtually unchanged with the budget increasing \$55,507 (.55%).
- *Other financing sources*, net of other financing uses, increased \$7,553,798. Fund balance appropriated increases of \$7,199,297 accounted for most of this increase. \$3,875,045 of this amount was appropriated to fund prior year obligations (encumbrances); \$989,855 was to re-budget grant funds not spent in the previous year; \$2,235,034 to fund new initiatives; \$99,363 from Health Department restricted revenue for additional services. The County also sold capital assets totaling \$263,484.

Total actual revenues for the General Fund, excluding the County School Capital Fund and other financing sources, were above the final budgeted amount by \$8,508,310 (**page E-5**).

- *Ad Valorem taxes* collected exceeded the budget by \$3,673,323 (2.18%). 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 \$2,329,686 above budget (5.91%). Sales tax collections accounted for \$2,236,514 of the increase.

- *Unrestricted intergovernmental* revenues were \$1,047,688 above budget (11.18%). The Fayetteville Sales Tax Equalization Revenue lines were \$589,034 above budget due to the increased sales tax collections discussed above. The ABC Stores' Profits were \$285,360 above budget. Other increases were spread out among several revenue codes.
- *Restricted intergovernmental* revenues were \$426,779 above the final budgeted amount of \$59,280,328 (.72%).
- *Licenses and permit* fees were \$418,087 above budget (22.65%) due to over realization of Register of Deeds and Inspections fees.
- *Sales and services* fees were \$388,407 above budget (3.80%). This overall increase was spread over many revenue lines.
- Miscellaneous revenue was \$309,793 above budget (6.91%). The major contributor to this overall increase was an \$189,146 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 \$16,793,124 resulting in an expenditure rate of 94.83% a slight increase of 0.22% 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 \$4,573,056 less than budgeted for an expenditure rate of 96.38%.
- *Basic operating* expenditures were \$5,672,969 under budget. Of this amount, \$589,017 was for contracted services; \$1,052,604 was for computer software; \$1,101,706 was for unspent maintenance and repair; \$363,874 was for audit expense; \$168,014 was for miscellaneous expense; and \$142,015 was for postage expense. The remaining \$2,255,740 is spread across approximately 100 expenditure line items. Of the \$5,672,969 in unspent expenditures, \$3,033,776 is being reserved for outstanding encumbrances.
- *Other charges & services* were \$3,184,688 under budget. Under spending in Social Services Department, consisting mainly of \$672,061 for Low Income Energy Assistance and \$1,206,565 for Child Care and Development, was major reason for expenditures being under budget. The remaining \$1,307,062 is spread across approximately 75 expenditure line items. Of the \$3,184,688 in unspent expenditures, \$650,307 is reserved for outstanding encumbrances.
- While *capital outlay* was under spent by \$3,369,970, 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 \$724,241 to \$70,959,501. As discussed above, the 2014 ending net position of \$70,235,260 was reduced \$596,514 to 69,638,746 due to the implementation of GASB Statements 68 and 71. This decrease was off-set by a combined net position increase of \$1,423,323 for the Crown Center and Solid Waste which is discussed above in detail. The other five enterprise funds, five water and sewer funds, had a combined net position of \$9,364,731. This represents a decrease of \$102,568 from last year. The decrease was due to the \$148,520 decrease in the net position of the NORCRESS Water and Sewer Fund. This decrease is offset by a \$28,254 increase in the net position of the Kelly Hills Water and Sewer Fund. The net position of Southpoint Water increased slightly at \$698. The net position of the Bragg Estates and Overhills Park Water and Sewer Funds remained unchanged as they are in the beginning stages of construction.

The six internal service funds had a combined net position of \$3,097,152, an increase of \$60,922 from FY2014. The 2014 ending net position of \$3,112,863 was reduced \$76,633 to \$3,036,230 due to the implementation of GASB Statements 68 and 71. Transfers from the General Fund of \$2,402,200 offset the net

loss of \$2,341,278 driven mainly by the \$2,365,791 loss in the Active Employee and Retiree Health Insurance Funds. The loss in the Health Insurance Funds was due to much higher than expected claims. The net positions of the Flexible Benefit, Workers' Compensation and General Litigation Funds increased \$10,534, \$48,930 and \$70,337 respectively. The net position of the Vehicle Insurance Fund decreased \$3,088.

Capital Asset and Debt Administration

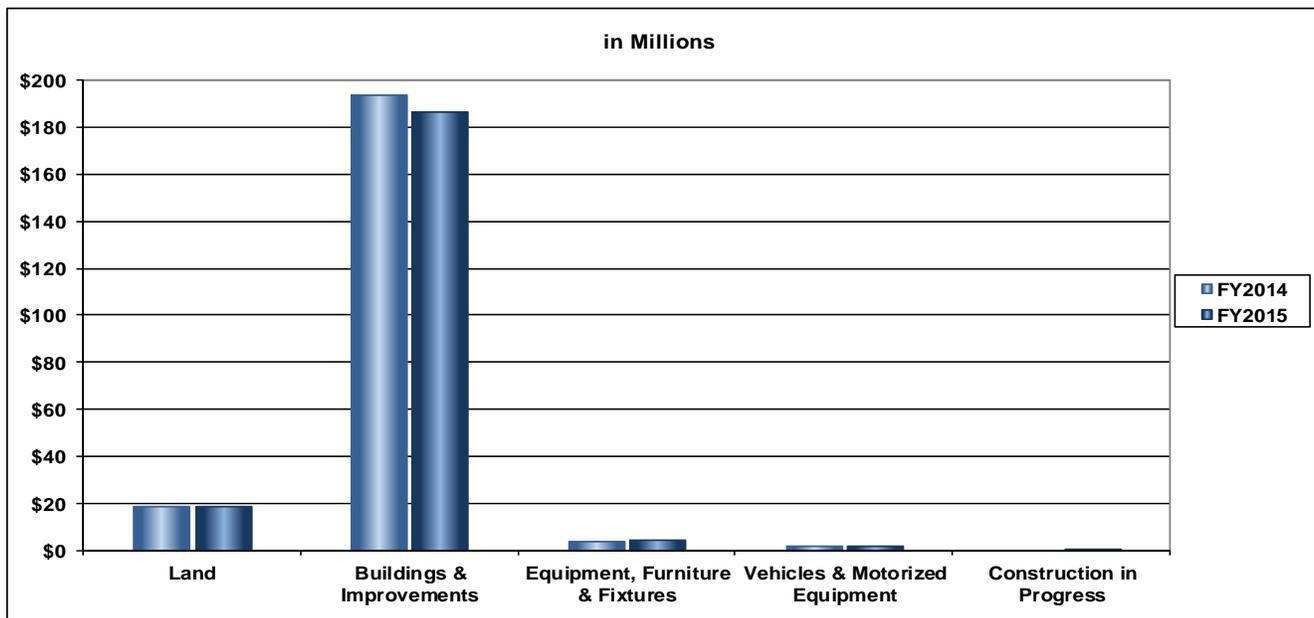
Capital Assets. The County's capital assets, Table 3, for its governmental and business-type activities as of June 30, 2015, totals \$272,271,187 (net of accumulated depreciation). Capital assets include land, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other equipment, 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.

CUMBERLAND COUNTY'S CAPITAL ASSETS
Table 3

(net of depreciation)

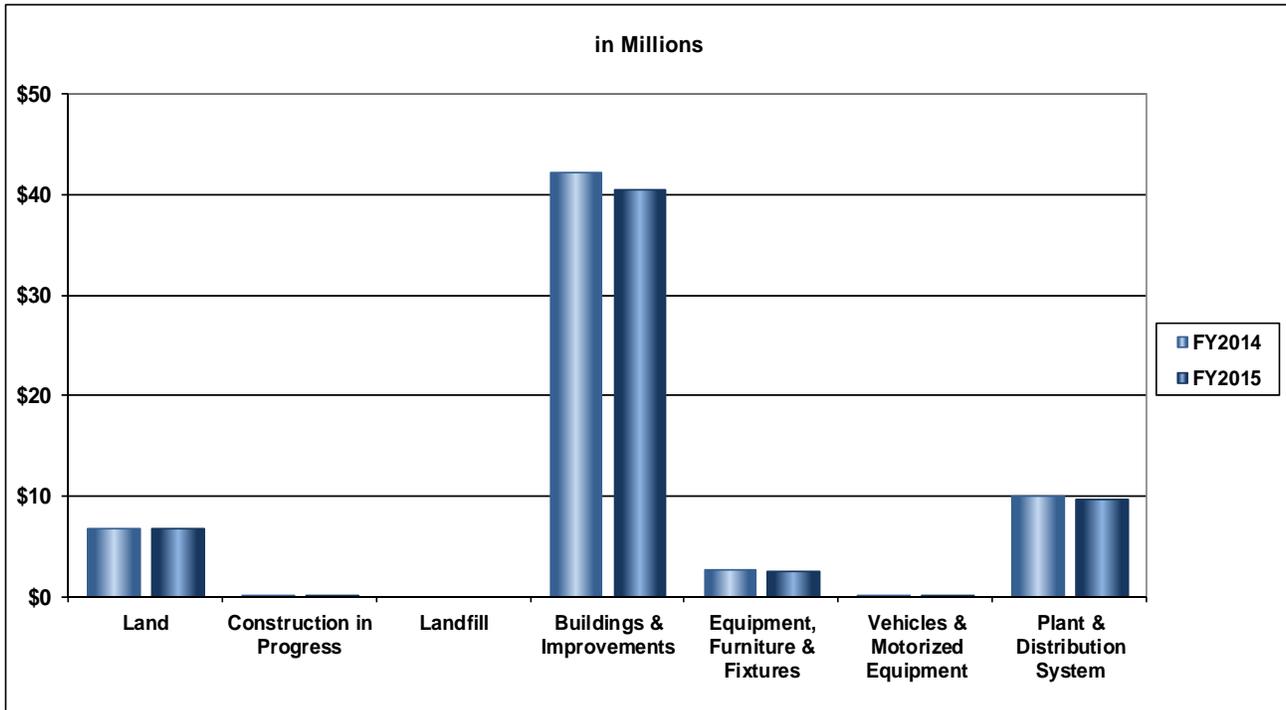
	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land	\$ 18,587,070	\$ 18,574,890	\$ 6,833,573	\$ 6,842,573	\$ 25,420,643	\$ 25,417,463
Construction in progress	-	72,079	75,811	105,098	75,811	177,177
Landfill	-	-	-	-	-	-
Buildings and improvements	194,005,542	187,069,842	42,347,925	40,605,437	236,353,467	227,675,279
Equipment, furniture and fixtures	3,787,220	4,389,691	2,800,465	2,568,513	6,587,685	6,958,204
Vehicles and motorized equipment	2,094,642	2,093,843	250,544	155,542	2,345,186	2,249,385
Plant and distribution system	-	-	10,110,237	9,793,679	10,110,237	9,793,679
Total net capital assets	\$ 218,474,474	\$ 212,200,345	\$ 62,418,555	\$ 60,070,842	\$ 280,893,029	\$ 272,271,187

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, 2015, Cumberland County had total bonded debt outstanding of \$36,323,484 all of which is backed by the full faith and credit of the County.

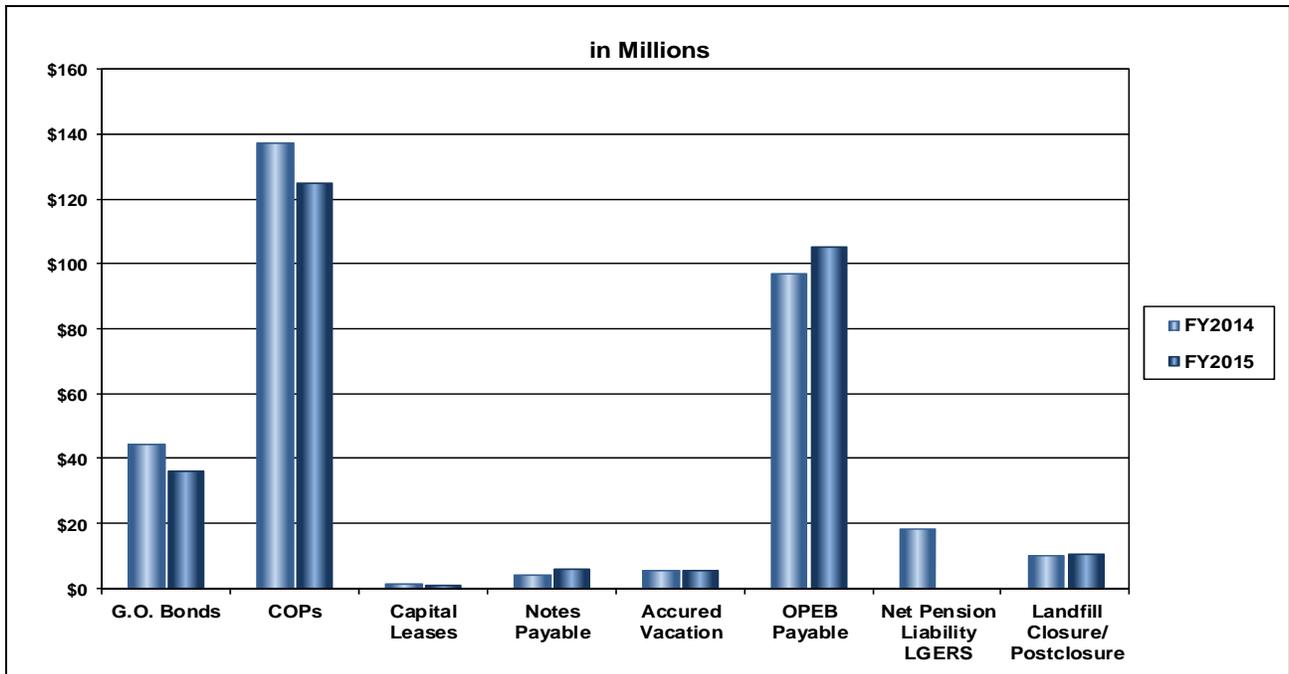
CUMBERLAND COUNTY'S OUTSTANDING DEBT
Table 4

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
General obligation bonds (net)	\$ 43,428,866	\$ 35,206,484	\$ 1,136,000	\$ 1,117,000	\$ 44,564,866	\$ 36,323,484
Capital leases	1,611,032	1,172,987	-	-	1,611,032	1,172,987
Certificates of participation (net)	107,612,285	97,178,829	29,921,676	27,709,715	137,533,961	124,888,544
Notes Payable	2,238,691	4,599,065	1,870,800	1,648,919	4,109,491	6,247,984
Accrued vacation	5,566,476	5,687,011	140,573	139,754	5,707,049	5,826,765
OPEB payable	92,854,664	100,988,383	4,147,157	4,391,165	97,001,821	105,379,548
Net Pension Liability (LGERS)	17,705,557	-	779,006	-	18,484,563	-
Accrued closure and postclosure costs	-	-	10,317,621	10,776,877	10,317,621	10,776,877
Total debt	\$ 271,017,571	\$ 244,832,759	\$ 48,312,833	\$ 45,783,430	\$ 319,330,404	\$ 290,616,189

The County's total debt, Table 4, of \$290,616,189 decreased \$28,714,215 (8.99%) from FY2014's restated total of \$319,330,404. The primary reason for the decrease is the County's pension liability went from an \$18,484,563 liability to a \$9,762,844 asset based on the State's actuarial calculation. The rest of the decrease

can be attributed to the County paying down existing debt obligations while incurring \$8,377,727 of additional OPEB obligations.

OUTSTANDING DEBT
Figure 9



In February 2015, very strong budgetary flexibility with available reserves, adequate budgetary performance based on adjusted FY2014 results, very strong liquidity and management conditions, and a very strong debt and contingent liabilities profile led to Standard and Poor's Rating Group affirming the County's AA+ General Obligation Bond Rating and AA appropriation rating on debt outstanding. 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. 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.

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 changes in the local economy as the County continues to rebound from the most recent recession:

- Ad valorem current year tax collections rate for real and personal property increased slightly from 99.13% to 99.23%.
- Changes in taxable sales for the County over the past five years have been: 9.71%, 4.61%, 0.76%, (1.39%) and 5.54% in 2015.
- The locally generated gross sales tax collection rate for the County increased 5.54% from FY2014 and was well below the state-wide average of 15.43%.

Budget Highlights for the Fiscal Year Ending June 30, 2016

The County approved a \$319,992,478 General Fund budget, excluding the legally adopted County School Special Revenue Fund for FY2016, which represents a \$5,372,340 (1.71%) increase over the FY2015 approved budget.

- *Ad Valorem Taxes* valorem taxes for FY2016 have been budgeted at \$167,875,711, an increase of \$3,274,843 (1.99%) over the FY2015 adopted budget. Motor vehicle tax collections are anticipated to reach \$15,771,299 under the Tax and Tag Together initiative. The total countywide tax rate remains at 74.0 cents.
- *Sale Taxes* are budgeted at \$39,702,971, an increase of \$2,186,910 (5.83%) from FY2015.
- *Unrestricted Intergovernmental* revenue is budgeted at \$9,927,320 which is a 5.89% increase from FY2015. The primary reason for this increase is the increase in municipal sales tax hold harmless reimbursements related to a higher projection of overall sales tax collections.
- *Restricted Intergovernmental* revenue has been budgeted at \$60,673,464, an increase of \$4,935,824 (8.15%) from FY2015. Most of this increase is attributable to a \$4,746,741 increase in North Carolina Medical Assistance Administration reimbursements due the reimbursement percentage increasing from 50% to 75% per client.
- *Licenses and Fees* are projected to experience an overall decrease of \$48,137 (-2.06%) from FY 2015 based on an adopted budget of \$1,797,732. This net difference is largely attributable to a \$108,724 decrease in Register of Deeds Fees off-set by a \$60,900 increase in Demolition Fees.
- *Sales and Service* fees are projected to decrease \$77,811 (-0.76%) from FY2015 based on an adopted budget of \$10,101,192.
- *Miscellaneous Revenue* is projected to decrease \$460,928 (-9.03%) from FY2015. Much of this decrease is a result of the Managed Care Organization, which provides direct mental health services to the County, paying off its Loan from the County. The budgeted Loan Repayment was \$475,000 in FY2015 versus \$0 in FY2016.
- *Other Financing Sources* is budgeted at \$20,098,219, a decrease of \$3,974,305 (-16.51%) from FY2015. The two primary reasons for this decrease are: General Fund Balance Appropriated decreased \$1,819,315 and Fund Balance Maintenance and Repairs decreased \$2,316,600.

Budgeted expenditures in the General Fund, excluding the legally adopted County School Special Revenue Fund, are \$319,992,478 which represents a \$5,372,340 (1.71%) increase over the FY2015 approved budget. Highlights include:

- *Personal Services* increased \$6,113,299 (4.83%). For FY2016, the County added 15 new positions at an annual cost of \$745,025. In February 2015, the Board of Commissioners approved 17 child protective positions for Social Services at an estimated annual cost \$1.1 million which were not a part of the Adopted FY2015 budget. Also, the FY2016 budget includes approximately \$1 million for temporary Social Services' positions to assist with NC FAST system issues; the Medicaid application back log; the Affordable Care Act annual enrollment process; and to eliminate mandatory overtime. The balance of the increase can be attributed to the 3% cost of living increase for employees.
- *Operating Expenditures* remained virtually unchanged decreasing from \$30,255,505 in FY2015 to \$30,148,375 in FY2016 (-.35%).
- *Other Charges and Services* increased \$2,200,086 (1.74%) to \$128,307,928. Over one half of this increase can be attributed to increases in the current expense allocation to the Board of Education (\$911,446) and Fayetteville Technical Community College (\$456,588). The County allocated \$262,157 in capital expenditures to Cape Fear Valley Hospital for the morgue. An increase of \$100,000 for the Board of Education's Sales Tax Equalization was budgeted due to the projected Sales Tax discussed above. Also, \$100,000 was budgeted for Homelessness to partner with the City of Fayetteville to develop a systematic approach in reaching the homeless population. The balance of the increase is spread out across several different expenditure line items.

- *Capital Outlay* expenditures decreased \$3,915,487 (-62.83%). The primary reason for this decrease is the FY2015 budget included \$3,282,299 in capital expenditures for Fayetteville Technical Community College to acquire and renovate a new building. Also, the budget for Water and Sewer Improvements decreased \$569,403 to \$230,597.
- *Debt Service* payments increased \$779,477 (3.16%) to \$25,410,787. The County budget included one new loan payments in FY2016 for Fayetteville Technical Community College's purchase and renovation of a building discussed above under Capital Outlay in the amount of \$641,910. These increases were off-set by the pay down of other debt.

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, 2015**

	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	\$ 51,848,498	\$ 12,029,788	\$ 63,878,286	\$ 3,192,205	\$ 1,034,230	\$ 1,515,946	\$ 398,769
Investments	56,931,741	30,091,210	87,022,951	-	3,619	-	580,742
Taxes receivable, net	1,062,526	133,842	1,196,368	-	-	-	-
Accounts receivable, net	-	-	-	-	203,014	-	-
Sales tax receivable	13,457,636	109,657	13,567,293	-	2,365	-	-
Due from other governments	11,891,476	153,010	12,044,486	-	500	-	239,541
Patient receivables	296,285	-	296,285	-	-	-	-
Other receivables, net	1,271,015	225,531	1,496,546	-	1,434	-	-
Internal balances	5,500	(5,500)	-	-	-	-	-
Due from component units	600,286	-	600,286	-	-	-	-
Inventories	332,393	54,228	386,621	2,764,246	-	-	12,665
Prepaid expenses	-	189,839	189,839	115,564	-	-	11,486
Restricted cash and cash equivalents	7,567,168	5,172,327	12,739,495	62,458	144,754	-	-
Restricted investments	262	9,417,421	9,417,683	-	-	-	235,485
Restricted accounts receivable	53	-	53	-	-	-	-
Other assets	2,474,650	-	2,474,650	-	-	-	-
Net pension asset	9,570,383	192,461	9,762,844	200,100	-	-	-
Security deposits	-	-	-	4,501	-	-	-
Capital assets:							
Nondepreciable	18,646,969	6,947,671	25,594,640	2,139,010	-	-	-
Depreciable, net	193,553,376	53,123,171	246,676,547	2,656,397	18,946,085	-	180,858
Total capital assets	212,200,345	60,070,842	272,271,187	4,795,407	18,946,085	-	180,858
Total assets	369,510,217	117,834,656	487,344,873	11,134,481	20,336,001	1,515,946	1,659,546
Deferred outflows of resources							
Pension	6,663,590	144,191	6,807,781	198,060	-	-	-
Debt	1,891,037	1,962,325	3,853,362	-	-	-	-
	8,554,627	2,106,516	10,661,143	198,060	-	-	-
Liabilities							
Accounts and vouchers payable	11,297,719	1,356,892	12,654,611	1,060,863	76,502	609,222	5,225
Due to other governments	425,263	-	425,263	227,615	205	-	-
Accrued payroll	6,333,860	124,557	6,458,417	-	6,296	-	-
Accrued interest payable	1,007,788	109,352	1,117,140	-	40,053	-	-
Other payables	121,683	106,156	227,839	805,860	5,181	-	61,722
Due to primary government	-	-	-	600,286	-	-	-
Deferred liability	-	757,088	757,088	-	-	-	18,656
Long-term liabilities:							
Due in less than one year	25,608,620	2,806,523	28,415,143	317,300	266,951	-	-
Due in more than one year	219,224,139	42,976,907	262,201,046	617,471	11,532,553	-	-
Total long-term liabilities	244,832,759	45,783,430	290,616,189	934,771	11,799,504	-	-
Total liabilities	264,019,072	48,237,475	312,256,547	3,629,395	11,927,741	609,222	85,603
Deferred inflows of resources							
Pension	21,390,266	744,196	22,134,462	487,695	-	-	-
Tax	486,677	-	486,677	-	-	-	-
	21,876,943	744,196	22,621,139	487,695	-	-	-
Net position							
Net investment in capital assets	160,482,008	31,557,533	192,039,541	4,207,445	7,149,172	-	180,858
Restricted for:							
Stabilization by State statute	31,585,716	-	31,585,716	-	-	-	-
Human services	94,776	-	94,776	-	-	-	-
Register of deeds	754,325	-	754,325	-	-	-	-
Inmates	466,736	-	466,736	-	-	-	-
Cemetery	45,923	-	45,923	-	-	-	-
School capital	6,844,483	-	6,844,483	-	-	-	-
Public safety	2,448,630	-	2,448,630	925,883	-	-	-
Economic and physical development	682,412	-	682,412	-	-	-	-
Cultural and recreation	2,477,512	-	2,477,512	-	-	-	-
Debt service	-	14,554,346	14,554,346	-	126,828	-	-
Capital projects	-	35,402	35,402	-	17,926	-	-
Repairs and maintenance	-	-	-	-	20,000	-	-
Claims	5,884,752	-	5,884,752	-	-	-	-
Unrestricted	(119,598,444)	24,812,220	(94,786,224)	2,082,123	1,094,334	906,724	1,393,085
Total net position	\$ 92,168,829	\$ 70,959,501	\$ 163,128,330	\$ 7,215,451	\$ 8,408,260	\$ 906,724	\$ 1,573,943

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Activities
Year Ended June 30, 2015**

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	\$ 26,795,436	\$ 2,264,053	\$ 1,210,223	\$ 3,802,117	\$ (19,519,043)	\$ -	\$ (19,519,043)	\$ -	\$ -	\$ -	\$ -
Public safety	65,033,036	4,176,589	646,878	56,472	(60,153,097)	-	(60,153,097)	-	-	-	-
Economic and physical development	11,911,261	1,330,020	5,209,718	917,914	(4,453,609)	-	(4,453,609)	-	-	-	-
Human services	101,196,588	5,092,117	57,238,248	-	(38,866,223)	-	(38,866,223)	-	-	-	-
Cultural and recreational	16,715,175	196,460	629,495	-	(15,889,220)	-	(15,889,220)	-	-	-	-
Education	99,040,656	-	-	-	(99,040,656)	-	(99,040,656)	-	-	-	-
Interest on long-term debt	5,259,142	-	-	-	(5,259,142)	-	(5,259,142)	-	-	-	-
Total governmental activities	<u>325,951,294</u>	<u>13,059,239</u>	<u>64,934,562</u>	<u>4,776,503</u>	<u>(243,180,990)</u>	<u>-</u>	<u>(243,180,990)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:											
Solid Waste	8,367,442	3,407,640	621,463	-	-	(4,338,339)	(4,338,339)	-	-	-	-
Crown Center	7,829,562	1,785,734	-	-	-	(6,043,828)	(6,043,828)	-	-	-	-
Kelly Hills Water and Sewer District	67,709	2,856	-	-	-	(64,853)	(64,853)	-	-	-	-
NORCRESS Water and Sewer District	572,121	423,601	-	-	-	(148,520)	(148,520)	-	-	-	-
Southpoint Water and Sewer District	30,673	31,371	-	-	-	698	698	-	-	-	-
Total business-type activities	<u>16,867,507</u>	<u>5,651,202</u>	<u>621,463</u>	<u>-</u>	<u>-</u>	<u>(10,594,842)</u>	<u>(10,594,842)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 342,818,801</u>	<u>\$ 18,710,441</u>	<u>\$ 65,556,025</u>	<u>\$ 4,776,503</u>	<u>(243,180,990)</u>	<u>(10,594,842)</u>	<u>(253,775,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component unit:											
ABC Board	\$ 23,313,677	\$ 23,682,624	\$ -	\$ -	-	-	-	368,947	-	-	-
Eastover Sanitary District	2,002,669	2,028,855	-	-	-	-	-	-	26,186	-	-
Tourism Development Authority	5,546,935	5,632,475	-	-	-	-	-	-	-	85,540	-
Fayetteville Area Convention & Visitors Bureau	2,619,173	2,568,475	-	-	-	-	-	-	-	-	(50,698)
Total component unit	<u>\$ 33,482,454</u>	<u>\$ 33,912,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,947</u>	<u>26,186</u>	<u>85,540</u>	<u>(50,698)</u>
General revenues:											
Property taxes					182,564,817	-	182,564,817	-	-	-	-
Other taxes:											
Sales tax					49,737,087	-	49,737,087	-	-	-	-
Animal registration					204,911	-	204,911	-	-	-	-
Real estate transfer					869,424	-	869,424	-	-	-	-
Beer and wine					420,124	-	420,124	-	-	-	-
Solid waste					-	4,972,177	4,972,177	-	-	-	-
Food and beverage					6,270,473	-	6,270,473	-	-	-	-
Room and occupancy					-	1,377,564	1,377,564	-	-	-	-
Grants and contributions not restricted to specific programs					11,250,145	-	11,250,145	-	-	-	-
Unrestricted investment earnings					188,401	123,897	312,298	-	224	-	7,100
Gain on sale of capital assets					273,463	-	273,463	115,488	-	-	-
Miscellaneous					5,333,068	-	5,333,068	50,936	20,572	-	(13,569)
Transfers					(5,441,959)	5,441,959	-	-	-	-	-
Total general revenues and transfers					<u>251,669,954</u>	<u>11,915,597</u>	<u>263,585,551</u>	<u>166,424</u>	<u>20,796</u>	<u>-</u>	<u>(6,469)</u>
Change in net position					8,488,964	1,320,755	9,809,719	535,371	46,982	85,540	(57,167)
Net position - beginning					94,402,913	70,235,260	164,638,173	6,908,187	8,361,278	821,184	1,631,110
Restatement - pension					(10,723,048)	(596,514)	(11,319,562)	(228,107)	-	-	-
Net position - beginning, as restated					<u>83,679,865</u>	<u>69,638,746</u>	<u>153,318,611</u>	<u>6,680,080</u>	<u>8,361,278</u>	<u>821,184</u>	<u>1,631,110</u>
Net position - ending					<u>\$ 92,168,829</u>	<u>\$ 70,959,501</u>	<u>\$ 163,128,330</u>	<u>\$ 7,215,451</u>	<u>\$ 8,408,260</u>	<u>\$ 906,724</u>	<u>\$ 1,573,943</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2015**

	General	Grays Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 41,927,804	\$ 82,856	\$ 9,622,597	\$ 51,633,257
Investments	56,931,479	-	262	56,931,741
Taxes receivable, net	284,446	-	240,254	524,700
Sales tax receivable	13,427,605	-	30,014	13,457,619
Due from other governments	11,225,368	-	665,943	11,891,311
Patient receivables	296,285	-	-	296,285
Other receivables, net	926,651	-	221,441	1,148,092
Due from other funds	414,224	-	-	414,224
Due from component units	600,286	-	-	600,286
Inventories	172,503	-	-	172,503
Prepays	2,381,625	-	35,715	2,417,340
Restricted assets:				
Cash and cash equivalents	343,510	-	1,554,409	1,897,919
Investments	-	-	-	-
Accounts receivable	-	-	53	53
Total assets	\$ 128,931,786	\$ 82,856	\$ 12,370,688	\$ 141,385,330
Liabilities:				
Accounts and vouchers payable	\$ 7,617,668	\$ 4,650	\$ 993,536	\$ 8,615,854
Due to other governments	409,404	-	15,859	425,263
Accrued payroll	6,216,621	-	94,048	6,310,669
Other payables	120,546	-	1,200	121,746
Due to other funds	-	-	408,724	408,724
Total liabilities	14,364,239	4,650	1,513,367	15,882,256
Deferred inflows of resources - taxes	1,391,075	-	240,308	1,631,383
Fund balances:				
Nonspendable:				
Inventories	172,503	-	-	172,503
Prepays	2,381,625	-	35,715	2,417,340
Restricted:				
Stabilization by State Statute	30,590,474	-	995,242	31,585,716
Register of Deeds	754,325	-	-	754,325
Inmates	-	-	466,736	466,736
Cemetery	-	-	45,923	45,923
School capital	-	78,206	236,508	314,714
County School	6,529,769	-	-	6,529,769
Fire protection	-	-	195,046	195,046
Public safety	-	-	2,253,584	2,253,584
Economic and physical development	-	-	682,412	682,412
Human services	-	-	94,776	94,776
Cultural and recreational	-	-	2,893,538	2,893,538
Committed:				
Property revaluation	758,093	-	-	758,093
Public safety	-	-	122,390	122,390
Assigned:				
Subsequent year's expenditures	14,523,875	-	3,177,259	17,701,134
Tax office software	4,500,000	-	-	4,500,000
Water & sewer industrial expansion	4,876,523	-	-	4,876,523
Economic development incentives	1,500,000	-	-	1,500,000
Mental health services	4,633,970	-	-	4,633,970
Renovations and maintenance	5,131,898	-	-	5,131,898
Special purposes	2,500,000	-	-	2,500,000
Technology upgrades	2,500,000	-	-	2,500,000
Unassigned	31,823,417	-	(582,116)	31,241,301
Total fund balances	113,176,472	78,206	10,617,013	123,871,691
Total liabilities, deferred inflows of resources and fund balances	\$ 128,931,786	\$ 82,856	\$ 12,370,688	\$ 141,385,330

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, 2015**

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

Ending fund balance - governmental funds		\$ 123,871,691
Capital assets are not financial resources, and therefore, are not reported in the funds (see note 4).		212,200,345
Net pension asset		9,511,911
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
Contributions to pension plans in the current fiscal year	\$ 6,632,223	
Defeasance of long-term debt	1,891,037	
		8,523,260
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Prepaid LEOSSA Pension benefit	47,496	
		47,496
Deferred inflows of resources for taxes and special assessments receivable		
Unearned Revenue	1,144,706	
Accrued Tax Penalties	536,646	
		1,681,352
Pension related deferrals		(21,247,757)
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.		3,097,152
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	(244,508,833)	
Accrued interest payable	(1,007,788)	
		(245,516,621)
Net position of governmental activities		\$ 92,168,829

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015**

	General	Gray's Creek Middle School Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 172,537,191	\$ -	\$ 11,897,605	\$ 184,434,796
Other taxes	51,231,546	-	6,270,473	57,502,019
Unrestricted intergovernmental revenue	11,255,038	-	-	11,255,038
Restricted intergovernmental revenue	63,509,224	-	6,130,450	69,639,674
Licenses and permits	2,263,956	-	-	2,263,956
Sales and services	10,622,917	-	170,866	10,793,783
Interest earned on investments	183,204	-	2,963	186,167
Miscellaneous	4,868,731	-	539,964	5,408,695
Total revenues	<u>316,471,807</u>	<u>-</u>	<u>25,012,321</u>	<u>341,484,128</u>
Expenditures				
Current:				
General government	25,668,164	-	-	25,668,164
Public safety	52,911,062	-	8,849,894	61,760,956
Economic and physical development	5,588,619	-	5,005,740	10,594,359
Human services	96,987,399	-	1,736,932	98,724,331
Cultural and recreational	11,157,578	-	4,075,958	15,233,536
Education	97,678,218	4,785	30,373	97,713,376
Principal payments	18,838,421	-	-	18,838,421
Interest and fees	5,848,011	-	-	5,848,011
Debt issuance costs	45,100	-	-	45,100
Total expenditures	<u>314,722,572</u>	<u>4,785</u>	<u>19,698,897</u>	<u>334,426,254</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,749,235</u>	<u>(4,785)</u>	<u>5,313,424</u>	<u>7,057,874</u>
Other financing sources (uses)				
Sale of capital assets	348,691	-	-	348,691
Proceeds from installment notes	3,000,000	-	-	3,000,000
Transfers in	77,495	-	999,294	1,076,789
Transfers out	(3,511,601)	-	(5,409,347)	(8,920,948)
Total other financing sources (uses)	<u>(85,415)</u>	<u>-</u>	<u>(4,410,053)</u>	<u>(4,495,468)</u>
Net change in fund balances	1,663,820	(4,785)	903,371	2,562,406
Fund balance - beginning	<u>111,512,652</u>	<u>82,991</u>	<u>9,713,642</u>	<u>121,309,285</u>
Fund balance - ending	<u>\$ 113,176,472</u>	<u>\$ 78,206</u>	<u>\$ 10,617,013</u>	<u>\$ 123,871,691</u>

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, 2015**

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

Net change in fund balances - total governmental funds		\$ 2,562,406								
<p>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.</p>										
	<table border="0"> <tr> <td>Capital Outlay</td> <td align="right">\$ 3,095,258</td> </tr> <tr> <td>Depreciation</td> <td align="right">(9,328,499)</td> </tr> <tr> <td>Other asset activity</td> <td align="right"><u>(40,888)</u></td> </tr> </table>	Capital Outlay	\$ 3,095,258	Depreciation	(9,328,499)	Other asset activity	<u>(40,888)</u>	(6,274,129)		
Capital Outlay	\$ 3,095,258									
Depreciation	(9,328,499)									
Other asset activity	<u>(40,888)</u>									
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>										
	<table border="0"> <tr> <td>Change in accrued tax penalties</td> <td align="right">(201,205)</td> </tr> <tr> <td>Change in pension costs - LEOSA</td> <td align="right">(1,696)</td> </tr> <tr> <td>Change in unavailable revenue for taxes</td> <td align="right"><u>(1,458,888)</u></td> </tr> </table>	Change in accrued tax penalties	(201,205)	Change in pension costs - LEOSA	(1,696)	Change in unavailable revenue for taxes	<u>(1,458,888)</u>	(1,661,789)		
Change in accrued tax penalties	(201,205)									
Change in pension costs - LEOSA	(1,696)									
Change in unavailable revenue for taxes	<u>(1,458,888)</u>									
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.</p>										
		6,632,223								
<p>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.</p>										
	<table border="0"> <tr> <td>Principal payments</td> <td align="right">18,838,421</td> </tr> <tr> <td>Proceeds from issuance of installment notes</td> <td align="right">(3,000,000)</td> </tr> <tr> <td>Changes in premium</td> <td align="right">895,088</td> </tr> <tr> <td>Accrued interest payable</td> <td align="right"><u>73,988</u></td> </tr> </table>	Principal payments	18,838,421	Proceeds from issuance of installment notes	(3,000,000)	Changes in premium	895,088	Accrued interest payable	<u>73,988</u>	16,807,497
Principal payments	18,838,421									
Proceeds from issuance of installment notes	(3,000,000)									
Changes in premium	895,088									
Accrued interest payable	<u>73,988</u>									
<p>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.</p>										
	<table border="0"> <tr> <td>Accrued vacation payable</td> <td align="right">(119,238)</td> </tr> <tr> <td>Other postemployment benefits</td> <td align="right"><u>(8,094,391)</u></td> </tr> </table>	Accrued vacation payable	(119,238)	Other postemployment benefits	<u>(8,094,391)</u>	(8,213,629)				
Accrued vacation payable	(119,238)									
Other postemployment benefits	<u>(8,094,391)</u>									
<p>The net revenue of certain activities of the internal service fund is reported with governmental activities.</p>										
		60,922								
<p>Change in deferred outflows of resources for deferred charge on refunding</p>										
		(335,106)								
<p>County's portion of collective pension expense</p>										
		<u>(1,089,431)</u>								
Change in net position of governmental activities		<u>\$ 8,488,964</u>								

COUNTY OF CUMBERLAND, NORTH CAROLINA

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual
Year Ended June 30, 2015**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 168,863,868	\$ 168,863,868	\$ 172,537,191	\$ 3,673,323
Other taxes	39,443,097	39,443,097	41,772,783	2,329,686
Unrestricted intergovernmental revenue	9,374,977	9,374,977	10,422,665	1,047,688
Restricted intergovernmental revenue	55,737,640	59,280,328	59,707,107	426,779
Licenses and permits	1,845,869	1,845,869	2,263,956	418,087
Sales and services	10,179,003	10,234,510	10,622,917	388,407
Interest earned on investments	267,890	267,890	182,437	(85,453)
Miscellaneous	4,835,270	4,481,281	4,791,074	309,793
Total revenues	<u>290,547,614</u>	<u>293,791,820</u>	<u>302,300,130</u>	<u>8,508,310</u>
Expenditures:				
Current:				
General government	27,493,235	31,984,209	25,668,164	6,316,045
Public safety	54,209,569	55,670,601	52,911,062	2,759,539
Economic and physical development	6,559,953	6,866,500	5,588,619	1,277,881
Human services	98,599,235	102,076,955	96,987,399	5,089,556
Cultural and recreational	11,273,515	11,575,865	11,157,578	418,287
Education	90,976,512	91,635,600	90,703,855	931,745
Debt service:				
Principal payments	18,789,775	18,838,421	18,838,421	-
Interest and fees	5,841,535	5,848,082	5,848,011	71
Debt issuance costs	-	45,100	45,100	-
Total expenditures	<u>313,743,329</u>	<u>324,541,333</u>	<u>307,748,209</u>	<u>16,793,124</u>
Revenues over (under) expenditures	<u>(23,195,715)</u>	<u>(30,749,513)</u>	<u>(5,448,079)</u>	<u>(25,301,434)</u>
Other financing sources (uses):				
Sale of capital assets	-	263,484	348,691	85,207
Payment to refund bond escrow agent	-	-	-	-
Proceeds from installment notes	-	3,000,000	3,000,000	-
Transfers in	5,695,564	5,677,009	5,677,009	-
Transfers out	(876,809)	(3,767,237)	(3,511,601)	255,636
County contribution	-	-	-	-
Appropriated fund balance	18,376,960	25,576,257	-	(25,576,257)
Total other financing sources (uses)	<u>23,195,715</u>	<u>30,749,513</u>	<u>5,514,099</u>	<u>(25,235,414)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>66,020</u>	<u>\$ 66,020</u>
Fund Balances:				
Beginning of year, July 1			<u>104,093,146</u>	
End of year, June 30			<u>\$ 104,159,166</u>	
A legally budgeted County School Fund (not included above) is consolidated into the General Fund for Reporting Purposes:				
Other taxes	\$ 8,500,000	\$ 7,979,328	\$ 9,458,763	\$ 1,479,435
Unrestricted intergovernmental revenue	800,000	800,000	832,373	32,373
Restricted intergovernmental revenue	3,400,000	3,802,117	3,802,117	-
Interest earned on investments	-	-	767	767
Miscellaneous	-	-	77,657	77,657
Education	(7,081,931)	(11,092,931)	(6,974,363)	4,118,568
Transfers out	(5,618,069)	(5,599,514)	(5,599,514)	-
Appropriated fund balance	-	4,111,000	-	(4,111,000)
	-	-	1,597,800	1,597,800
Fund Balance, Beginning of year	-	-	7,419,506	-
	<u>\$ -</u>	<u>\$ -</u>	<u>9,017,306</u>	<u>\$ 1,597,800</u>
Fund Balance, End of year			<u>\$ 113,176,472</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Position
Proprietary Funds
June 30, 2015

	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	\$ 6,090,097	\$ 5,351,404	\$ 122,763	\$ 403,577	\$ 61,947	\$ -	\$ -	\$ 12,029,788	\$ -
Investments	30,090,118	-	620	120	352	-	-	30,091,210	-
Taxes receivable, net	133,842	-	-	-	-	-	-	133,842	1,180
Sales tax receivable	109,341	-	-	64	252	-	-	109,657	17
Due from other governments	152,543	-	467	-	-	-	-	153,010	165
Other receivables, net	(144,417)	303,866	190	64,056	1,836	-	-	225,531	122,923
Inventories	54,228	-	-	-	-	-	-	54,228	159,890
Prepays	55,787	134,052	-	-	-	-	-	189,839	9,814
Total current assets	36,541,539	5,789,322	124,040	467,817	64,387	-	-	42,987,105	293,989
Noncurrent assets									
Restricted:									
Cash and cash equivalents	3,247,083	1,889,842	-	-	-	12,789	22,613	5,172,327	5,884,490
Investments	9,417,421	-	-	-	-	-	-	9,417,421	262
Net pension asset	189,512	2,949	-	-	-	-	-	192,461	58,472
Capital assets, net of accumulated depreciation	7,186,395	42,976,671	2,079,948	7,265,565	448,165	86,711	27,387	60,070,842	-
Total noncurrent assets	20,040,411	44,869,462	2,079,948	7,265,565	448,165	99,500	50,000	74,853,051	5,943,224
Total assets	56,581,950	50,658,784	2,203,988	7,733,382	512,552	99,500	50,000	117,840,156	6,237,213
Deferred outflows of resources									
Pension	144,191	-	-	-	-	-	-	144,191	31,367
Debt	-	1,962,325	-	-	-	-	-	1,962,325	-
	144,191	1,962,325	-	-	-	-	-	2,106,516	31,367
Liabilities									
Current liabilities									
Accounts and vouchers payable	668,234	669,326	-	18,083	1,249	-	-	1,356,892	74,711
Due to other governments	-	-	-	-	-	-	-	-	-
Accrued payroll	124,557	-	-	-	-	-	-	124,557	23,191
Accrued interest payable	-	105,512	-	3,840	-	-	-	109,352	-
Other payables	4,500	97,056	-	-	4,600	-	-	106,156	2,606,950
Incurred but not reported	-	-	-	-	-	-	-	-	141
Deferred revenue	-	757,088	-	-	-	-	-	757,088	-
Current portion of long-term debt and accrued vacation	167,766	2,613,761	-	20,000	4,996	-	-	2,806,523	16,687
Due to other funds	-	5,500	-	-	-	-	-	5,500	-
Total current liabilities	965,057	4,248,243	-	41,923	10,845	-	-	5,266,068	2,721,680
Noncurrent liabilities									
Post closing liability	10,741,877	-	-	-	-	-	-	10,741,877	-
Long-term debt	-	26,654,954	-	1,097,000	84,923	-	-	27,836,877	-
Accrued vacation	6,988	-	-	-	-	-	-	6,988	878
Other postemployment benefits liability	2,912,860	1,478,305	-	-	-	-	-	4,391,165	306,361
Total noncurrent liabilities	13,661,725	28,133,259	-	1,097,000	84,923	-	-	42,976,907	307,239
Total liabilities	14,626,782	32,381,502	-	1,138,923	95,768	-	-	48,242,975	3,028,919
Deferred inflows of resources - pension	461,886	282,310	-	-	-	-	-	744,196	142,509
Net position									
Net investment in capital assets	7,186,395	15,670,281	2,079,948	6,148,565	358,246	86,711	27,387	31,557,533	-
Restricted net position - debt service	12,664,504	1,889,842	-	-	-	-	-	14,554,346	-
Restricted net position - capital projects	-	-	-	-	-	12,789	22,613	35,402	-
Restricted net position - claims	-	-	-	-	-	-	-	-	5,884,752
Unrestricted	21,786,574	2,397,174	124,040	445,894	58,538	-	-	24,812,220	(2,787,600)
Total net position	\$ 41,637,473	\$ 19,957,297	\$ 2,203,988	\$ 6,594,459	\$ 416,784	\$ 99,500	\$ 50,000	\$ 70,959,501	\$ 3,097,152

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2015**

	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	\$ 3,396,252	\$ 1,785,734	\$ 2,856	\$ 423,601	\$ 31,371	\$ -	\$ -	\$ 5,639,814	\$ -
Contributions	-	-	-	-	-	-	-	-	2,547,780
Other operating revenue	11,388	-	-	-	-	-	-	11,388	-
Contributions - Group health insurance	-	-	-	-	-	-	-	-	19,716,495
Solid waste fees	4,972,177	-	-	-	-	-	-	4,972,177	-
Pharmacy services	-	-	-	-	-	-	-	-	1,582,944
Total operating revenues	<u>8,379,817</u>	<u>1,785,734</u>	<u>2,856</u>	<u>423,601</u>	<u>31,371</u>	<u>-</u>	<u>-</u>	<u>10,623,379</u>	<u>23,847,219</u>
Operating expenses									
Salaries and employee benefits	3,162,532	3,913	-	-	-	-	-	3,166,445	1,899,079
Repairs and maintenance	1,178,229	2,088	-	64,695	-	-	-	1,245,012	-
Utilities	106,245	-	-	221,141	-	-	-	327,386	-
Administrative costs	2,920,975	39,443	857	1,566	18,464	-	-	2,981,305	626,232
Global Spectrum, LP	-	4,481,540	-	-	-	-	-	4,481,540	-
Depreciation	537,582	1,954,721	66,852	237,923	11,784	-	-	2,808,862	-
Landfill closure and postclosure care costs	459,256	-	-	-	-	-	-	459,256	-
Group health insurance	-	-	-	-	-	-	-	-	21,344,879
Employee pharmacy	-	-	-	-	-	-	-	-	2,050,248
Employee clinic	-	-	-	-	-	-	-	-	109,818
Employee wellness program	-	-	-	-	-	-	-	-	160,541
Total operating expenses	<u>8,364,819</u>	<u>6,481,705</u>	<u>67,709</u>	<u>525,325</u>	<u>30,248</u>	<u>-</u>	<u>-</u>	<u>15,469,806</u>	<u>26,190,797</u>
Operating income (loss)	<u>14,998</u>	<u>(4,695,971)</u>	<u>(64,853)</u>	<u>(101,724)</u>	<u>1,123</u>	<u>-</u>	<u>-</u>	<u>(4,846,427)</u>	<u>(2,343,578)</u>
Nonoperating revenue (expense)									
Interest earned on investments	91,216	32,681	-	-	-	-	-	123,897	2,299
Motel occupancy tax	-	1,377,564	-	-	-	-	-	1,377,564	-
Miscellaneous	(2,623)	-	-	-	(425)	-	-	(3,048)	1
Grant revenue	621,463	-	-	-	-	-	-	621,463	-
Interest expense	-	(1,347,857)	-	(46,796)	-	-	-	(1,394,653)	-
Total nonoperating revenue (expense)	<u>710,056</u>	<u>62,388</u>	<u>-</u>	<u>(46,796)</u>	<u>(425)</u>	<u>-</u>	<u>-</u>	<u>725,223</u>	<u>2,300</u>
Income (loss) before transfers and contributions	<u>725,054</u>	<u>(4,633,583)</u>	<u>(64,853)</u>	<u>(148,520)</u>	<u>698</u>	<u>-</u>	<u>-</u>	<u>(4,121,204)</u>	<u>(2,341,278)</u>
Transfers in	-	5,331,852	93,107	-	-	-	17,000	5,441,959	2,402,200
Change in net position	<u>725,054</u>	<u>698,269</u>	<u>28,254</u>	<u>(148,520)</u>	<u>698</u>	<u>-</u>	<u>17,000</u>	<u>1,320,755</u>	<u>60,922</u>
Total net position - beginning	41,160,803	19,607,158	2,175,734	6,742,979	416,086	99,500	33,000	70,235,260	3,112,863
Restatement - pension	(248,384)	(348,130)	-	-	-	-	-	(596,514)	(76,633)
Total net position - beginning, as restated	<u>40,912,419</u>	<u>19,259,028</u>	<u>2,175,734</u>	<u>6,742,979</u>	<u>416,086</u>	<u>99,500</u>	<u>33,000</u>	<u>69,638,746</u>	<u>3,036,230</u>
Total net position - ending	<u>\$ 41,637,473</u>	<u>\$ 19,957,297</u>	<u>\$ 2,203,988</u>	<u>\$ 6,594,459</u>	<u>\$ 416,784</u>	<u>\$ 99,500</u>	<u>\$ 50,000</u>	<u>\$ 70,959,501</u>	<u>\$ 3,097,152</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	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	\$ 8,368,295	\$ 2,084,881	\$ 2,856	\$ 423,601	\$ 31,119	\$ -	\$ -	\$ 10,910,752	\$ -
Other operating revenue	2,368	-	-	-	-	-	-	2,368	-
Cash received from contributions	-	-	-	-	-	-	-	-	22,389,408
Cash paid to employees	(2,688,532)	(352,043)	-	-	-	-	-	(3,040,575)	(532,648)
Cash paid for goods and services	(4,572,792)	(4,010,026)	(498)	(292,523)	(79,783)	-	-	(8,955,622)	(829,144)
Cash received for goods and services	-	-	-	-	-	-	-	-	1,639,314
Cash paid for claims	-	-	-	-	-	-	-	-	(24,866,107)
Net cash provided by (used in) operating activities	1,109,339	(2,277,188)	2,358	131,078	(48,664)	-	-	(1,083,077)	(2,199,177)
Noncapital financing activities									
Transfers in	-	5,331,852	93,107	-	-	-	17,000	5,441,959	2,402,200
Operating grants	621,463	-	-	-	-	-	-	621,463	-
Net cash provided (used) by noncapital financing activities	621,463	5,331,852	93,107	-	-	-	17,000	6,063,422	2,402,200
Capital and related financing activities									
Acquisition and construction of capital assets	(285,749)	(137,113)	-	-	-	(31,900)	(6,387)	(461,149)	-
Other financing transactions	(2,623)	-	-	-	-	-	-	(2,623)	-
Principal paid on long-term debt	-	(2,523,761)	-	(19,000)	89,919	-	-	(2,452,842)	-
Interest paid on bonds	-	(1,356,832)	-	(46,861)	-	-	-	(1,403,693)	-
Motel occupancy tax	-	1,377,564	-	-	-	-	-	1,377,564	-
Net cash provided (used) by capital and related financing activities	(288,372)	(2,640,142)	-	(65,861)	89,919	(31,900)	(6,387)	(2,942,743)	-
Investing activities									
Proceeds from sale of investments	693,252	159,058	-	-	-	-	-	852,310	-
Purchase of investments	(2,772,169)	-	(125)	(120)	-	-	-	(2,772,414)	(213)
Investment earnings	91,216	32,681	-	-	-	-	-	123,897	2,299
Net cash provided (used) in investing activities	(1,987,701)	191,739	(125)	(120)	-	-	-	(1,796,207)	2,086
Net increase (decrease) in cash and cash equivalents	(545,271)	606,261	95,340	65,097	41,255	(31,900)	10,613	241,395	205,109
Cash and cash equivalents									
Beginning of year	9,882,451	6,634,985	27,423	338,480	20,692	44,689	12,000	16,960,720	5,679,381
End of year	\$ 9,337,180	\$ 7,241,246	\$ 122,763	\$ 403,577	\$ 61,947	\$ 12,789	\$ 22,613	\$ 17,202,115	\$ 5,884,490

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	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)	\$ 14,998	\$ (4,695,971)	\$ (64,853)	\$ (101,724)	\$ 1,123	\$ -	\$ -	(4,846,427)	\$ (2,343,578)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation	537,582	1,954,721	66,852	237,923	11,784	-	-	2,808,862	-
Landfill closure and post closure care costs	459,256	-	-	-	-	-	-	459,256	-
Net pension expense	23,990	205,813	-	-	-	-	-	229,803	(83,897)
Change in assets and liabilities									
(Increase) decrease in accounts receivable	(134)	12,576	-	-	737	-	-	13,179	(1,047)
(Increase) decrease in other receivables	(9,020)	(270,321)	367	1,365	(36,796)	-	-	(314,405)	100,600
(Increase) decrease in inventories	16,251	-	-	239	-	-	-	16,490	(25,484)
(Increase) decrease in prepaids	312	99,354	-	-	-	-	-	99,666	4,310
(Increase) decrease in deferred outflows	(144,191)	-	-	-	-	-	-	(144,191)	-
Increase (decrease) in accounts payable and accrued liabilities	261,317	208,252	-	(6,725)	(25,175)	-	-	437,669	65,084
Increase (decrease) in accrued landfill	-	-	-	-	-	-	-	-	-
Increase (decrease) in compensated absences payable	(40)	-	-	-	(337)	-	-	(377)	(217)
Increase (decrease) in OPEB	-	-	(8)	-	-	-	-	(8)	25,118
Increase (decrease) in contract retainage	(779)	-	-	-	-	-	-	(779)	-
Increase (decrease) in deferred outflows -pensions	(50,203)	208,388	-	-	-	-	-	158,185	59,934
Total adjustments	1,094,341	2,418,783	67,211	232,802	(49,787)	-	-	3,763,350	144,401
Net cash provided by (used in) operating activities	\$ 1,109,339	\$ (2,277,188)	\$ 2,358	\$ 131,078	\$ (48,664)	\$ -	\$ -	\$ (1,083,077)	\$ (2,199,177)
Cash and cash equivalents									
Unrestricted	\$ 6,090,097	\$ 5,351,404	\$ 122,763	\$ 403,577	\$ 61,947	\$ -	\$ -	\$ 12,029,788	\$ -
Restricted	3,247,083	1,889,842	-	-	-	12,789	22,613	5,172,327	5,884,490
Total	<u>\$ 9,337,180</u>	<u>\$ 7,241,246</u>	<u>\$ 122,763</u>	<u>\$ 403,577</u>	<u>\$ 61,947</u>	<u>\$ 12,789</u>	<u>\$ 22,613</u>	<u>\$ 17,202,115</u>	<u>\$ 5,884,490</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015**

	Pension Trust Fund	
	Special Separation Allowance Fund	Agency Funds
Assets		
Taxes receivable	\$ -	\$ 3,671,048
Due from other governments	-	746,587
Prepays	3,956	-
Restricted cash and cash equivalents	<u>2,115,259</u>	<u>644,156</u>
Total assets	<u>2,119,215</u>	<u>\$ 5,061,791</u>
Liabilities		
Accounts and vouchers payable	3,062	\$ 5,058,352
Due to other governments	-	3,439
Accrued payroll	<u>20,289</u>	-
Total liabilities	<u>23,351</u>	<u>\$ 5,061,791</u>
Net position		
Pension benefits - special separation allowance	<u>\$ 2,095,864</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	<u>Pension Trust Fund</u> <u>Special Separation Allowance Fund</u>
Additions	
Employer contributions	\$ 588,706
Interest earned on investments	598
Total additions	<u>589,304</u>
Deductions	
Benefits	404,885
Total deductions	<u>404,885</u>
Change in net position	184,419
Total net position - beginning	<u>1,911,445</u>
Total net position - ending	<u>\$ 2,095,864</u>

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the County of Cumberland, North Carolina ("the County") and its discretely presented component units conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A - Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable.

There are two methods for reporting component units in the financial statements of the primary government: discrete presentation and blending. Discrete presentation means that data will be presented in one or more separate columns to the right of the primary government data columns. Blending means that the component unit's financial data is reported as though the unit is part of the primary government. If the units provide services or benefits exclusively, or almost exclusively, to the primary government, or if the component units and the primary government have "substantively identical boards," the legally separate component units should be incorporated by blending. If the units do not meet these criteria, their data should be incorporated by discrete presentation.

Based on evaluating these characteristics, the following is a brief review of the component units in the County's reporting entity:

Blended Component Units

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

Discretely Presented Component Units

Cumberland County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Cumberland County Finance Corporation ("the Corporation"), a North Carolina non-profit corporation, exists to issue obligations pursuant to Internal Revenue Service Revenue Ruling 63-20 and Internal Revenue Service Revenue Procedure 82-26. The Corporation has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

The Cumberland County Board of Alcoholic Beverage Control (the "ABC Board"), which has a June 30 year-end, is presented as if it were a proprietary fund. Eastover Sanitary District (the "District"), which has a June 30 year-end, is presented as if it were a proprietary fund.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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 Board of Alcoholic Beverage Control	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Cumberland County ABC Board 1705 Owen Drive Fayetteville, NC 28304
Eastover Sanitary District	Discrete	The District is considered to be fiscally dependent upon the County such that excluding the entity would cause the County's statements to be incomplete.	Included in the County's financial statements.
Fayetteville Area Convention and Visitors Bureau, Inc.	Discrete	A voting majority of the Bureau's 11-member board of directors is appointed by the County. In addition, the County levies the occupancy tax which is the major source of revenue for the Bureau.	Fayetteville Area Convention and Visitors Bureau 245 Person Street Fayetteville, NC 28301
Cumberland County Tourism Development Authority	Discrete	The Cumberland County Board of Commissioners provides for membership of the Authority, including members' terms of office and for the filling of vacancies. The County is able to impose its will on the TDA because it has the ability to modify the rate affecting revenue as it is authorized to levy a room occupancy tax of up to three percent (3%) of the gross receipts.	Included in the County's financial statements.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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.

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.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

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

Basis of Presentation (continued)

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 Bullard Circle Water 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.

Solid Waste Cell Construction Fund. This fund accounts for the landfill cell construction activities.

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.

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. The resources in the LEO Special Separation Allowance Fund have been set aside to pay future obligations of the LEO Special Separation Allowance but are not held in a trust that meets the criteria outlined in GASB Statement 68, paragraph 4.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

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

Basis of Presentation (continued)

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

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

Basis of Presentation (continued)

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, 2015

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, 2015

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, 2014.

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, 2015

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.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion - a charge on refunding, pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criterion for this category - prepaid taxes, special assessments receivable, other governmental receivables and deferrals of pension expense that result from the implementation of GASB Statements 68 and 71.

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 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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)

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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)

Fund Balances (continued)

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 requiring 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.

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

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

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

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

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

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

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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)

Fund Balances (continued)

Spending and Fund Balance Policies

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

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

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	\$113,176,472
Less:	
Inventories	172,503
Prepays	2,381,625
Restricted	7,284,094
Stabilization by State Statute	30,590,474
Committed	758,093
Assigned	25,642,391
Appropriated fund balance in FY2016 budget	14,523,875
10% fund balance policy	31,823,417
Remaining fund balance	<u>\$ -</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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)

Fund Balances (continued)

Spending and Fund Balance Policies (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	\$ 4,320,007
Other Governmental funds	276,987
Enterprise funds	<u>413,151</u>
Total	<u>\$ 5,010,145</u>

12. Defined Benefit Pension Plans

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

13. Accounting Estimates

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

Note 2 - Cash, 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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

A - Deposits (continued)

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 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, 2015, the County's deposits had a carrying amount of \$77,164,396 and a bank balance of \$74,051,559. Included in the County's deposits is cash of \$1,178,884 and \$1,515,946 for the District and the TDA, respectively. Of the bank balance, \$1,324,067 was covered by federal depository insurance and \$72,727,492 was covered by collateral under the Pooling Method. 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, 2015, the ABC Board's deposits had a carrying amount of \$3,226,663 and a bank balance of \$3,452,798. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,202,798 was covered by collateral under the Pooling Method. The ABC Board had petty cash of \$28,000.

At June 30, 2015, the Bureau's deposits had a carrying amount of \$398,769 and a bank balance of \$246,427. Of the bank balance, \$246,427 was covered by federal depository insurance. Investments, stated at fair value, at June 30, 2015 include a 11-month Certificate of Deposit for \$131,065 maturing on December 8, 2015, plus interest; a 11-month Certificate of Deposit for \$114,694 maturing on December 25, 2015, plus interest; a 24-month Certificate of Deposit for \$100,613 maturing on September 13, 2015, plus interest; and a 25-month Certificate of Deposit for \$234,370 maturing on December 21, 2015, plus interest. Noncurrent investments at June 30, 2015 include a 60-month Certificate of Deposit for \$235,485 maturing on July 21, 2017, plus interest.

B – Investments - County

As of June 30, 2015 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>
US Government Agencies/Securities	\$ 36,084,454	\$ -	\$ 21,338,675	\$ 14,745,779
Commercial Paper	8,896,177	8,896,177	-	-
NC Capital Management Trust - Cash Portfolio	46,940,274	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	9,417,421	N/A	N/A	N/A
Total	<u>\$ 101,338,326</u>	<u>\$ 8,896,177</u>	<u>\$ 21,338,675</u>	<u>\$ 14,745,779</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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

B – Investments - County (continued)

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

Credit Risk: The County has a board adopted investment policy which places greater restrictions than required under 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, 2015, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust (NCCMT) Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2015. The County's investments in the NCCMT Term Portfolio are unrated. 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 25%, 30%, 15%, and 2% of total investments, respectively. The County has approximately 3% invested in U.S. Treasury Bills.

C - Reconciliation to Cash and Investments

Total per Footnote:

	County	ABC Board	District	TDA	Bureau
Total investments	\$ 101,338,326	\$ -	\$ 3,619	\$ -	\$ 816,227
Cash (demand deposits)	74,469,566	3,226,663	1,178,884	1,515,946	398,769
Petty cash	9,938	28,000	100	-	-
Total cash and investments	<u>175,817,830</u>	<u>3,254,663</u>	<u>1,182,603</u>	<u>1,515,946</u>	<u>1,214,996</u>
Less: investments	(96,440,634)	-	(3,619)	-	(816,227)
Total cash and equivalents	<u>\$ 79,377,196</u>	<u>\$ 3,254,663</u>	<u>\$ 1,178,984</u>	<u>\$ 1,515,946</u>	<u>\$ 398,769</u>

Total per Statement of Net Position:

Cash and cash equivalent - unrestricted	\$ 63,878,286	\$ 3,192,205	\$ 1,034,230	\$ 1,515,946	\$ 398,769
Cash and cash equivalent - restricted	12,739,495	62,458	144,754	-	-
Cash and cash equivalent - pension trust fund	2,115,259	-	-	-	-
Cash and cash equivalent - agency funds	644,156	-	-	-	-
Total cash and equivalents	<u>\$ 79,377,196</u>	<u>\$ 3,254,663</u>	<u>\$ 1,178,984</u>	<u>\$ 1,515,946</u>	<u>\$ 398,769</u>
Investments - unrestricted	\$ 87,022,951	\$ -	\$ 3,619	\$ -	\$ 580,742
Investments - restricted	9,417,683	-	-	-	235,485
Investments - restricted - pension trust fund	-	-	-	-	-
Total investments	<u>\$ 96,440,634</u>	<u>\$ -</u>	<u>\$ 3,619</u>	<u>\$ -</u>	<u>\$ 816,227</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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

D – Investments – Eastover Sanitary District

At June 30, 2015, Eastover Sanitary District, a discretely presented component unit, had investments of \$3,619 held at North Carolina Capital Management Trust.

Note 3 - Receivables - Allowance for Doubtful Accounts

Allowances for doubtful accounts at the government-wide level at June 30, 2015 are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Taxes receivable	\$ 7,321,423	\$ 827
Other receivables	17,373	-
	<u>\$ 7,338,796</u>	<u>\$ 827</u>

The allowance for doubtful accounts for Eastover Sanitary District at June 30, 2015 is \$98,522.

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	\$ -	\$ 12,180	\$ 18,574,890
Construction in progress	-	72,079	-	72,079
Total capital assets not being depreciated	<u>18,587,070</u>	<u>72,079</u>	<u>12,180</u>	<u>18,646,969</u>
Capital assets being depreciated:				
Buildings and improvements	281,632,621	470,266	7,865	282,095,022
Equipment, furniture and fixtures	18,897,121	1,698,503	761,011	19,834,613
Vehicles	9,712,663	854,410	119,834	10,447,239
Total capital assets being depreciated	<u>310,242,405</u>	<u>3,023,179</u>	<u>888,710</u>	<u>312,376,874</u>
Less accumulated depreciation for:				
Buildings and improvements	87,627,079	7,398,169	68	95,025,180
Equipment, furniture and fixtures	15,109,901	1,096,015	760,994	15,444,922
Vehicles	7,618,021	834,315	98,940	8,353,396
Total accumulated depreciation	<u>110,355,001</u>	<u>\$ 9,328,499</u>	<u>\$ 860,002</u>	<u>118,823,498</u>
Total capital assets being depreciated, net	<u>199,887,404</u>			<u>193,553,376</u>
Governmental activity capital assets, net	<u>\$ 218,474,474</u>			<u>\$ 212,200,345</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, 2015 was as follows:

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

General government	\$ 2,953,101
Public safety	2,813,657
Human services	1,820,644
Economic and physical development	676,299
Cultural and recreational	1,064,798
Total depreciation expense	<u>\$ 9,328,499</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 4 - Capital Assets (continued)

Primary Government (continued)

Business-type activities:	Beginning		Decreases &	Ending
<i>Cumberland County Solid Waste</i>	Balances	Increases	Transfers	Balances
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	8,751,597	285,749	-	9,037,346
Vehicles	2,732,299	-	-	2,732,299
Total capital assets being depreciated	<u>29,725,872</u>	<u>285,749</u>	<u>-</u>	<u>30,011,621</u>
Less accumulated depreciation for:				
Landfill	11,332,316	-	-	11,332,316
Building and building improvements	4,831,943	77,670	-	4,909,613
Furniture, fixtures and equipment	6,972,042	364,910	-	7,336,952
Vehicles	2,481,755	95,002	-	2,576,757
Total accumulated depreciation	<u>25,618,056</u>	<u>\$ 537,582</u>	<u>\$ -</u>	<u>26,155,638</u>
Total capital assets being depreciated, net	<u>4,107,816</u>			<u>3,855,983</u>
Cumberland County Solid Waste capital assets, net	<u>\$ 7,438,227</u>			<u>\$ 7,186,394</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	137,113	-	72,713,898
Furniture, fixtures and equipment	4,198,028	-	-	4,198,028
Vehicles	26,619	-	-	26,619
Total capital assets being depreciated	<u>76,801,432</u>	<u>137,113</u>	<u>-</u>	<u>76,938,545</u>
Less accumulated depreciation for:				
Building and building improvements	32,306,577	1,801,930	-	34,108,507
Furniture, fixtures and equipment	3,177,119	152,791	-	3,329,910
Vehicles	26,619	-	-	26,619
Total accumulated depreciation	<u>35,510,315</u>	<u>\$ 1,954,721</u>	<u>\$ -</u>	<u>37,465,036</u>
Total capital assets being depreciated, net	<u>41,291,117</u>			<u>39,473,509</u>
Cumberland County Crown Center capital assets, net	<u>\$ 44,794,279</u>			<u>\$ 42,976,671</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	529,698	66,852	-	596,550
Total accumulated depreciation	<u>529,698</u>	<u>\$ 66,852</u>	<u>\$ -</u>	<u>596,550</u>
Total capital assets being depreciated, net	<u>2,146,800</u>			<u>2,079,948</u>
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 2,146,800</u>			<u>\$ 2,079,948</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 4 - Capital Assets (continued)

Primary Government (continued)

	<u>Balances</u>	<u>Increases</u>	<u>Transfers</u>	<u>Balances</u>
<i>Norcross Water and Sewer District</i>				
Capital assets being depreciated:				
Plant and distribution system	\$ 9,523,623	\$ -	\$ -	\$ 9,523,623
Total capital assets being depreciated	<u>9,523,623</u>	<u>-</u>	<u>-</u>	<u>9,523,623</u>
Less accumulated depreciation for:				
Plant and distribution system	2,020,135	237,923	-	2,258,058
Total accumulated depreciation	<u>2,020,135</u>	<u>\$ 237,923</u>	<u>\$ -</u>	<u>2,258,058</u>
Total capital assets being depreciated, net	<u>7,503,488</u>			<u>7,265,565</u>
Norcross Water and Sewer District capital assets, net	<u>\$ 7,503,488</u>			<u>\$ 7,265,565</u>
<i>Southpoint Water and Sewer District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Plant and distribution system	471,733	-	-	471,733
Total capital assets being depreciated	<u>471,733</u>	<u>-</u>	<u>-</u>	<u>471,733</u>
Less accumulated depreciation for:				
Plant and distribution system	11,784	11,784	-	23,568
Total accumulated depreciation	<u>11,784</u>	<u>\$ 11,784</u>	<u>\$ -</u>	<u>23,568</u>
Total capital assets being depreciated, net	<u>459,949</u>			<u>448,165</u>
Southpoint Water and Sewer District capital assets, net	<u>\$ 459,949</u>			<u>\$ 448,165</u>
<i>Overhills Park Water and Sewer District</i>				
Capital assets not being depreciated:				
Land	\$ -	\$ 9,000	\$ -	\$ 9,000
Construction in progress	54,811	22,900	-	77,711
Total capital assets not being depreciated	<u>54,811</u>	<u>\$ 31,900</u>	<u>\$ -</u>	<u>86,711</u>
Overhills Parks Water and Sewer District capital assets, net	<u>\$ 54,811</u>			<u>\$ 86,711</u>
<i>Bragg Estates Water and Sewer District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 21,000	\$ 6,387	\$ -	\$ 27,387
Total capital assets not being depreciated	<u>21,000</u>	<u>\$ 6,387</u>	<u>\$ -</u>	<u>27,387</u>
Bragg Estates Water and Sewer District capital assets, net	<u>\$ 21,000</u>			<u>\$ 27,387</u>
Total Business-type activities capital assets, net	<u>\$ 62,418,555</u>			<u>\$ 60,070,842</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 4 - Capital Assets (continued)

Primary Government (continued)

The County has construction contracts in progress in the approximate amount of \$13,553,792 for various renovation and construction projects. At June 30, 2015, the remaining commitment on these contracts is approximately \$402,344. Eastover Sanitary District has no outstanding construction contracts at June 30, 2015.

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	\$ 68,494	\$ -	\$ 2,139,010
Capital assets being depreciated:				
Buildings and building improvements	3,703,458	-	17,402	3,686,056
Leasehold improvements	1,003,624	39,420	41,675	1,001,369
Furniture and equipment	1,002,230	152,236	44,708	1,109,758
Vehicles	386,022	24,826	51,952	358,896
Total capital assets being depreciated	6,095,334	216,482	155,737	6,156,079
Less accumulated depreciation	(3,341,235)	(314,184)	155,737	(3,499,682)
Total capital assets being depreciated, net	2,754,099	\$ (97,702)	\$ -	2,656,397
ABC capital assets, net	<u>\$ 4,824,615</u>			<u>\$ 4,795,407</u>

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

Eastover Sanitary District	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets being depreciated:				
Water lines	\$ 22,835,088	\$ -	\$ -	\$ 22,835,088
Furniture, fixtures and equipment	23,874	-	-	23,874
Total capital assets being depreciated	22,858,962	-	-	22,858,962
Less accumulated depreciation	(3,343,516)	(569,361)	-	(3,912,877)
Total capital assets being depreciated, net	19,515,446	\$ (569,361)	\$ -	18,946,085
Eastover Sanitary District capital assets, net	<u>\$ 19,515,446</u>			<u>\$ 18,946,085</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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	\$ 23,143	\$ 1,270	\$ -	\$ 24,413
Equipment	228,227	27,281	35,975	219,533
Software	76,254	19,000	1,089	94,165
Capital improvements	139,156	10,984	-	150,140
Total capital assets being depreciated	466,780	58,535	37,064	488,251
Less accumulated depreciation	(311,712)	(19,176)	23,495	(307,393)
Total capital assets being depreciated, net	155,068	\$ 39,359	\$ 60,559	180,858
FAVCB capital assets, net	<u>\$ 155,068</u>			<u>\$ 180,858</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; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

All full time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014 the Separation Allowance's membership consisted of:

Retirees receiving benefits	25
Active plan members	<u>320</u>
Total	<u>345</u>

A separate report was not issued for the plan.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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. Short-term money market debt instruments, deposits, and repurchase agreements 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 \$588,706. 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, 2015 was determined as part of the December 31, 2013 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, 2013 was 17 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	\$	588,706
Interest on net pension obligation		(2,460)
Adjustment to annual required contribution		4,156
Annual pension cost		<u>590,402</u>
Contributions made		<u>(588,706)</u>
Increase (decrease) in net pension obligation		1,696
Net pension obligation beginning of year		<u>(49,192)</u>
Prepaid pension benefit end of year	\$	<u><u>(47,496)</u></u>

Three Year Trend Information

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Prepaid)</u>
2013	\$ 458,830	98.59%	\$ (50,790)
2014	486,695	99.67%	(49,192)
2015	590,402	99.71%	(47,496)

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

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

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was 40.42% funded. The actuarial accrued liability for benefits (AAL) was \$5,499,744 and the actuarial value of the assets was \$2,222,734 resulting in an unfunded actuarial accrued liability (UAAL) of \$3,277,010. The covered payroll (annual payroll of active employees covered by the plan) was \$15,564,175 and the ratio of the UAAL to the covered payroll was 21.05%.

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 are increasing or decreasing over time relative to 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, 2015, membership of the Board's Separation Allowance consisted of five active plan members. The Board has chosen to pay benefits and administration costs on a pay as you go basis. The Board paid benefits of \$0 and \$0 for the years ending June 30, 2015 and 2014, respectively. No contributions were made to the plan by employees. The ABC Board's Actuarial Valuation for the LEO Retirement plan is reported in the ABC Board's Annual Independent Audit. This report may be obtained by writing the Cumberland County ABC Board; 1705 Owen Drive, Fayetteville, NC 28303; or calling (910) 484-8167.

B - Local Governmental Employees' Retirement System

Plan Description. The County and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. The County's Crown Coliseum is classified as a separate entity from the County for LGERS reporting purposes. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

B - Local Governmental Employees' Retirement System (continued)

regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$6,314,854 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$8,963,321 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 1.52%, which was an increase of .02% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$676,732. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

B - Local Governmental Employees' Retirement System (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 979,397
Net difference between projected and actual earnings on pension plan investments	-	20,866,400
Changes in proportion and differences between County contributions and proportionate share of contributions	457,966	-
County contributions subsequent to the measurement date	6,314,854	-
Total	<u>\$ 6,772,820</u>	<u>\$ 21,845,797</u>

\$6,314,854 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (5,347,284)
2017	(5,347,284)
2018	(5,347,284)
2019	(5,345,979)
2020	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

B - Local Governmental Employees' Retirement System (continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

B - Local Governmental Employees' Retirement System (continued)

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 30,425,375	\$ 8,963,321	\$ (42,127,323)

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

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

At June 30, 2015, the Crown reported an asset of \$2,949 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Crown's proportion of the net pension asset was based on a projection of the Crown's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Crown's proportion was .0005%, which was a decrease of .0324% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Crown recognized a negative pension expense of \$68,768. At June 30, 2015, the Crown reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 322
Net difference between projected and actual earnings on pension plan investments	-	6,865
Changes in proportion and differences between County contributions and proportionate share of contributions	-	275,123
County contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 282,310</u>

The Crown did not make any pension contributions for the year ended June 30, 2015 because the operations of the Crown were turned over to a private management company during the year ended June 30, 2014 and employee positions were eliminated. Thus, there were not any deferred outflows of resources related to pensions resulting from Crown contributions subsequent to the measurement date.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

B - Local Governmental Employees' Retirement System (continued)

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

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

Year ended June 30:		
2016	\$	(70,750)
2017		(70,750)
2018		(70,750)
2019		(70,060)
2020		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

B - Local Governmental Employees' Retirement System (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

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

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Crown's proportionate share of the net pension liability (asset)	\$ 10,009	\$ (2,949)	\$ (13,859)

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

C – Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

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

The County and the ABC Board contribute to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County and the ABC Board. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or www.osc.nc.gov.

Funding Policy

Article 12E of G. S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$1,081,122 which consisted of \$765,101 from the County and \$316,021 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, 2015, contributions for law enforcement officers were \$21,531 which consisted of \$17,691 from the ABC Board and \$3,570 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2015 were \$161,895 which consisted of \$98,051 from the ABC Board and \$63,845 from the employees.

D - Register of Deeds' Supplemental Pension Fund

Plan Description. Cumberland County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

D - Register of Deeds' Supplemental Pension Fund (continued)

writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$27,651 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$796,574 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 3.51%, which was an increase of .01% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized negative pension expense of \$21,183. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,310	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,287
Changes in proportion and differences between County contributions and proportionate share of contributions County contributions subsequent to the measurement date	-	2,068
	<u>27,651</u>	<u>-</u>
Total	<u>\$ 34,961</u>	<u>\$ 6,355</u>

\$27,651 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

D - Register of Deeds' Supplemental Pension Fund (continued)

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

asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	1,311
2017		1,311
2018		(595)
2019		(1,072)
2020		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

D - Register of Deeds' Supplemental Pension Fund (continued)

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

annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease (4.75%)</u>	<u>Discount Rate (5.75%)</u>	<u>1% Increase (6.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (715,272)	\$ (796,574)	\$ (866,423)

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

E - Other Post-employment Benefits (OPEB)

Plan Description - Under the terms of a County resolution, the County administers a single-employer defined benefit Health Care Benefits Plan (the HCB Plan). 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>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

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

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 16.98% of annual covered payroll. For the current year the County contributed \$6,370,934 or 7.6% 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.

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	\$ 14,575,263
Interest on net OPEB obligation	3,880,073
Adjustment to annual required contribution	<u>(3,706,675)</u>
Annual OPEB cost	14,748,661
Employer contributions made	<u>(6,370,934)</u>
Increase (decrease) in net OPEB obligation	8,377,727
Net OPEB obligation beginning of year	<u>97,001,821</u>
Net OPEB obligation end of year	<u>\$ 105,379,548</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB plan, and the net OPEB obligation for 2015 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>
2013	\$ 19,077,193	24.17%	\$ 82,802,422
2014	19,411,084	26.85%	97,001,821
2015	14,748,661	43.20%	105,379,548

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

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

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 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 5 - Pension Plan Obligations (continued)

F - Other Employment Benefits (continued)

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, 2015, 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. Contributions will resume for the Fiscal year beginning July 1, 2015.

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, 2015. The ABC Board paid \$1,000 in benefits for the year ended June 30, 2014. 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 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 \$10,776,877 reported as landfill closure and postclosure care liability at June 30, 2015 represents a closed landfill with estimated costs of \$116,701, a Construction & Demolition (C&D) landfill with estimated costs of \$2,147,171 and the subtitle D landfill with estimated costs of \$8,513,005. The costs associated with the C & D landfill and the subtitle D landfill represent a cumulative amount reported to date based on the use of 46.61% and 59.02%, respectively, of the total estimated capacity. The County will recognize the remaining estimated post-closure costs of \$250,874 for the old unlined landfill and the cost of closure and post-closure care of \$2,459,587 and \$5,910,638 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 2015. The life expectancy of the C & D landfill is estimated at 15.7 years and the subtitle D landfill at 14.2 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 8 - Risk Management (continued)

The claims liability of each insurance fund at June 30, 2015 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, 2015 and 2014 were as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2013-14	\$ 2,641,368	\$ 17,102,389	\$ (17,223,767)	\$ 2,519,990
2014-15	2,519,990	19,299,524	(19,215,893)	2,603,621

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.

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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, 2015:

Name of Debt Issue	Issue Date	Purpose of Debt Issue	Interest Rates	Issue Amount	Principal 6/30/15
General Obligation Bonds					
Sanitary Sewer Series 2005	8/22/2005	NORCRESS Sewer	4.125%	\$ 1,250,000	\$ 1,117,000
Refunding Series 2009	7/8/2009	Refund Schools	2.5 - 5.0%	34,670,000	9,855,000
Refunding Series 2011	7/12/2011	Refund Schools	2.0 - 5.0%	12,735,000	11,235,000
Refunding Series 2014	2/20/2014	Refund Schools Refund Library	1.390%	13,614,720 1,455,280	11,428,415 1,221,585
				<u>15,070,000</u>	<u>12,650,000</u>
				\$ 63,725,000	\$ 34,857,000
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	\$ 12,626,236 3,893,764
				<u>22,425,000</u>	<u>16,520,000</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	26,420,000 7,845,000 18,235,000
				<u>89,490,000</u>	<u>52,500,000</u>
COPS Tax Credit Series 2009 (QSCB)	12/1/2009	Various School Projects	1.25%	15,900,000	10,931,250
LOBS Series 2011A (QSCB) (1)	1/26/2011	New Century Middle School	6.1%	14,805,000	10,857,000
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	15,925,000 12,600,000
				<u>37,755,000</u>	<u>28,525,000</u>
				\$ 180,375,000	\$ 119,333,250
Capital Leases					
SunTrust Leasing	12/9/2004	Energy Savings Projects	3.945%	\$ 4,537,080	\$ 1,172,987
Installment Financing Notes					
Build America Bonds (ARRA) (2)	5/14/2010	Crown Center Renovations	3.2045%	\$ 1,980,000	\$ 990,000
Recovery Zone Econ Dev Bonds (ARRA) (2)	5/14/2010	Crown Center Renovations	2.7115%	1,138,000	569,000
Fayetteville Tech Comm College (BOA)	12/14/2012	HVAC and Roofing Projects	1.11%	3,198,130	1,599,065
NC Clean Drinking Water Loan	11/1/2013	Southpint Water Project	0.00%	100,323	89,919
Fayetteville Tech Comm College (PNC Bank)	10/9/2014	Purchase Building	1.27%	3,000,000	3,000,000
				<u>\$ 9,416,453</u>	<u>\$ 6,247,984</u>
Total				\$ 258,053,533	\$ 161,611,221

(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, 2015

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, 2015 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%.

\$ 9,855,000

\$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%.

11,235,000

\$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%.

12,650,000

33,740,000

Bond premium

1,466,484

\$ 35,206,484

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%

\$ 1,117,000

At June 30, 2015, the County had bonds authorized but unissued of \$20,126,000 and a legal debt margin of \$2,058,735,000.

C - Certificates of Participation and Limited Obligation Bonds

Certificates of participation and other limited obligation bonds outstanding for the year ended June 30, 2015 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%.

\$ 16,520,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 9 - Long-term Obligations (continued)

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

Governmental Activities (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%. \$ 15,015,000

\$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%. 6,455,000

\$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%. 4,610,000

\$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%. 10,931,250

\$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%. 10,857,000

\$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%. 28,525,000

	92,913,250
Premium	<u>4,265,579</u>
	<u>\$ 97,178,829</u>

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 semiannually at rates ranging from 2.0% to 5.0%. \$ 17,795,000

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

Due in various annual installments ranging from \$100,000 to \$2,430,000, from December 1, 2011 through December 1, 2022. Interest is paid semiannually at rates ranging from 2.5% to 4.0%. 6,435,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 9 - Long-term Obligations (continued)

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

Business-type Activities (continued)

\$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%.

	\$ 2,190,000
	<u>26,420,000</u>
Premium	1,289,715
	<u>\$ 27,709,715</u>

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%.

\$ 1,172,987

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, 2015, the value of the associated capital assets is \$2,905,492.

E - Installment Financing Obligations

Installment notes payable at June 30, 2015 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%.

\$ 1,599,065

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

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

3,000,000
<u>\$ 4,599,065</u>

Business-type Activities:

\$100,323 NC Clean Drinking Water Loan

Payable in twenty annual installments without interest beginning May 1, 2014.

\$ 89,919

\$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.

990,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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.

569,000
\$ 1,648,919

F - Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations as of June 30, 2015:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Refundings</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion of</u> <u>Long-term</u> <u>Liabilities</u>
Governmental activities:						
General obligation bonds	\$ 41,575,000	\$ -	\$ -	\$ 7,835,000	\$ 33,740,000	\$ 7,630,000
Premium	1,853,866	-	-	387,382	1,466,484	387,382
Capital lease obligations	1,611,032	-	-	438,045	1,172,987	455,495
COPS & limited obligation bonds	102,839,000	-	-	9,925,750	92,913,250	9,985,750
Premium	4,773,285	-	-	507,706	4,265,579	507,706
Installment notes	2,238,691	3,000,000	-	639,626	4,599,065	1,239,626
Accrued vacation	5,566,476	5,408,687	-	5,288,152	5,687,011	5,402,661
OPEB liability	92,854,664	14,319,095	-	6,185,376	100,988,383	-
Net pension liability (LRS)	17,705,557	-	-	17,705,557	-	-
Total governmental activities	<u>\$ 271,017,571</u>	<u>\$ 22,727,782</u>	<u>\$ -</u>	<u>\$ 48,912,594</u>	<u>\$ 244,832,759</u>	<u>\$ 25,608,620</u>

Of the total governmental activities debt listed above, only \$104,172,467 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 \$416,025.

	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Refundings</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion of</u> <u>Long-term</u> <u>Liabilities</u>
Business-type activities:						
General obligation bonds	\$ 1,136,000	\$ -	\$ -	\$ 19,000	\$ 1,117,000	\$ 20,000
COPS & limited obligation bonds	28,495,000	-	-	2,075,000	26,420,000	2,165,000
Premium	1,426,676	-	-	136,961	1,289,715	136,961
Installment notes	1,870,800	94,915	-	316,796	1,648,919	316,795
Accrued landfill closure and postclosure costs	10,317,621	459,256	-	-	10,776,877	35,000
Accrued vacation	140,573	132,726	-	133,545	139,754	132,767
OPEB liability	4,147,157	429,566	-	185,558	4,391,165	-
Net pension liability (LRS)	779,006	-	-	779,006	-	-
Total business-type activities	<u>\$ 48,312,833</u>	<u>\$ 1,116,463</u>	<u>\$ -</u>	<u>\$ 3,645,866</u>	<u>\$ 45,783,430</u>	<u>\$ 2,806,523</u>

Unspent proceeds related to business-type activities debt shown above amounts to \$88,212.

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, 2015

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, net pension liability, accrued landfill closure and post-closure costs, and adjustments to carrying value for amortization of premiums):

	General Obligation Bonds		Certificates of Participation and Limited Obligation Bonds		Capital Leases		Notes Payable		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:										
2016	\$ 7,630,000	\$ 1,148,535	\$ 9,985,750	\$ 4,105,293	\$ 455,495	\$ 41,826	\$ 1,239,626	\$ 57,885	\$ 19,310,871	\$ 5,353,539
2017	7,415,000	899,299	10,020,750	3,802,781	473,642	23,679	1,239,626	39,863	19,149,018	4,765,622
2018	6,765,000	559,514	10,070,750	3,500,243	243,850	4,810	919,813	24,952	17,999,413	4,089,519
2019	6,575,000	379,077	7,340,750	3,201,393	-	-	600,000	15,452	14,515,750	3,595,922
2020	2,405,000	200,975	7,340,750	2,945,929	-	-	600,000	7,726	10,345,750	3,154,630
2021-2025	2,950,000	103,625	34,428,750	11,102,969	-	-	-	-	37,378,750	11,206,594
2026-2030	-	-	13,725,750	1,586,195	-	-	-	-	13,725,750	1,586,195
	<u>33,740,000</u>	<u>3,291,025</u>	<u>92,913,250</u>	<u>30,244,803</u>	<u>1,172,987</u>	<u>70,315</u>	<u>4,599,065</u>	<u>145,878</u>	<u>132,425,302</u>	<u>33,752,021</u>
Premium	1,466,484	-	4,265,579	-	-	-	-	-	5,732,063	-
(Total net of amortization)	<u>\$ 35,206,484</u>	<u>\$ 3,291,025</u>	<u>\$ 97,178,829</u>	<u>\$ 30,244,803</u>	<u>\$ 1,172,987</u>	<u>\$ 70,315</u>	<u>\$ 4,599,065</u>	<u>\$ 145,878</u>	<u>\$ 138,157,365</u>	<u>\$ 33,752,021</u>
Business-type Activities:										
2016	\$ 20,000	\$ 46,076	\$ 2,165,000	\$ 1,100,663	\$ -	\$ -	\$ 316,795	\$ 76,859	\$ 2,501,795	\$ 1,223,598
2017	21,000	45,251	2,250,000	1,016,125	-	-	316,796	61,487	2,587,796	1,122,863
2018	22,000	44,385	2,340,000	934,075	-	-	316,795	46,115	2,678,795	1,024,575
2019	22,000	43,478	2,440,000	825,375	-	-	316,796	30,744	2,778,796	899,597
2020	23,000	42,570	2,570,000	700,125	-	-	316,795	15,371	2,909,795	758,066
2021-2025	131,000	197,793	14,655,000	1,694,437	-	-	24,978	-	14,810,978	1,892,230
2026-2030	162,000	168,259	-	-	-	-	24,977	-	186,977	168,259
2031-2035	197,000	132,125	-	-	-	-	14,987	-	211,987	132,125
2036-2040	241,000	87,904	-	-	-	-	-	-	241,000	87,904
2041-2045	278,000	34,567	-	-	-	-	-	-	278,000	34,567
	<u>1,117,000</u>	<u>842,408</u>	<u>26,420,000</u>	<u>6,270,800</u>	<u>-</u>	<u>-</u>	<u>1,648,919</u>	<u>230,576</u>	<u>29,185,919</u>	<u>7,343,784</u>
Premium	-	-	1,289,715	-	-	-	-	-	1,289,715	-
(Total net of amortization)	<u>\$ 1,117,000</u>	<u>\$ 842,408</u>	<u>\$ 27,709,715</u>	<u>\$ 6,270,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,648,919</u>	<u>\$ 230,576</u>	<u>\$ 30,475,634</u>	<u>\$ 7,343,784</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 9 - Long-term Obligations (continued)

G - Debt Obligations for 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 loan from the Drinking Water State Revolving Fund for the Southpoint Water Project. DENR agreed to provide funding in an amount up to \$540,802 in the form of a loan from the Drinking Water State Revolving Fund with 80% of the loan immediately forgiven and the 20% loan balance to be repaid in annual installments over 20 years without interest. At June 30, 2015, the final total funding received under this agreement amounted to \$501,615, of which \$401,292 (80%) was immediately forgiven. The 20% remaining balance of \$100,323 is the final loan amount payable to the State of NC without interest. This loan is included in the two tables shown above in Note F (Long-term Obligation Activity), but was not included in Note F in fiscal years 2014 and 2013 because the project had not been completed, final amounts owed had not been determined, and the payment schedule was not final. The first principal payment of \$5,408 was made on May 1, 2014. At June 30, 2015, the outstanding loan balance is \$89,919. Annual loan payments are \$4,996 ending May 1, 2033.

H - Conduit Debt Obligations

The County's Industrial Facility and Pollution Control Financing Authority has at various times issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any 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, 2015, there were no industrial revenue bonds outstanding.

I - Defeasance of Debt

Current Year Defeasance of Debt

There were no defeasances of debt during the fiscal year ended June 30, 2015.

Prior Years' Defeasance of Debt

In prior years, the County defeased various bond issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings were sufficient to fully service the defeased debt until the debt was called or matured. For financial reporting purposes, the debt was considered defeased and therefore removed from the County's liabilities. At June 30, 2015, there is no outstanding prior years' defeased general or non-general obligation debt.

Gains and losses from debt refundings must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. At June 30, 2015, the County has unamortized net losses on defeasances of \$930,102 related to prior year refundings of general obligation debt and unamortized losses on defeasances of \$2,923,259 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 \$1,466,484. The carrying value of prior years' refunding certificates of participation and other limited obligation bonds has been adjusted for unamortized premium of \$5,555,294.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 9 - Long-term Obligations (continued)

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, 2015 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%. \$ 100,833

\$380,000 Cumberland County Note

Note payable in quarterly installments of \$9,190 including interest at a fixed rate of 5.25% 214,184

\$1,300,000 BB&T Note

Note payable in annual installments of \$279,740 including interest at a fixed rate of 2.49%. 272,945

	<u>587,962</u>
Total	587,962
Less current portion	<u>(317,300)</u>
Noncurrent portion	<u>\$ 270,662</u>

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

<u>Fiscal Year</u>	<u>Principal</u>
2016	\$ 317,300
2017	45,749
2018	47,217
2019	48,764
2020-2022	<u>128,932</u>
	<u>\$ 587,962</u>

The following is a summary of changes in the ABC Board's long-term obligations as of June 30, 2015:

	<u>Balance</u>			<u>Balance</u>	<u>Current Portion</u>
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2015</u>	<u>of Long-term</u>
					<u>Liabilities</u>
Notes payable	\$ 897,309	\$ -	\$ 309,347	\$ 587,962	\$ 317,300
Separation allowance	253,607	16,132	-	269,739	-
OPEB liability	55,930	21,140	-	77,070	-
	<u>\$ 1,206,846</u>	<u>\$ 37,272</u>	<u>\$ 309,347</u>	<u>\$ 934,771</u>	<u>\$ 317,300</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 9 - Long-term Obligations (continued)

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 2015. Principal payments amounted to \$65,500 during fiscal year 2015.

The District's general obligation bonds payable at June 30, 2015 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%.

\$ 2,380,000

\$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%.

	940,500
Total	3,320,500
Less current portion	<u>(68,500)</u>
Noncurrent portion	<u>\$ 3,252,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 68,500	\$ 148,799
2017	71,500	145,728
2018	74,500	142,525
2019	78,000	139,188
2020	81,500	135,693
2021-2025	466,000	620,220
2026-2030	580,000	506,034
2031-2035	721,500	366,818
2036-2040	839,000	186,638
2041-2045	340,000	22,830
	<u>\$ 3,320,500</u>	<u>\$ 2,414,473</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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 9 - Long-term Obligations (continued)

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

The District's revenue bonds payable at June 30, 2015 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%.

\$ 4,859,000

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

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

	1,172,000
Total	6,031,000
Less current portion	<u>(77,000)</u>
Noncurrent portion	<u>\$ 5,954,000</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.

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, 2015 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	\$ 63,067
Less current portion	<u>(20,490)</u>
Noncurrent portion	<u>\$ 42,577</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	\$ 2,382,346
Less current portion	<u>(98,499)</u>
Noncurrent portion	<u>\$ 2,283,847</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 9 - Long-term Obligations (continued)

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

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>
2016	\$ 195,989	\$ 339,676
2017	203,515	332,057
2018	212,262	324,091
2019	197,035	315,870
2020	205,559	307,881
2021-2025	1,161,371	1,407,323
2026-2030	1,416,542	1,151,846
2031-2035	1,155,140	870,626
2036-2040	922,000	686,303
2041-2045	1,126,000	483,397
2046-2050	1,372,000	235,050
2051-2055	309,000	12,603
	<u>\$ 8,476,413</u>	<u>\$ 6,466,723</u>

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, 2015:

	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>	<u>Current Portion of Long-term Liabilities</u>
USDA general obligation bonds	\$ 3,386,000	\$ -	\$ 65,500	\$ 3,320,500	\$ 68,500
USDA revenue bonds	6,105,000	-	74,000	6,031,000	77,000
Installment notes	2,560,047	-	114,634	2,445,413	118,989
Accrued Vacation	3,195	6,183	6,787	2,591	2,462
Total	<u>\$ 12,054,242</u>	<u>\$ 6,183</u>	<u>\$ 260,921</u>	<u>\$ 11,799,504</u>	<u>\$ 266,951</u>

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, 2015 is as follows:

	<u>Payable Fund</u>		
	<u>Nonmajor Governmental</u>	<u>Cumberland County Crown Center</u>	<u>Total</u>
Receivable Fund			
General Fund	<u>\$ 408,724</u>	<u>\$ 5,500</u>	<u>\$ 414,224</u>

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 10 - Interfund Balances and Activity (continued)

Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2015 are summarized below:

	Transfers in:						Total
	General	Nonmajor Governmental	Cumberland County Crown Center	Kelly Hills Water and Sewer	Bragg Estates Water and Sewer	Internal Service	
Transfers out:							
General	\$ -	\$ 999,294	\$ -	\$ 93,107	\$ 17,000	\$ 2,402,200	\$ 3,511,601
Nonmajor governmental	77,495	-	5,331,852	-	-	-	5,409,347
Total Transfers out	<u>\$ 77,495</u>	<u>\$ 999,294</u>	<u>\$ 5,331,852</u>	<u>\$ 93,107</u>	<u>\$ 17,000</u>	<u>\$ 2,402,200</u>	<u>\$ 8,920,948</u>

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

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. In October 2014, the County borrowed \$3,000,000 from PNC Bank to reimburse the Community College for the purchase and renovation of a building to be used for the auto collision repair program. As a result of these two installment debt financings, the County has \$4,599,065 in debt outstanding at June 30, 2015 related to the Community College.

The County contributed \$9,647,928 and \$3,034,403 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2015. In addition, during the fiscal year, the County made debt service payments of \$662,701 on the Bank of America installment financing. Payments for the PNC Bank installment financing will begin in fiscal year 2016. 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, 2015. 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

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.

	Federal	State
Medicaid	\$ 287,456,799	\$ 163,543,025
TANF	3,549,492	(1,127)
Special Assistance for Adults	-	1,938,162
Health Choice	3,493,096	1,101,318
WIC Food Vouchers	9,889,801	-
Adoption Assistance	1,282,991	1,407,306
	<u>\$ 305,672,179</u>	<u>\$ 167,988,684</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.

Remaining payments are as follows:

Fiscal Year Ended	Amount
2016	\$ 9,125
2017	9,125
2018	9,125
	<u>\$ 27,375</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, 2015 for each of the next five years and in the aggregate are:

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 13 – Leases (continued)

A - Lessor Arrangements (continued)

Operating Leases (continued)

Fiscal Year Ended	Amount
2016	\$ 85,196
2017	85,196
2018	85,196
2019	85,196
2020	85,196
2021-2025	234,772
2026-2028	33,540
	<u>\$ 694,292</u>

Rental expense for leases was \$85,196 in 2015 and 2014.

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.

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 13 – Leases (continued)

A - Lessor Arrangements (continued)

Management Leases (continued)

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>
2016	\$ 3,065,000
2017	3,065,000
2018	3,065,000
2019	3,065,000
2020	3,065,000
2021-2025	15,325,000
2026-2028	9,195,000
	<u>\$39,845,000</u>

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

B - Lessee Arrangements

The ABC Board leases real property for three store locations under operating leases expiring in various times through the year 2016. Total rent expense, including amounts for common area maintenance, under leases for the years ended June 30, 2015 and June 30, 2014 was \$129,151 and \$139,951, respectively.

At June 30, 2015, future minimum lease payments under all leases are as follows:

<u>Fiscal Year</u> <u>End</u>	<u>Amount</u>
2016	\$ 96,959
2017	2,568
2018	2,388
2019	1,990
	<u>\$ 103,905</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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2015

Note 14 - Contingent Liabilities (continued)

Claims and judgments

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

Arbitrage

The County's bond issues are subject to federal arbitrage regulations, and the County has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. At June 30, 2015, the County has no arbitrage liability. Although future amounts to be paid, if any, are not presently determinable, the County believes that arbitrage payables have been adequately provided for in the accompanying financial statements.

Note 15 - Deferred Compensation Plan

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

Note 16 - Law Enforcement and Alcoholic Education Expenses

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

Note 17 - Subsequent Events

There are no subsequent events to report as of the date of this report.

Note 18 - Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$10,723,048 and \$596,514, respectively.

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)
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%
2014	2,222,734	5,499,744	3,277,010	40.42%	15,564,175	21.05%

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
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%
2015	588,706	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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 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

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

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.520%	1.501%
County's proportionate share of the net pension liability (asset) \$	\$ (8,963,314)	\$ 18,087,992
County's covered-employee payroll	\$ 90,486,857	\$ 81,788,429
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.91%	22.12%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of the County Contributions
Local Government Employees' Retirement Fund
Last Two Fiscal Years**

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of the County Contributions - Crown
Local Government Employees' Retirement Fund
Last Two Fiscal Years**

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	3.514%	3.500%
County's proportionate share of the net pension liability (asset) \$	\$ (796,558)	\$ (747,653)
County's covered-employee payroll	\$ 128,378	\$ 128,378
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-620.48%	-582.38%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of the County Contributions
Register of Deeds' Supplemental Pension Fund
Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 27,651	\$ 28,693
Contributions in relation to the contractually required contribution	<u>27,651</u>	<u>28,693</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 128,378	\$ 128,378
Contributions as a percentage of covered-employee payroll	21.539%	22.350%

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**

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

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

MAJOR FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Comparative Balance Sheets
General Fund**

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 41,927,804	\$ 41,243,990
Investments	56,931,479	53,830,259
Taxes receivable, net	284,446	1,451,635
Sales tax receivable	13,427,605	13,251,876
Due from other governments	11,225,368	12,164,941
Patient receivables	296,285	337,667
Other receivables, net	926,651	3,021,837
Due from other funds	414,224	501,849
Due from component units	600,286	924,954
Inventories	172,503	161,583
Prepays	2,381,625	2,387,765
Restricted assets		
Cash and cash equivalents	343,510	1,292,168
Total assets	<u>\$ 128,931,786</u>	<u>\$ 130,570,524</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts and vouchers payable	\$ 7,617,668	\$ 9,906,400
Due to other governments	409,404	395,061
Accrued payroll	6,216,621	5,934,091
Other payables	120,546	116,268
Total liabilities	<u>14,364,239</u>	<u>16,351,820</u>
Deferred inflows of resources	<u>1,391,075</u>	<u>2,706,052</u>
Fund balance		
Nonspendable:		
Inventories	172,503	161,584
Prepays	2,381,625	2,387,765
Restricted:		
Stabilization by State statute	30,590,474	34,692,443
Register of Deeds	754,325	714,243
County school	6,529,769	4,996,993
Committed:		
Property revaluation	758,093	631,503
Assigned:		
Subsequent year's expenditures	14,523,875	18,376,960
Tax office software	4,500,000	4,000,000
Water & sewer industrial expansion	4,876,523	4,421,513
Economic development incentives	1,500,000	695,665
Mental health services	4,633,970	7,849,970
Renovations and maintenance	5,131,898	-
Special purposes	2,500,000	-
Technology upgrades	2,500,000	-
Unassigned	31,823,417	32,584,013
Total fund balance	<u>113,176,472</u>	<u>111,512,652</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 128,931,786</u>	<u>\$ 130,570,524</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, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes				
Current year	\$ 150,400,868	\$ 152,193,575	\$ 1,792,707	\$ 149,877,182
Prior years	1,205,000	1,168,519	(36,481)	1,290,809
Penalties and interest	1,391,000	1,219,906	(171,094)	1,560,521
Motor vehicle - current	14,200,000	16,363,186	2,163,186	19,003,479
Motor vehicle - prior	1,000,000	801,579	(198,421)	2,080,304
Other	667,000	790,426	123,426	778,092
Total ad valorem taxes	168,863,868	172,537,191	3,673,323	174,590,387
Other taxes				
Dog registration fees	336,236	204,911	(131,325)	289,249
Real estate transfer	675,000	869,424	194,424	795,980
Beer and wine	359,300	420,124	60,824	388,608
Sales	37,516,061	39,752,574	2,236,513	37,744,177
Other	556,500	525,750	(30,750)	557,477
Total other taxes	39,443,097	41,772,783	2,329,686	39,775,491
Unrestricted intergovernmental revenues				
Federal	66,000	115,522	49,522	66,505
State government	147,977	142,432	(5,545)	102,602
Fayetteville	6,336,740	6,956,731	619,991	7,084,163
Municipalities	855,204	1,082,925	227,721	1,043,616
Other governmental	1,969,056	2,125,055	155,999	2,654,348
Total unrestricted intergovernmental revenues	9,374,977	10,422,665	1,047,688	10,951,234
Restricted intergovernmental revenues				
Federal	961,322	920,197	(41,125)	1,003,989
NC health programs	5,521,622	5,006,686	(514,936)	5,370,563
NC mental health programs	840,970	291,572	(549,398)	347,221
NC social services programs	45,970,885	46,682,524	711,639	42,793,076
NC library programs	463,513	468,152	4,639	631,628
NC other restricted revenue	4,751,618	5,632,584	880,966	4,292,073
Other restricted revenue	770,398	705,392	(65,006)	1,247,405
Total restricted intergovernmental revenues	59,280,328	59,707,107	426,779	55,685,955

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues (continued)				
Licenses and permits				
Inspection department permits	\$ 566,700	\$ 727,675	\$ 160,975	\$ 695,195
Marriage licenses	81,025	94,300	13,275	93,775
Register of Deeds fees	1,198,144	1,441,981	243,837	1,502,287
Total licenses and permits	1,845,869	2,263,956	418,087	2,291,257
Sales and services				
Health department fees	4,362,776	4,776,100	413,324	4,582,122
Library fees	252,000	196,460	(55,540)	227,669
Sheriff department fees	3,960,126	3,888,922	(71,204)	3,306,510
Social services fees	101,984	93,404	(8,580)	97,955
Other department fees	1,557,624	1,668,031	110,407	1,696,166
Total sales and services	10,234,510	10,622,917	388,407	9,910,422
Interest earned on investments	267,890	182,437	(85,453)	175,453
Miscellaneous				
Miscellaneous	442,359	601,634	159,275	1,352,252
Rent, land, and buildings	4,038,922	4,189,440	150,518	3,852,004
Total miscellaneous	4,481,281	4,791,074	309,793	5,204,256
Total revenues	293,791,820	302,300,130	8,508,310	298,584,455

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Expenditures				
Current				
General government				
Governing body	\$ 555,635	\$ 542,897	\$ 12,738	\$ 541,819
Administration	2,192,355	2,015,277	177,078	1,942,947
Court facilities	112,021	71,637	40,384	124,345
Information services	5,103,057	3,848,106	1,254,951	2,447,320
Elections	958,667	842,766	115,901	1,041,657
Finance	1,333,485	1,132,350	201,135	1,256,508
Legal	875,111	722,363	152,748	725,328
Register of Deeds	2,425,518	2,094,657	330,861	2,098,435
Tax Assessor	5,796,190	4,944,785	851,405	5,259,779
Print & graphics shop	234,041	232,342	1,699	225,259
Public building	2,875,924	2,087,321	788,603	1,340,152
Communications center	1,927,408	1,726,041	201,367	1,652,921
Carpenter shop	217,868	216,570	1,298	217,240
Public buildings - equipment maintenance	1,213,119	1,164,603	48,516	1,131,670
Public buildings - janitorial	714,652	698,535	16,117	668,575
Central maintenance	646,726	569,058	77,668	538,994
Landscaping and grounds	657,528	558,016	99,512	591,133
Property revaluation	456,755	307,666	149,089	278,183
General government - other	3,688,149	1,893,174	1,794,975	2,593,128
Total general government	31,984,209	25,668,164	6,316,045	24,675,393
Public safety				
Emergency services	3,118,337	2,848,285	270,052	2,874,752
Sheriff	25,047,715	24,495,969	551,746	25,050,335
Jail	17,888,991	16,920,792	968,199	15,686,383
School law enforcement-local	4,414,739	4,155,980	258,759	3,726,204
Sheriff's grants	514,281	376,208	138,073	224,186
Animal services	2,801,373	2,745,023	56,350	2,885,038
Public safety other	1,195,935	833,439	362,496	1,104,782
Criminal justice unit	388,763	375,415	13,348	401,359
Roxie crisis interventioin	300,467	159,951	140,516	(12,096)
Total public safety	55,670,601	52,911,062	2,759,539	51,940,943
Economic and physical development				
Planning and inspections department	3,240,584	2,928,405	312,179	3,107,396
Engineering	343,406	341,706	1,700	363,780
NC cooperative extension service	635,001	417,761	217,240	474,158
Soil conservation district	75,672	70,137	5,535	68,949
Soil conservation cost share	68,648	67,935	713	67,931
Economic physical development - other	458,805	451,421	7,384	411,200
Industrial park	5,000	852	4,148	886
Location services	447,470	389,471	57,999	400,259
Economic incentives	867,840	489,980	377,860	392,408
Water & sewer industrial expansion	654,645	365,076	289,569	1,097,697
Public utilities	69,429	65,875	3,554	96,693
Total economic and physical development	6,866,500	5,588,619	1,277,881	6,481,357

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Human services				
Mental Health				
Mental health other	\$ 6,232,893	\$ 5,971,175	\$ 261,718	\$ 6,218,947
Managed care organizaion	-	-	-	114,553
Court ordered evaluations	165,000	147,121	17,879	134,582
Sobriety court	93,659	47,800	45,859	51,146
Subtotal - mental health	6,491,552	6,166,096	325,456	6,519,228
Health				
Health - administration	2,422,610	2,295,784	126,826	2,285,210
Laboratory	292,016	276,820	15,196	282,222
Pharmacy	673,150	612,888	60,262	629,752
C. C. Jail health program	2,610,064	2,516,497	93,567	2,639,582
Management support	290,774	287,135	3,639	275,966
NC environmental health	1,365,658	1,363,392	2,266	1,350,184
Immunization clinic	254,841	238,079	16,762	221,175
School health program	1,127,092	1,009,812	117,280	995,249
Child health clinic	753,880	732,685	21,195	743,261
Dental clinic	363,011	310,071	52,940	386,833
Health promotion	394,090	332,681	61,409	339,547
Maternal health clinic	637,179	616,892	20,287	655,237
Medical records	251,135	239,642	11,493	244,452
Breast/cervical cancer	143,730	131,827	11,903	142,588
Child service coordination	715,506	611,251	104,255	599,565
Child fatality prevention	3,787	3,478	309	3,610
Chest TB clinic	153,685	121,231	32,454	126,359
Family planning clinic	934,478	898,557	35,921	972,126
NC general communicable disease	217,267	182,076	35,191	229,778
CDC tuberculosis project	35,766	32,122	3,644	30,005
NC AIDS	114,132	98,359	15,773	72,074
Adult health clinic	979,978	969,571	10,407	1,051,439
School health	568,343	536,317	32,026	553,884
WIC - clinic services	2,777,336	2,435,886	341,450	2,413,622
Health - other	93,398	93,398	-	85,681
Bioterrorism preparedness and response	72,500	50,069	22,431	55,589
STD clinic	1,164,106	1,129,315	34,791	1,152,811
South Central partnership	2,348	-	2,348	2,052
Maternal care coordination	813,336	728,005	85,331	718,056
Health express	512,812	459,614	53,198	453,820
Diabetes education clinic	-	-	-	114,281
Community transformation grant	186,438	140,262	46,176	538,440
Health	213,124	208,605	4,519	-
Subtotal - health	21,137,570	19,662,321	1,475,249	20,364,450
Welfare				
Social services department	41,423,275	39,401,750	2,021,525	36,661,630
Social services - other	26,889,745	25,855,220	1,034,525	26,057,552
Grant - FV care center	461,551	422,799	38,752	382,312
Welfare - other	477,805	404,228	73,577	381,332
Subtotal - welfare	69,252,376	66,083,997	3,168,379	63,482,826

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Other human services				
Veterans' services	\$ 370,336	\$ 356,785	\$ 13,551	\$ 371,433
Spring Lake Resource Center	34,242	32,351	1,891	28,110
Child support enforcement	4,790,879	4,685,849	105,030	4,622,051
Subtotal - other human services	5,195,457	5,074,985	120,472	5,021,594
Total human services	102,076,955	96,987,399	5,089,556	95,388,098
Cultural and recreational				
Library	10,651,244	10,336,187	315,057	10,487,424
Law library	91,058	91,050	8	90,901
Stadium maintenance	157,495	151,354	6,141	244,681
Culture recreation other	306,416	305,816	600	305,816
Library - grants	267,899	172,198	95,701	415,654
Library - Smart Start - Raise a Reader	101,753	100,973	780	101,447
Total cultural and recreational	11,575,865	11,157,578	418,287	11,645,923
Education				
Public schools - current	78,222,980	78,066,624	156,356	77,239,186
Community colleges - current	9,647,928	9,647,928	-	9,552,404
Community colleges - capital outlay	3,764,692	2,989,303	775,389	473,937
Total education	91,635,600	90,703,855	931,745	87,265,527
Debt service				
Principal payments	18,838,421	18,838,421	-	18,711,637
Interest and fees	5,848,082	5,848,011	71	6,647,785
Debt issue costs	45,100	45,100	-	73,607
Total debt service	24,731,603	24,731,532	71	25,433,029
Total expenditures	324,541,333	307,748,209	16,793,124	302,830,270
Revenues over (under) expenditures	(30,749,513)	(5,448,079)	25,301,434	(4,245,815)

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Other financing sources (uses)				
Sale of capital assets	\$ 263,484	\$ 348,691	\$ 85,207	\$ 214,069
Proceeds from refunding bonds	-	-	-	15,070,000
Payment to refund bond escrow agent	-	-	-	(15,204,915)
Proceeds from installment notes	3,000,000	3,000,000	-	-
Transfers in	5,677,009	5,677,009	-	7,485,772
Transfers out	(3,767,237)	(3,511,601)	255,636	(1,573,481)
Fund balance appropriated	25,576,257	-	(25,576,257)	-
Total other financing sources (uses)	30,749,513	5,514,099	(25,235,414)	5,991,445
Revenues and other financing sources (uses) over expenditures	\$ -	66,020	\$ 66,020	1,745,630
Fund balance				
Beginning of year - July 1		104,093,146		102,347,516
End of year - June 30		<u>\$ 104,159,166</u>		<u>\$ 104,093,146</u>
Reconciliation to H-1:				
General Fund - ending fund balance - June 30		\$ 104,159,166		\$ 104,093,146
County School Fund - ending fund balance - June 30 (H-8)		9,017,306		7,419,506
		<u>\$ 113,176,472</u>		<u>\$ 111,512,652</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, 2015
(With Comparative Totals for June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Other taxes	\$ 7,979,328	\$ 9,458,763	\$ 1,479,435	\$ 8,824,674
Unrestricted intergovernmental revenue	800,000	832,373	32,373	757,303
Restricted intergovernmental revenue	3,802,117	3,802,117	-	3,863,323
Interest earned on investments	-	767	767	6,034
Miscellaneous	-	77,657	77,657	56,107
Total revenues	12,581,445	14,171,677	1,590,232	13,507,441
Expenditures				
Education				
School capital outlay I	8,199,000	4,402,326	3,796,674	2,410,347
School capital outlay II	2,443,931	2,324,558	119,373	3,151,424
School capital outlay III	450,000	247,479	202,521	671,306
Total expenditures	11,092,931	6,974,363	4,118,568	6,233,077
Revenues over expenditures	1,488,514	7,197,314	5,708,800	7,274,364
Other financing sources (uses)				
Transfers (out)	(5,599,514)	(5,599,514)	-	(7,407,993)
Appropriated fund balance	4,111,000	-	(4,111,000)	
Total other financing sources (uses)	(1,488,514)	(5,599,514)	(4,111,000)	(7,407,993)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	1,597,800	\$ 1,597,800	(133,629)
Fund balances				
Beginning of year - July 1		7,419,506		7,553,135
End of year - June 30		\$ 9,017,306		\$ 7,419,506

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, 2015

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 216,348	\$ 216,348	\$ -	\$ -	\$ 216,348
Miscellaneous	321,014	321,014	-	-	321,014
Total revenues	<u>537,362</u>	<u>537,362</u>	<u>-</u>	<u>-</u>	<u>537,362</u>
Expenditures					
Capital outlay					
NC school bond project	20,507,236	20,424,245	-	4,785	20,429,030
Debt issuance costs	30,126	30,126	-	-	30,126
Total expenditures	<u>20,537,362</u>	<u>20,454,371</u>	<u>-</u>	<u>4,785</u>	<u>20,459,156</u>
Revenues over (under) expenditures	<u>(20,000,000)</u>	<u>(19,917,009)</u>	<u>-</u>	<u>(4,785)</u>	<u>(19,921,794)</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>\$ 82,991</u>	<u>\$ -</u>	<u>(4,785)</u>	<u>\$ 78,206</u>
Fund balance					
Beginning of year - July 1				<u>82,991</u>	
End of year - June 30				<u>\$ 78,206</u>	

NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,622,597	\$ -	\$ -	\$ 9,622,597
Investments	262	-	-	262
Taxes receivable, net	240,254	-	-	240,254
Sales tax receivable	27,450	2,564	-	30,014
Due from other governments	665,943	-	-	665,943
Other receivables, net	221,441	-	-	221,441
Prepays	35,715	-	-	35,715
Restricted assets:				
Cash and cash equivalents	490,929	1,017,557	45,923	1,554,409
Accounts receivable	-	-	53	53
Total assets	\$ 11,304,591	\$ 1,020,121	\$ 45,976	\$ 12,370,688
Liabilities deferred inflows of resources and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ 950,555	42,981	-	\$ 993,536
Due to other governments	15,859	-	-	15,859
Accrued payroll	94,048	-	-	94,048
Other payables	1,200	-	-	1,200
Due to other funds	408,724	-	-	408,724
Total liabilities	<u>1,470,386</u>	<u>42,981</u>	<u>-</u>	<u>1,513,367</u>
Deferred inflows of resources - taxes	<u>240,255</u>	<u>-</u>	<u>53</u>	<u>240,308</u>
Fund balances:				
Nonspendable:				
Prepays	35,715	-	-	35,715
Restricted:				
Stabilization by State Statute	992,678	2,564	-	995,242
Inmates	466,736	-	-	466,736
Cemetery	-	-	45,923	45,923
School capital	-	236,508	-	236,508
Fire protection	195,046	-	-	195,046
Public safety	2,253,584	-	-	2,253,584
Economic and physical development	487,652	194,760	-	682,412
Human services	94,776	-	-	94,776
Cultural and recreational	2,472,620	420,918	-	2,893,538
Committed:				
Public safety	-	122,390	-	122,390
Assigned:				
Subsequent year's expenditures	3,177,259	-	-	3,177,259
Unassigned	(582,116)	-	-	(582,116)
Total fund balances	<u>9,593,950</u>	<u>977,140</u>	<u>45,923</u>	<u>10,617,013</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 11,304,591	\$ 1,020,121	\$ 45,976	\$ 12,370,688

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ 11,897,605	\$ -	\$ -	\$ 11,897,605
Other taxes	6,270,473	-	-	6,270,473
Restricted intergovernmental revenue	6,130,450	-	-	6,130,450
Sales and services	170,866	-	-	170,866
Interest earned on investments	2,862	65	36	2,963
Miscellaneous	531,734	7,630	600	539,964
Total revenues	<u>25,003,990</u>	<u>7,695</u>	<u>636</u>	<u>25,012,321</u>
Expenditures				
Current:				
Public safety	8,626,239	223,655	-	8,849,894
Economic and physical development	5,005,440	-	300	5,005,740
Human services	1,736,932	-	-	1,736,932
Cultural and recreational	4,075,958	-	-	4,075,958
Education	-	30,373	-	30,373
Total expenditures	<u>19,444,569</u>	<u>254,028</u>	<u>300</u>	<u>19,698,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,559,421</u>	<u>(246,333)</u>	<u>336</u>	<u>5,313,424</u>
Other financing sources (uses)				
Transfers in	729,891	269,403	-	999,294
Transfers out	(5,409,347)	-	-	(5,409,347)
Total other financing sources (uses)	<u>(4,679,456)</u>	<u>269,403</u>	<u>-</u>	<u>(4,410,053)</u>
Net change in fund balances	879,965	23,070	336	903,371
Fund balance - beginning	<u>8,713,985</u>	<u>954,070</u>	<u>45,587</u>	<u>9,713,642</u>
Fund balance - ending	<u>\$ 9,593,950</u>	<u>\$ 977,140</u>	<u>\$ 45,923</u>	<u>\$ 10,617,013</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

(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	\$ 4,755,081	\$ 1,674,268	\$ 226,313	\$ 834,675	\$ 366,801	\$ 52,827	\$ 75,884	\$ 23,703
Investments	-	262	-	-	-	-	-	-
Taxes receivable, net	-	-	-	78,824	-	-	-	-
Sales tax receivable	-	6,431	153	241	901	372	-	14,735
Due from other governments	-	77,285	54,983	60,373	-	81,402	-	293,620
Other receivables, net	-	503	-	-	-	220,555	-	383
Prepays	-	-	5,894	-	12,586	1,735	-	13,633
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4,755,081</u>	<u>\$ 1,758,749</u>	<u>\$ 287,343</u>	<u>\$ 974,113</u>	<u>\$ 380,288</u>	<u>\$ 356,891</u>	<u>\$ 75,884</u>	<u>\$ 346,074</u>
Liabilities:								
Accounts and vouchers payable	\$ -	\$ 1,928	\$ 10,921	\$ 38,490	\$ 158,165	\$ 41,954	\$ -	\$ 156,635
Due to other governments	-	-	-	5,366	-	10,493	-	-
Accrued payroll	-	-	25,995	-	28,923	4,062	-	31,280
Other payables	-	-	-	-	-	-	-	1,200
Due to other funds	-	-	13,124	-	-	250,397	-	126,665
Total liabilities	<u>-</u>	<u>1,928</u>	<u>50,040</u>	<u>43,856</u>	<u>187,088</u>	<u>306,906</u>	<u>-</u>	<u>315,780</u>
Deferred inflows of resources - taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable:								
Prepays	-	-	5,894	-	12,586	1,735	-	13,633
Restricted:								
Stabilization by State Statute	-	145,146	55,136	60,613	1,859	318,289	-	308,738
Inmates	-	-	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-	-	-
Public safety	-	1,611,675	-	-	-	-	-	-
Economic and physical development	-	-	176,273	-	-	-	75,884	-
Human services	-	-	-	-	94,776	-	-	-
Cultural and recreational	1,902,301	-	-	570,319	-	-	-	-
Assigned:								
Subsequent year's expenditures	2,852,780	-	-	220,500	83,979	-	-	20,000
Unassigned	-	-	-	-	-	(270,039)	-	(312,077)
Total fund balances	<u>4,755,081</u>	<u>1,756,821</u>	<u>237,303</u>	<u>851,432</u>	<u>193,200</u>	<u>49,985</u>	<u>75,884</u>	<u>30,294</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,755,081</u>	<u>\$ 1,758,749</u>	<u>\$ 287,343</u>	<u>\$ 974,113</u>	<u>\$ 380,288</u>	<u>\$ 356,891</u>	<u>\$ 75,884</u>	<u>\$ 346,074</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

(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	\$ 734,223	\$ 298,617	\$ 20,219	\$ 282,217	\$ 42,274	\$ 235,495	\$ -	\$ 9,622,597
Investments	-	-	-	-	-	-	-	262
Taxes receivable, net	161,430	-	-	-	-	-	-	240,254
Sales tax receivable	-	4,617	-	-	-	-	-	27,450
Due from other governments	98,280	-	-	-	-	-	-	665,943
Other receivables, net	-	-	-	-	-	-	-	221,441
Prepays	-	-	-	-	-	-	1,867	35,715
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	490,929	490,929
Total assets	\$ 993,933	\$ 303,234	\$ 20,219	\$ 282,217	\$ 42,274	\$ 235,495	\$ 492,796	\$ 11,304,591
Liabilities:								
Accounts and vouchers payable	\$ 539,177	\$ 1,000	\$ -	\$ -	\$ 418	\$ -	\$ 1,867	\$ 950,555
Due to other governments	-	-	-	-	-	-	-	15,859
Accrued payroll	-	-	-	-	-	-	3,788	94,048
Other payables	-	-	-	-	-	-	-	1,200
Due to other funds	-	-	-	-	-	-	18,538	408,724
Total liabilities	<u>539,177</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>418</u>	<u>-</u>	<u>24,193</u>	<u>1,470,386</u>
Deferred inflows of resources - taxes	<u>161,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,255</u>
Fund balances:								
Nonspendable:								
Prepays	-	-	-	-	-	-	1,867	35,715
Restricted:								
Stabilization by State Statute	98,280	4,617	-	-	-	-	-	992,678
Inmates	-	-	-	-	-	-	466,736	466,736
Fire protection	195,046	-	-	-	-	-	-	195,046
Public safety	-	297,617	20,219	282,217	41,856	-	-	2,253,584
Economic and physical development	-	-	-	-	-	235,495	-	487,652
Human services	-	-	-	-	-	-	-	94,776
Cultural and recreational	-	-	-	-	-	-	-	2,472,620
Assigned:								
Subsequent year's expenditures	-	-	-	-	-	-	-	3,177,259
Unassigned	-	-	-	-	-	-	-	(582,116)
Total fund balances	<u>293,326</u>	<u>302,234</u>	<u>20,219</u>	<u>282,217</u>	<u>41,856</u>	<u>235,495</u>	<u>468,603</u>	<u>9,593,950</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 993,933	\$ 303,234	\$ 20,219	\$ 282,217	\$ 42,274	\$ 235,495	\$ 492,796	\$ 11,304,591

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2015

(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	\$ -	\$ -	\$ -	\$ 4,109,698	\$ -	\$ -	\$ -	\$ -
Other taxes	6,270,473	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	917,914	602,761	14,950	1,150,662	1,154,772	-	2,211,229
Sales and services	-	-	9,234	-	151,924	9,708	-	-
Interest earned on investments	783	1,533	-	177	34	30	75	-
Miscellaneous	-	-	-	-	-	1	-	69,372
Total revenues	<u>6,271,256</u>	<u>919,447</u>	<u>611,995</u>	<u>4,124,825</u>	<u>1,302,620</u>	<u>1,164,511</u>	<u>75</u>	<u>2,280,601</u>
Expenditures								
Current:								
Public safety	-	-	-	-	-	-	-	-
Economic and physical development	-	680,096	659,192	-	-	1,272,468	4,028	2,389,656
Human services	-	-	-	-	1,736,932	-	-	-
Cultural and recreational	-	-	-	4,075,958	-	-	-	-
Total expenditures	<u>-</u>	<u>680,096</u>	<u>659,192</u>	<u>4,075,958</u>	<u>1,736,932</u>	<u>1,272,468</u>	<u>4,028</u>	<u>2,389,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,271,256</u>	<u>239,351</u>	<u>(47,197)</u>	<u>48,867</u>	<u>(434,312)</u>	<u>(107,957)</u>	<u>(3,953)</u>	<u>(109,055)</u>
Other financing sources (uses)								
Transfers in	-	110,394	61,197	-	409,744	98,986	-	49,570
Transfers out	(5,385,347)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(5,385,347)</u>	<u>110,394</u>	<u>61,197</u>	<u>-</u>	<u>409,744</u>	<u>98,986</u>	<u>-</u>	<u>49,570</u>
Net change in fund balances	885,909	349,745	14,000	48,867	(24,568)	(8,971)	(3,953)	(59,485)
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 4,755,081</u>	<u>\$ 1,756,821</u>	<u>\$ 237,303</u>	<u>\$ 851,432</u>	<u>\$ 193,200</u>	<u>\$ 49,985</u>	<u>\$ 75,884</u>	<u>\$ 30,294</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2015**

(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	\$ 7,787,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,897,605
Other taxes	-	-	-	-	-	-	-	6,270,473
Restricted intergovernmental revenue	-	26,271	-	30,201	21,690	-	-	6,130,450
Sales and services	-	-	-	-	-	-	-	170,866
Interest earned on investments	105	75	2	48	-	-	-	2,862
Miscellaneous	-	-	-	-	-	-	462,361	531,734
Total revenues	<u>7,788,012</u>	<u>26,346</u>	<u>2</u>	<u>30,249</u>	<u>21,690</u>	<u>-</u>	<u>462,361</u>	<u>25,003,990</u>
Expenditures								
Current:								
Public safety	7,741,047	504,777	-	3,193	6,761	-	370,461	8,626,239
Economic and physical development	-	-	-	-	-	-	-	5,005,440
Human services	-	-	-	-	-	-	-	1,736,932
Cultural and recreational	-	-	-	-	-	-	-	4,075,958
Total expenditures	<u>7,741,047</u>	<u>504,777</u>	<u>-</u>	<u>3,193</u>	<u>6,761</u>	<u>-</u>	<u>370,461</u>	<u>19,444,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,965</u>	<u>(478,431)</u>	<u>2</u>	<u>27,056</u>	<u>14,929</u>	<u>-</u>	<u>91,900</u>	<u>5,559,421</u>
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	729,891
Transfers out	(24,000)	-	-	-	-	-	-	(5,409,347)
Total other financing sources (uses)	<u>(24,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,679,456)</u>
Net change in fund balances	<u>22,965</u>	<u>(478,431)</u>	<u>2</u>	<u>27,056</u>	<u>14,929</u>	<u>-</u>	<u>91,900</u>	<u>879,965</u>
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 293,326</u>	<u>\$ 302,234</u>	<u>\$ 20,219</u>	<u>\$ 282,217</u>	<u>\$ 41,856</u>	<u>\$ 235,495</u>	<u>\$ 468,603</u>	<u>\$ 9,593,950</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Revenues				
Other taxes	\$ 5,425,721	\$ 6,270,473	\$ 844,752	\$ 5,897,054
Interest earned on investments	1,397	783	(614)	373
Total revenues	<u>5,427,118</u>	<u>6,271,256</u>	<u>844,138</u>	<u>5,897,427</u>
Expenditures				
Current				
Cultural and recreational	2,000	-	2,000	-
Total expenditures	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Revenues over expenditures	<u>5,425,118</u>	<u>6,271,256</u>	<u>846,138</u>	<u>5,897,427</u>
Other financing sources (uses)				
Transfers (out)	(7,629,730)	(5,385,347)	2,244,383	(5,161,773)
Appropriated fund balance	2,204,612		2,204,612	-
Total other financing sources (uses)	<u>(5,425,118)</u>	<u>(5,385,347)</u>	<u>39,771</u>	<u>(5,161,773)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>885,909</u>	<u>\$ 885,909</u>	<u>735,654</u>
Fund balances				
Beginning of year - July 1		<u>3,869,172</u>		<u>3,133,518</u>
End of year - June 30		<u>\$ 4,755,081</u>		<u>\$ 3,869,172</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 913,162	\$ 917,914	\$ 4,752	\$ 1,165,423
Interest earned on investments	-	1,533	1,533	2,321
Total revenues	<u>913,162</u>	<u>919,447</u>	<u>6,285</u>	<u>1,167,744</u>
Expenditures				
Economic and physical development:				
Implemental functions	269,500	227,882	41,618	254,881
Telephone/furniture	269,266	229,067	40,199	238,682
Software	202,391	118,595	83,796	161,309
Hardware	119,005	84,927	34,078	860,814
Training	53,000	14,873	38,127	30,227
Capital outlay	117,251	-	117,251	-
Other	-	4,752	(4,752)	4,750
Total expenditures	<u>1,030,413</u>	<u>680,096</u>	<u>350,317</u>	<u>1,550,663</u>
Revenues over expenditures	<u>(117,251)</u>	<u>239,351</u>	<u>356,602</u>	<u>(382,919)</u>
Other financing sources (uses)				
Appropriated fund balance	117,251	-	117,251	-
Transfers in	-	110,394	(110,394)	-
Total other financing sources (uses)	<u>117,251</u>	<u>110,394</u>	<u>6,857</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>349,745</u>	<u>\$ 349,745</u>	<u>(382,919)</u>
Fund balances				
Beginning of year - July 1		<u>1,407,076</u>		<u>1,789,995</u>
End of year - June 30		<u>\$ 1,756,821</u>		<u>\$ 1,407,076</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 592,910	\$ 602,761	\$ 9,851	\$ 594,318
Sales and services	9,250	9,234	(16)	7,551
Total revenues	<u>602,160</u>	<u>611,995</u>	<u>9,835</u>	<u>601,869</u>
Expenditures				
Economic and physical development:				
WIA programs			-	346
Senior Aides	669,831	659,192	10,639	668,908
Total expenditures	<u>669,831</u>	<u>659,192</u>	<u>10,639</u>	<u>669,254</u>
Revenues over expenditures	<u>(67,671)</u>	<u>(47,197)</u>	<u>20,474</u>	<u>(67,385)</u>
Other financing sources (uses)				
Transfers in	67,671	61,197	(6,474)	67,385
Total other financing sources (uses)	<u>67,671</u>	<u>61,197</u>	<u>(6,474)</u>	<u>67,385</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>14,000</u>	<u>\$ 14,000</u>	<u>-</u>
Fund balances				
Beginning of year - July 1		<u>223,303</u>		<u>223,303</u>
End of year - June 30		<u>\$ 237,303</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes	\$ 4,545,344	\$ 4,109,698	\$ (435,646)	\$ 4,144,116
Restricted intergovernmental revenue	212,400	14,950	(197,450)	18,493
Interest earned on investments		177	177	117
Total revenues	<u>4,757,744</u>	<u>4,124,825</u>	<u>(632,919)</u>	<u>4,162,726</u>
Expenditures				
Culture and recreational	4,605,718	4,072,513	533,205	4,095,984
Capital outlay	155,467	3,445	152,022	122,148
Total expenditures	<u>4,761,185</u>	<u>4,075,958</u>	<u>685,227</u>	<u>4,218,132</u>
Revenues over expenditures	<u>(3,441)</u>	<u>48,867</u>	<u>52,308</u>	<u>(55,406)</u>
Other financing sources (uses)				
Appropriated fund balance	3,441	-	(3,441)	-
Total other financing sources (uses)	<u>3,441</u>	<u>-</u>	<u>(3,441)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>48,867</u>	<u>\$ 48,867</u>	<u>(55,406)</u>
Fund balances				
Beginning of year - July 1		<u>802,565</u>		<u>857,971</u>
End of year - June 30		<u>\$ 851,432</u>		<u>\$ 802,565</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,233,908	\$ 1,150,662	\$ (83,246)	\$ 1,230,225
Sales and services	156,768	151,924	(4,844)	123,056
Interest earned on investments	-	34	34	20
Total revenues	<u>1,390,676</u>	<u>1,302,620</u>	<u>(88,056)</u>	<u>1,353,301</u>
Expenditures				
Human services				
JCP programs	1,200,752	1,044,815	155,937	1,079,057
Residential group home	708,625	692,117	16,508	696,516
Total expenditures	<u>1,909,377</u>	<u>1,736,932</u>	<u>172,445</u>	<u>1,775,573</u>
Revenues over expenditures	<u>(518,701)</u>	<u>(434,312)</u>	<u>84,389</u>	<u>(422,272)</u>
Other financing sources (uses)				
Transfers in	409,744	409,744	-	425,315
Appropriated fund balance	108,957		(108,957)	-
Total other financing sources (uses)	<u>518,701</u>	<u>409,744</u>	<u>(108,957)</u>	<u>425,315</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(24,568)</u>	<u>\$ (24,568)</u>	<u>3,043</u>
Fund balances				
Beginning of year - July 1		<u>217,768</u>		<u>214,725</u>
End of year - June 30		<u>\$ 193,200</u>		<u>\$ 217,768</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Transportation Fund
Year Ended June 30, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 2,001,045	\$ 1,154,772	\$ (846,273)	\$ 1,252,008
Sales and services	74,923	9,708	(65,215)	32,319
Interest earned on investments	-	30	30	19
Miscellaneous	-	1	1	7
Total revenues	<u>2,075,968</u>	<u>1,164,511</u>	<u>(911,457)</u>	<u>1,284,353</u>
Expenditures				
Economic and physical development	<u>2,223,718</u>	<u>1,272,468</u>	<u>951,250</u>	<u>1,369,985</u>
Total expenditures	<u>2,223,718</u>	<u>1,272,468</u>	<u>951,250</u>	<u>1,369,985</u>
Revenues over expenditures	<u>(147,750)</u>	<u>(107,957)</u>	<u>39,793</u>	<u>(85,632)</u>
Other financing sources (uses)				
Transfers in	147,750	98,986	(48,764)	97,558
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>147,750</u>	<u>98,986</u>	<u>(48,764)</u>	<u>97,558</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(8,971)</u>	<u>\$ (8,971)</u>	<u>11,926</u>
Fund balances				
Beginning of year - July 1		<u>58,956</u>		<u>47,030</u>
End of year - June 30		<u>\$ 49,985</u>		<u>\$ 58,956</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ -	\$ 75	\$ 75	\$ 19
Total revenues	<u>-</u>	<u>75</u>	<u>75</u>	<u>19</u>
Expenditures				
Total expenditures	<u>-</u>	<u>4,028</u>	<u>(4,028)</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>(3,953)</u>	<u>(3,953)</u>	<u>19</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>(3,953)</u>	<u>\$ (3,953)</u>	<u>19</u>
Fund balances				
Beginning of year - July 1		<u>79,837</u>		<u>79,818</u>
End of year - June 30		<u>\$ 75,884</u>		<u>\$ 79,837</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 4,037,419	\$ 2,211,229	\$ (1,826,190)	\$ 2,173,661
Miscellaneous	95,000	69,372	(25,628)	22,474
Total revenues	<u>4,132,419</u>	<u>2,280,601</u>	<u>(1,851,818)</u>	<u>2,196,135</u>
Expenditures				
Economic and physical development				
Administration	364,142	299,421	64,721	249,725
Economic Development	1,457,465	1,028,452	429,013	787,169
Housing activities	1,339,801	425,112	914,689	420,165
NC Urgent Repair Program			-	13,481
Public facilities	300,000		300,000	82,603
Public services	119,358	108,621	10,737	117,978
Program grants	640,990	272,241	368,749	296,152
Program grants	297,645	255,809	41,836	275,179
Total expenditures	<u>4,519,401</u>	<u>2,389,656</u>	<u>2,129,745</u>	<u>2,242,452</u>
Revenues over (under) expenditures	<u>(386,982)</u>	<u>(109,055)</u>	<u>277,927</u>	<u>(46,317)</u>
Other financing sources (uses)				
Sale of capital assets	-		-	1,809
Transfers in	360,362	49,570	(310,792)	38,265
Appropriated fund balance	26,620	-	(26,620)	-
Total other financing sources (uses)	<u>386,982</u>	<u>49,570</u>	<u>(337,412)</u>	<u>40,074</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(59,485)</u>	<u>\$ (59,485)</u>	<u>(6,243)</u>
Fund balances				
Beginning of year - July 1		<u>89,779</u>		<u>96,022</u>
End of year - June 30		<u>\$ 30,294</u>		<u>\$ 89,779</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Revenues				
Ad valorem taxes	\$ 7,777,082	\$ 7,787,907	\$ 10,825	\$ 7,864,548
Interest earned on investments	250	105	(145)	48
Total revenues	<u>7,777,332</u>	<u>7,788,012</u>	<u>10,680</u>	<u>7,864,596</u>
Expenditures				
Public safety	<u>7,836,847</u>	<u>7,741,047</u>	<u>95,800</u>	<u>7,797,492</u>
Total expenditures	<u>7,836,847</u>	<u>7,741,047</u>	<u>95,800</u>	<u>7,797,492</u>
Revenues over expenditures	<u>(59,515)</u>	<u>46,965</u>	<u>106,480</u>	<u>67,104</u>
Other financing sources (uses)				
Transfers out	(24,000)	(24,000)	-	(24,000)
Appropriated fund balance	<u>83,515</u>	<u>-</u>	<u>(83,515)</u>	<u>-</u>
Total other financing sources (uses)	<u>59,515</u>	<u>(24,000)</u>	<u>(83,515)</u>	<u>(24,000)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>22,965</u>	<u>\$ 22,965</u>	<u>43,104</u>
Fund balances				
Beginning of year - July 1		<u>270,361</u>		<u>227,257</u>
End of year - June 30		<u>\$ 293,326</u>		<u>\$ 270,361</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 100,000	\$ 26,271	\$ (73,729)	\$ 728,636
Interest earned on investments	-	75	75	85
Total revenues	<u>100,000</u>	<u>26,346</u>	<u>(73,654)</u>	<u>728,721</u>
Expenditures				
Public safety	437,558	289,383	148,175	499,386
Capital outlay	221,070	215,394	5,676	331,833
Total expenditures	<u>658,628</u>	<u>504,777</u>	<u>153,851</u>	<u>831,219</u>
Revenues over expenditures	<u>(558,628)</u>	<u>(478,431)</u>	<u>80,197</u>	<u>(102,498)</u>
Other financing sources (uses)				
Appropriated fund balance	558,628	-	(558,628)	
Total other financing sources (uses)	<u>558,628</u>	<u>-</u>	<u>(558,628)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(478,431)</u>	<u>\$ (478,431)</u>	<u>(102,498)</u>
Fund balances				
Beginning of year - July 1		780,665		883,163
End of year - June 30		<u>\$ 302,234</u>		<u>\$ 780,665</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ 19,829
Interest income	-	2	2	-
Total revenues	-	2	2	19,829
Total expenditures	-	-	-	-
Revenues over expenditures	-	2	2	19,829
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>	19,829
Fund balances				
Beginning of year - July 1		20,217		388
End of year - June 30		<u>\$ 20,219</u>		<u>\$ 20,217</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 3,500	\$ 30,201	\$ 26,701	\$ 26,304
Interest earned on investments	-	48	48	24
Total revenues	<u>3,500</u>	<u>30,249</u>	<u>26,749</u>	<u>26,328</u>
Expenditures				
Public safety	<u>3,500</u>	<u>3,193</u>	<u>307</u>	<u>45,210</u>
Total expenditures	<u>3,500</u>	<u>3,193</u>	<u>307</u>	<u>45,210</u>
Revenues over expenditures	<u>-</u>	<u>27,056</u>	<u>27,056</u>	<u>(18,882)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>27,056</u>	<u>\$ 27,056</u>	<u>(18,882)</u>
Fund balances				
Beginning of year - July 1		<u>255,161</u>		<u>274,043</u>
End of year - June 30		<u>\$ 282,217</u>		<u>\$ 255,161</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Injured Animal Stabilization Fund
Year Ended June 30, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 9,918	\$ 21,690	\$ 11,772	\$ 9,852
Total revenues	<u>9,918</u>	<u>21,690</u>	<u>11,772</u>	<u>9,852</u>
Expenditures				
Public safety	12,000	6,761	5,239	6,292
Total expenditures	<u>12,000</u>	<u>6,761</u>	<u>5,239</u>	<u>6,292</u>
Revenues over expenditures	<u>(2,082)</u>	<u>14,929</u>	<u>17,011</u>	<u>3,560</u>
Other financing sources (uses)				
Appropriated fund balance	<u>2,082</u>	<u>-</u>	<u>(2,082)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>14,929</u>	<u>\$ 14,929</u>	<u>3,560</u>
Fund balances				
Beginning of year - July 1		<u>26,927</u>		<u>23,367</u>
End of year - June 30		<u>\$ 41,856</u>		<u>\$ 26,927</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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	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, 2015
(With Comparative Totals for Year Ended June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ 50	\$ -	\$ (50)	\$ -
Miscellaneous	734,798	462,361	(272,437)	730,703
Total revenues	<u>734,848</u>	<u>462,361</u>	<u>(272,487)</u>	<u>730,703</u>
Expenditures				
Public safety	734,848	370,461	364,387	618,683
Total expenditures	<u>734,848</u>	<u>370,461</u>	<u>364,387</u>	<u>618,683</u>
Revenues over expenditures	<u>-</u>	<u>91,900</u>	<u>91,900</u>	<u>112,020</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>91,900</u>	<u>\$ 91,900</u>	<u>112,020</u>
Fund balances				
Beginning of year - July 1		376,703		264,683
End of year - June 30		<u>\$ 468,603</u>		<u>\$ 376,703</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2015**

	<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>Bullard Circle Water Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
Assets						
Sales tax receivable	\$ -	\$ -	\$ -	\$ -	\$ 2,564	\$ 2,564
Restricted assets:						
Cash and cash equivalents	144,890	154,979	420,918	81,529	215,241	1,017,557
Total assets	<u>\$ 144,890</u>	<u>\$ 154,979</u>	<u>\$ 420,918</u>	<u>\$ 81,529</u>	<u>\$ 217,805</u>	<u>\$ 1,020,121</u>
Liabilities and fund balances						
Liabilities:						
Accounts and vouchers payable	\$ 22,500	\$ -	\$ -	\$ -	\$ 20,481	\$ 42,981
Total liabilities	<u>22,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,481</u>	<u>42,981</u>
Fund balances:						
Restricted:						
Stabilization by State Statute	-	-	-	-	2,564	2,564
School capital	-	154,979	-	81,529	-	236,508
Cultural and recreational	-	-	420,918	-	-	420,918
Economic and physical development	-	-	-	-	194,760	194,760
Committed:						
Public safety	122,390	-	-	-	-	122,390
Total fund balances	<u>122,390</u>	<u>154,979</u>	<u>420,918</u>	<u>81,529</u>	<u>197,324</u>	<u>977,140</u>
Total liabilities and fund balances	<u>\$ 144,890</u>	<u>\$ 154,979</u>	<u>\$ 420,918</u>	<u>\$ 81,529</u>	<u>\$ 217,805</u>	<u>\$ 1,020,121</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended June 30, 2015**

	Detention Facility Expansion Fund	New Century Middle School Fund	West Regional Library Fund	New Century Elementary School Fund	Bullard Circle Water Fund	Total Nonmajor Capital Project Funds
Revenues						
Interest earned on investments	\$ -	\$ -	\$ 65	\$ -	\$ -	\$ 65
Miscellaneous	-	5,066	-	-	2,564	7,630
Total revenues	<u>-</u>	<u>5,066</u>	<u>65</u>	<u>-</u>	<u>2,564</u>	<u>7,695</u>
Expenditures						
Capital outlay						
Public safety	149,012	-	-	-	74,643	223,655
Economic and physical development	-	-	-	-	-	-
Education	-	-	-	30,373	-	30,373
Total expenditures	<u>149,012</u>	<u>-</u>	<u>-</u>	<u>30,373</u>	<u>74,643</u>	<u>254,028</u>
Revenues over (under) expenditures	<u>(149,012)</u>	<u>5,066</u>	<u>65</u>	<u>(30,373)</u>	<u>(72,079)</u>	<u>(246,333)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	269,403	269,403
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,403</u>	<u>269,403</u>
Revenues and other financing sources over (under) expenditures	<u>(149,012)</u>	<u>5,066</u>	<u>65</u>	<u>(30,373)</u>	<u>197,324</u>	<u>23,070</u>
Fund balance						
Beginning of year - July 1	<u>271,402</u>	<u>149,913</u>	<u>420,853</u>	<u>111,902</u>	<u>-</u>	<u>954,070</u>
End of year - June 30	<u>\$ 122,390</u>	<u>\$ 154,979</u>	<u>\$ 420,918</u>	<u>\$ 81,529</u>	<u>\$ 197,324</u>	<u>\$ 977,140</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, 2015

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Ad valorem taxes	\$ 3,784,973	\$ 3,784,972	\$ -	\$ -	\$ 3,784,972
Miscellaneous	180,675	180,675	-	-	180,675
Total revenues	<u>3,965,648</u>	<u>3,965,647</u>	<u>-</u>	<u>-</u>	<u>3,965,647</u>
Expenditures					
Capital outlay					
Public safety	15,053,991	14,782,588	-	149,012	14,931,600
Total expenditures	<u>15,053,991</u>	<u>14,782,588</u>	<u>-</u>	<u>149,012</u>	<u>14,931,600</u>
Revenues over (under) expenditures	<u>(11,088,343)</u>	<u>(10,816,941)</u>	<u>-</u>	<u>(149,012)</u>	<u>(10,965,953)</u>
Other financing sources (uses)					
Transfers in	11,088,343	11,088,343	-	-	11,088,343
Total other financing sources	<u>11,088,343</u>	<u>11,088,343</u>	<u>-</u>	<u>-</u>	<u>11,088,343</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 271,402</u>	<u>\$ -</u>	<u>(149,012)</u>	<u>\$ 122,390</u>
Fund balance					
Beginning of year - July 1				<u>271,402</u>	
End of year - June 30				<u>\$ 122,390</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, 2015

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 12,327	\$ 12,326	\$ -	\$ -	\$ 12,326
Miscellaneous	13,286	8,219	-	5,066	13,285
Total revenues	<u>25,613</u>	<u>20,545</u>	<u>-</u>	<u>5,066</u>	<u>25,611</u>
Expenditures					
Capital outlay					
Education	17,781,843	17,626,863	-	-	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>18,066,261</u>	<u>17,911,279</u>	<u>-</u>	<u>-</u>	<u>17,911,279</u>
Revenues over (under) expenditures	<u>(18,040,648)</u>	<u>(17,890,734)</u>	<u>-</u>	<u>5,066</u>	<u>(17,885,668)</u>
Other financing sources (uses)					
Proceeds of debt issuance	14,805,000	14,805,000	-	-	14,805,000
Transfers in	3,235,648	3,235,647	-	-	3,235,647
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>\$ 149,913</u>	<u>\$ -</u>	<u>5,066</u>	<u>\$ 154,979</u>
Fund balance					
Beginning of year - July 1				<u>149,913</u>	
End of year - June 30				<u>\$ 154,979</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, 2015

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ -	\$ 20,674	\$ -	\$ 65	\$ 20,739
Total revenues	-	20,674	-	65	20,739
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	5,314,224	4,914,045	-	-	4,914,045
Revenues over (under) expenditures	(5,314,224)	(4,893,371)	-	65	(4,893,306)
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	(402,962)	(402,962)	-	-	(402,962)
Total other financing sources	5,314,224	5,314,224	-	-	5,314,224
Revenues and other financing sources over (under) expenditures	\$ -	\$ 420,853	\$ -	65	\$ 420,918
Fund balance					
Beginning of year - July 1				420,853	
End of year - June 30				<u>\$ 420,918</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, 2015

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ 59,649	\$ 59,649	\$ -	\$ -	\$ 59,649
Miscellaneous	218,704	218,704	-	-	218,704
Total revenues	278,353	278,353	-	-	278,353
Expenditures					
Capital outlay					
Education	17,253,702	17,141,799	-	30,373	17,172,172
Debt Issuance costs	264,179	264,179	-	-	264,179
Total expenditures	17,517,881	17,405,978	-	30,373	17,436,351
Revenues over (under) expenditures	(17,239,528)	(17,127,625)	-	(30,373)	(17,157,998)
Other financing sources (uses)					
Premium on debt issuance	99,693	99,692	-	-	99,692
Bond issuance proceeds	17,139,835	17,139,835	-	-	17,139,835
Total other financing sources	17,239,528	17,239,527	-	-	17,239,527
Revenues and other financing sources over (under) expenditures	\$ -	\$ 111,902	\$ -	(30,373)	\$ 81,529
Fund balance					
Beginning of year - July 1				111,902	
End of year - June 30				\$ 81,529	

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Bullard Circle Water Fund**

From Inception and for Year Ended June 30, 2015

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Miscellaneous	\$ 69,535	\$ -	\$ -	\$ 2,564	\$ 2,564
Total revenues	<u>69,535</u>	<u>-</u>	<u>-</u>	<u>2,564</u>	<u>2,564</u>
Expenditures					
Capital outlay					
Economic development	338,938	-	-	74,643	74,643
Debt issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>338,938</u>	<u>-</u>	<u>-</u>	<u>74,643</u>	<u>74,643</u>
Revenues over (under) expenditures	<u>(269,403)</u>	<u>-</u>	<u>-</u>	<u>(72,079)</u>	<u>(72,079)</u>
Other financing sources (uses)					
Bond issuance proceeds	-	-	-	-	-
Transfers in	269,403	-	-	269,403	269,403
Total other financing sources	<u>269,403</u>	<u>-</u>	<u>-</u>	<u>269,403</u>	<u>269,403</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	197,324	<u>\$ 197,324</u>
Fund balance					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ 197,324</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, 2015
(With Comparative Totals for June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ 100	\$ 36	\$ (64)	\$ 7
Burial Fees	2,700	600	(2,100)	600
Total revenues	<u>2,800</u>	<u>636</u>	<u>(2,164)</u>	<u>607</u>
Expenditures				
Capital outlay				
Maintenance	2,800	300	2,500	-
Total expenditures	<u>2,800</u>	<u>300</u>	<u>2,500</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>336</u>	<u>336</u>	<u>607</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>336</u>	<u>\$ 336</u>	<u>607</u>
Fund balance				
Beginning of year - July 1		<u>45,587</u>		<u>44,980</u>
End of year - June 30		<u>\$ 45,923</u>		<u>\$ 45,587</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, 2015
(With Comparative Totals for June 30, 2014)**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Operating revenues				
Charges for services	\$ 2,918,368	\$ 3,396,252	\$ 477,884	\$ 2,873,129
Other operating revenue	11,388	11,388	-	11,388
Solid waste fees	4,787,139	4,972,177	185,038	4,936,870
Total operating revenues	<u>7,716,895</u>	<u>8,379,817</u>	<u>662,922</u>	<u>7,821,387</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	128,781	91,216	(37,565)	85,130
Miscellaneous	8,021	(2,623)	(10,644)	32,395
Grant revenue	507,833	621,463	113,630	589,023
Transfers in	8,394,665	-	(8,394,665)	7,803,441
Total Nonoperating revenues and other financing sources	<u>9,039,300</u>	<u>710,056</u>	<u>(8,329,244)</u>	<u>8,509,989</u>
Appropriated fund balance	<u>11,462,142</u>	<u>-</u>	<u>(11,462,142)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 28,218,337</u>	<u>\$ 9,089,873</u>	<u>\$ (19,128,464)</u>	<u>\$ 16,331,376</u>
Operating expenditures				
Salaries and employee benefits	\$ 3,739,903	\$ 3,162,532	\$ 577,371	\$ 3,398,743
Repairs and maintenance	1,312,896	1,178,229	134,667	1,230,471
Utilities	114,398	106,245	8,153	105,575
Administrative costs	4,273,789	3,041,176	1,232,613	3,056,416
Landfill closure and postclosure care costs	1,015,000	459,256	555,744	(1,571,060)
Total operating expenditures	<u>10,455,986</u>	<u>7,947,438</u>	<u>2,508,548</u>	<u>6,220,145</u>
Other expenditures and financing uses				
Capital outlay	9,958,907	285,749	9,673,158	504,755
Transfers out	7,803,444	-	7,803,444	7,803,441
Total other expenditures and financing uses	<u>17,762,351</u>	<u>285,749</u>	<u>17,476,602</u>	<u>8,308,196</u>
Total expenditures and other financing uses	<u>\$ 28,218,337</u>	<u>\$ 8,233,187</u>	<u>\$ 19,985,150</u>	<u>\$ 14,528,341</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 9,089,873		
Total expenditures and other financing uses		<u>8,233,187</u>		
		856,686		
Capital outlay		285,749		
Depreciation		(537,582)		
Contributions made to the pension plan in the current year		134,509		
Pension expense		<u>(14,308)</u>		
Change in net position		<u>\$ 725,054</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, 2015
(With Comparative Totals for June 30, 2014)

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Operating revenues				
Charges for services	\$ -	\$ 1,785,734	\$ 1,785,734	\$ 2,035,391
Total operating revenues	<u>-</u>	<u>1,785,734</u>	<u>1,785,734</u>	<u>2,035,391</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	796	32,681	31,885	38,279
Motel occupancy tax	1,211,156	1,377,564	166,408	1,252,989
Miscellaneous	-	-	-	3,741
Transfers in	7,576,235	5,331,852	(2,244,383)	5,108,299
Total Nonoperating revenues and other financing sources	<u>8,788,187</u>	<u>6,742,097</u>	<u>(2,046,090)</u>	<u>6,403,308</u>
Appropriated fund balance	85,065	-	(85,065)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 8,873,252</u>	<u>\$ 8,527,831</u>	<u>\$ (345,421)</u>	<u>\$ 8,438,699</u>
Operating expenditures				
Salaries and employee benefits	\$ 3,913	\$ 3,913	\$ -	\$ 809,205
Repairs and maintenance	2,088	2,088	-	638,381
Utilities	-	-	-	292,762
Administrative costs	361,094	39,443	321,651	675,470
Global Spectrum, LP	4,833,950	4,481,540	352,410	3,128,514
Total operating expenditures	<u>5,201,045</u>	<u>4,526,984</u>	<u>674,061</u>	<u>5,544,332</u>
Interest expense	1,285,407	1,347,857	(62,450)	1,461,895
Nonoperating expenditures	<u>1,285,407</u>	<u>1,347,857</u>	<u>(62,450)</u>	<u>1,461,895</u>
Other expenditures and financing (sources) uses				
Principal payments	2,386,800	2,523,761	(136,961)	2,481,140
Capital outlay	-	137,113	(137,113)	233,975
Total other expenditures and financing uses	<u>2,386,800</u>	<u>2,660,874</u>	<u>(274,074)</u>	<u>2,715,115</u>
Total expenditures and other financing uses	<u>\$ 8,873,252</u>	<u>\$ 8,535,715</u>	<u>\$ 337,537</u>	<u>\$ 9,721,342</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 8,527,831		
Total expenditures and other financing uses		<u>8,535,715</u>		
		(7,884)		
Capital outlay		137,113		
Depreciation		(1,954,721)		
Principal payments		<u>2,523,761</u>		
Change in net position		<u>\$ 698,269</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, 2015

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ 64,550	\$ -	\$ -	\$ 5,903	\$ 5,903
Miscellaneous		-	-	2,227	2,227
Total revenues	<u>64,550</u>	<u>-</u>	<u>-</u>	<u>8,130</u>	<u>8,130</u>
Expenditures					
Capital outlay					
Other	8,459,215	374,215	-	-	374,215
Total expenditures	<u>8,459,215</u>	<u>374,215</u>	<u>-</u>	<u>-</u>	<u>374,215</u>
Revenues over (under) expenditures	<u>(8,394,665)</u>	<u>(374,215)</u>	<u>-</u>	<u>8,130</u>	<u>(366,085)</u>
Other financing sources (uses)					
Transfers in	8,394,665	7,803,441	-	-	7,803,441
Total other financing sources	<u>8,394,665</u>	<u>7,803,441</u>	<u>-</u>	<u>-</u>	<u>7,803,441</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 7,429,226</u>	<u>\$ -</u>	<u>\$ 8,130</u>	<u>\$ 7,437,356</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, 2015
(With Comparative Totals for June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 61,380	\$ 2,856	\$ (58,524)	\$ 5,641
Total operating revenues	61,380	2,856	(58,524)	5,641
Nonoperating revenues and other financing sources				
Transfers in	93,107	93,107	-	-
Total Nonoperating revenues and other financing sources	93,107	93,107	-	-
Appropriated fund balance	-	-	-	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 154,487</u>	<u>\$ 95,963</u>	<u>\$ (58,524)</u>	<u>\$ 5,641</u>
Operating expenditures				
Repairs and maintenance	\$ 59,102	\$ -	\$ 59,102	\$ 1,801
Other	2,278	857	1,421	8
Capital Outlay	93,107	-	93,107	-
Total operating expenditures	154,487	857	153,630	1,809
Nonoperating expenditures	-	-	-	-
Other expenditures and financing uses	-	-	-	-
Total expenditures and other financing uses	<u>\$ 154,487</u>	<u>\$ 857</u>	<u>\$ 153,630</u>	<u>\$ 1,809</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 95,963		
Total expenditures and other financing uses		857		
		95,106		
Depreciation		(66,852)		
Change in net position		<u>\$ 28,254</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, 2015
 (With Comparative Totals for June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 494,745	\$ 423,601	\$ (71,144)	\$ 392,137
Total operating revenues	<u>494,745</u>	<u>423,601</u>	<u>(71,144)</u>	<u>392,137</u>
Nonoperating revenues and other financing sources				
Miscellaneous	-	-	-	-
Total Nonoperating revenues and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	<u>165,000</u>	<u>-</u>	<u>(165,000)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 659,745</u>	<u>\$ 423,601</u>	<u>\$ (236,144)</u>	<u>\$ 392,137</u>
Operating expenditures				
Repairs and maintenance	\$ 384,700	\$ 64,695	\$ 320,005	\$ 81,831
Utilities	195,000	221,141	(26,141)	207,817
Administrative costs	14,185	1,566	12,619	1,617
Total operating expenditures	<u>593,885</u>	<u>287,402</u>	<u>306,483</u>	<u>291,265</u>
Nonoperating expenditures				
Interest expense	65,860	46,796	19,064	47,541
Total nonoperating expenditures	<u>65,860</u>	<u>46,796</u>	<u>19,064</u>	<u>47,541</u>
Other expenditures and financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 659,745</u>	<u>\$ 334,198</u>	<u>\$ 325,547</u>	<u>\$ 338,806</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 423,601		
Total expenditures and other financing uses		<u>334,198</u>		
		89,403		
Depreciation		<u>(237,923)</u>		
Change in net position		<u>\$ (148,520)</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, 2015
(With Comparative Totals for June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 36,053	\$ 31,371	\$ (4,682)	\$ 32,009
Miscellaneous	12,511	-	(12,511)	456
Total operating revenues	48,564	31,371	(17,193)	32,465
Nonoperating revenues and other financing sources				
Grant revenue	401,292	-	(401,292)	40,053
Proceeds from installment purchase	100,323	-	(100,323)	-
Transfers in	29,883	29,883	-	-
Total Nonoperating revenues and other financing sources	531,498	29,883	(501,615)	40,053
Appropriated fund balance	5,400	-	(5,400)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 585,462</u>	<u>\$ 61,254</u>	<u>\$ (524,208)</u>	<u>\$ 72,518</u>
Operating expenditures				
Miscellaneous	\$ -	\$ 425	\$ 425	\$ -
Administrative costs	65,928	18,464	47,464	12,890
Total operating expenditures	65,928	18,889	47,889	12,890
Nonoperating expenditures				
Interest expense	-	-	-	-
Total nonoperating expenditures	-	-	-	-
Other expenditures				
Principal payments	5,408	-	5,408	-
Transfers out	29,883	29,883	-	-
Capital outlay	\$ 484,243	\$ -	484,243	32,694
Total other expenditures	519,534	29,883	489,651	32,694
Total expenditures and other financing uses	<u>\$ 585,462</u>	<u>\$ 48,772</u>	<u>\$ 537,540</u>	<u>\$ 45,584</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 61,254		
Total expenditures and other financing uses		48,772		
		12,482		
Depreciation		(11,784)		
Change in net position		<u>\$ 698</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, 2015

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Grant revenue	\$ 401,292	\$ 401,292	\$ 401,292	\$ -	\$ -
Miscellaneous	12,511	12,936	12,936	-	-
Total revenues	<u>413,803</u>	<u>414,228</u>	<u>414,228</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
Water and sewer	484,243	484,243	484,243	425	425
Total expenditures	<u>484,243</u>	<u>484,243</u>	<u>484,243</u>	<u>425</u>	<u>425</u>
Revenues over (under) expenditures	<u>(70,440)</u>	<u>(70,015)</u>	<u>(70,015)</u>	<u>(425)</u>	<u>(425)</u>
Other financing sources (uses)					
Installment purchase proceeds	100,323	100,323	100,323	-	-
Transfers out	(29,883)	-	-	(29,883)	(29,883)
Total other financing sources	<u>70,440</u>	<u>100,323</u>	<u>100,323</u>	<u>(29,883)</u>	<u>(29,883)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 30,308</u>	<u>\$ 30,308</u>	<u>(30,308)</u>	<u>\$ (30,308)</u>
Fund balance					
Beginning of year - July 1				<u>30,308</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 - Overhills Park Water and Sewer District Capital Project Fund**

From Inception and for Year Ended June 30, 2015

	<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	-	31,900	86,711
Total expenditures	<u>3,372,700</u>	<u>54,811</u>	<u>-</u>	<u>31,900</u>	<u>86,711</u>
Revenues over (under) expenditures	<u>(869,700)</u>	<u>(54,811)</u>	<u>-</u>	<u>(31,900)</u>	<u>(86,711)</u>
Other financing sources (uses)					
Bond issuance proceeds	819,000	-	-	-	-
Transfers in	99,500	99,500	-	-	99,500
Transfers out	<u>(48,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>\$ 44,689</u>	<u>\$ -</u>	<u>(31,900)</u>	<u>\$ 12,789</u>
Fund balance					
Beginning of year - July 1				<u>44,689</u>	
End of year - June 30				<u>\$ 12,789</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, 2015

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
USDA Rural Development grant	\$ 1,453,000	\$ -	\$ -	\$ -	\$ -
Interest earned on investments	-	-	-	-	-
Total revenues	<u>1,453,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
Economic & Physical Development	<u>2,000,000</u>	<u>21,000</u>	<u>-</u>	<u>6,387</u>	<u>27,387</u>
Total expenditures	<u>2,000,000</u>	<u>21,000</u>	<u>-</u>	<u>6,387</u>	<u>27,387</u>
Revenues over (under) expenditures	<u>(547,000)</u>	<u>(21,000)</u>	<u>-</u>	<u>(6,387)</u>	<u>(27,387)</u>
Other financing sources (uses)					
Bond anticipation note proceeds	497,000	-			
Transfers in	<u>50,000</u>	<u>33,000</u>	<u>-</u>	<u>17,000</u>	<u>50,000</u>
Total other financing sources	<u>547,000</u>	<u>33,000</u>	<u>-</u>	<u>17,000</u>	<u>50,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>10,613</u>	<u>\$ 22,613</u>
Fund balance					
Beginning of year - July 1				<u>12,000</u>	
End of year - June 30				<u>\$ 22,613</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	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	\$ 1,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,180
Sales tax receivable	-	-	17	-	-	-	17
Due from other governments	165	-	-	-	-	-	165
Other receivables, net	89,674	-	33,249	-	-	-	122,923
Inventories	159,890	-	-	-	-	-	159,890
Prepays	7,034	-	2,780	-	-	-	9,814
Total current assets	257,943	-	36,046	-	-	-	293,989
Noncurrent assets							
Restricted:							
Cash and cash equivalents	2,012,943	205,279	2,291,496	322,324	334,272	718,176	5,884,490
Investments	-	-	262	-	-	-	262
Net pension asset	37,461	-	21,011	-	-	-	58,472
Total noncurrent assets	2,050,404	205,279	2,312,769	322,324	334,272	718,176	5,943,224
Total assets	2,308,347	205,279	2,348,815	322,324	334,272	718,176	6,237,213
Deferred outflows of resources	23,191	-	8,176	-	-	-	31,367
Liabilities and net position							
Current liabilities							
Accounts and vouchers payable	71,332	-	-	-	3,379	-	74,711
Accrued payroll	15,783	-	7,408	-	-	-	23,191
Other payables	1,572,227	-	452,260	476	-	581,987	2,606,950
Incurred but not reported	141	-	-	-	-	-	141
Current portion of long-term debt and accrued vacation	10,037	-	6,650	-	-	-	16,687
Total current liabilities	1,669,520	-	466,318	476	3,379	581,987	2,721,680
Noncurrent liabilities							
Accrued vacation	528	-	350	-	-	-	878
Other postemployment benefits liability	110,365	-	195,996	-	-	-	306,361
Total noncurrent liabilities	110,893	-	196,346	-	-	-	307,239
Total liabilities	1,780,413	-	662,664	476	3,379	581,987	3,028,919
Deferred inflows of resources	91,301	-	51,208	-	-	-	142,509
Net position							
Restricted net position - claims	2,012,943	205,279	2,291,758	322,324	334,272	718,176	5,884,752
Unrestricted	(1,553,119)	-	(648,639)	(476)	(3,379)	(581,987)	(2,787,600)
Total net position	\$ 459,824	\$ 205,279	\$ 1,643,119	\$ 321,848	\$ 330,893	\$ 136,189	\$ 3,097,152

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2015**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total
Operating revenues							
Contributions	\$ -	\$ 399,026	\$ 1,606,754	\$ -	\$ 542,000	\$ -	\$ 2,547,780
Contributions - Group health insurance	15,519,479	-	-	-	-	4,197,016	19,716,495
Pharmacy services	1,582,944	-	-	-	-	-	1,582,944
Total operating revenues	<u>17,102,423</u>	<u>399,026</u>	<u>1,606,754</u>	<u>-</u>	<u>542,000</u>	<u>4,197,016</u>	<u>23,847,219</u>
Operating expenses							
Salaries and employee benefits	-	388,492	1,510,587	-	-	-	1,899,079
Administrative costs	-	-	49,229	31,915	545,088	-	626,232
Group health insurance	15,598,728	-	-	-	-	5,746,151	21,344,879
Employee pharmacy	2,050,248	-	-	-	-	-	2,050,248
Employee clinic	109,818	-	-	-	-	-	109,818
Employee wellness program	160,541	-	-	-	-	-	160,541
Total operating expenses	<u>17,919,335</u>	<u>388,492</u>	<u>1,559,816</u>	<u>31,915</u>	<u>545,088</u>	<u>5,746,151</u>	<u>26,190,797</u>
Operating income (loss)	<u>(816,912)</u>	<u>10,534</u>	<u>46,938</u>	<u>(31,915)</u>	<u>(3,088)</u>	<u>(1,549,135)</u>	<u>(2,343,578)</u>
Nonoperating revenue (expense)							
Interest earned on investments	233	-	1,992	52	-	22	2,299
Miscellaneous	1	-	-	-	-	-	1
Total nonoperating revenue (expense)	<u>234</u>	<u>-</u>	<u>1,992</u>	<u>52</u>	<u>-</u>	<u>22</u>	<u>2,300</u>
Income (loss) before transfers	<u>(816,678)</u>	<u>10,534</u>	<u>48,930</u>	<u>(31,863)</u>	<u>(3,088)</u>	<u>(1,549,113)</u>	<u>(2,341,278)</u>
Transfers in	1,000,000	-	-	102,200	-	1,300,000	2,402,200
Change in net position	<u>183,322</u>	<u>10,534</u>	<u>48,930</u>	<u>70,337</u>	<u>(3,088)</u>	<u>(249,113)</u>	<u>60,922</u>
Total net position - beginning	325,601	194,745	1,621,723	251,511	333,981	385,302	3,112,863
Restatement - pension	(49,099)	-	(27,534)	-	-	-	(76,633)
Total net position - beginning, restated	<u>276,502</u>	<u>194,745</u>	<u>1,594,189</u>	<u>251,511</u>	<u>333,981</u>	<u>385,302</u>	<u>3,036,230</u>
Total net position - ending	<u>\$ 459,824</u>	<u>\$ 205,279</u>	<u>\$ 1,643,119</u>	<u>\$ 321,848</u>	<u>\$ 330,893</u>	<u>\$ 136,189</u>	<u>\$ 3,097,152</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2015**

	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	\$ 15,518,432	\$ 399,026	\$ 1,732,934	\$ -	\$ 542,000	\$ 4,197,016	\$ 22,389,408
Cash paid to employees	(116,702)	(388,492)	(27,454)	-	-	-	(532,648)
Cash paid for goods and services	-	-	-	(287,435)	(541,709)	-	(829,144)
Cash received for goods and services	1,652,275	-	(12,961)	-	-	-	1,639,314
Cash paid for claims	(17,697,859)	-	(1,541,070)	-	-	(5,627,178)	(24,866,107)
Net cash provided by (used in) operating activities	<u>(643,854)</u>	<u>10,534</u>	<u>151,449</u>	<u>(287,435)</u>	<u>291</u>	<u>(1,430,162)</u>	<u>(2,199,177)</u>
Noncapital financing activities							
Transfers in	1,000,000	-	-	102,200	-	1,300,000	2,402,200
Net cash provided (used) by noncapital financing activities	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>102,200</u>	<u>-</u>	<u>1,300,000</u>	<u>2,402,200</u>
Capital and related financing activities							
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investing activities							
Purchase of investments	-	-	(213)	-	-	-	(213)
Investment earnings	233	-	1,992	52	-	22	2,299
Net cash provided (used) in investing activities	<u>233</u>	<u>-</u>	<u>1,779</u>	<u>52</u>	<u>-</u>	<u>22</u>	<u>2,086</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>356,379</u>	<u>10,534</u>	<u>153,228</u>	<u>(185,183)</u>	<u>291</u>	<u>(130,140)</u>	<u>205,109</u>
Cash and cash equivalents/investments Beginning of year	<u>1,656,564</u>	<u>194,745</u>	<u>2,138,268</u>	<u>507,507</u>	<u>333,981</u>	<u>848,316</u>	<u>5,679,381</u>
End of year	<u>\$ 2,012,943</u>	<u>\$ 205,279</u>	<u>\$ 2,291,496</u>	<u>\$ 322,324</u>	<u>\$ 334,272</u>	<u>\$ 718,176</u>	<u>\$ 5,884,490</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2015**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Retiree Insurance Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (816,912)	\$ 10,534	\$ 46,938	\$ (31,915)	\$ (3,088)	\$ (1,549,135)	\$ (2,343,578)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Net pension expense	(86,560)	-	2,663	-	-	-	(83,897)
Change in assets and liabilities							
(Increase) decrease in accounts receivable	(1,047)	-	-	-	-	-	(1,047)
(Increase) decrease in other receivables	(25,580)	-	126,180	-	-	-	100,600
(Increase) decrease in inventories	(25,484)	-	-	-	-	-	(25,484)
(Increase) decrease in prepaids	4,273	-	37	-	-	-	4,310
Increase (decrease) in accounts payable and accrued liabilities	214,525	-	(16,273)	(255,520)	3,379	118,973	65,084
Increase (decrease) in compensated absences payable	(297)	-	80	-	-	-	(217)
Increase (decrease) in OPEB	25,118	-	-	-	-	-	25,118
Increase (decrease) in deferred outflows of resources - pensions	68,110	-	(8,176)	-	-	-	59,934
Total adjustments	<u>173,058</u>	<u>-</u>	<u>104,511</u>	<u>(255,520)</u>	<u>3,379</u>	<u>118,973</u>	<u>144,401</u>
Net cash provided by (used in) operating activities	<u>\$ (643,854)</u>	<u>\$ 10,534</u>	<u>\$ 151,449</u>	<u>\$ (287,435)</u>	<u>\$ 291</u>	<u>\$ (1,430,162)</u>	<u>\$ (2,199,177)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Revenues				
Operating revenues				
Contributions - Group health insurance	\$ 16,004,489	\$ 15,519,479	\$ (485,010)	\$ 13,407,063
Pharmacy services	1,015,000	1,582,944	567,944	1,223,536
	<u>17,019,489</u>	<u>17,102,423</u>	<u>82,934</u>	<u>14,630,599</u>
Non-operating revenues				
Litigation settlement	-	1	1	1
Interest earned on investments	400	233	(167)	359
	<u>400</u>	<u>234</u>	<u>(166)</u>	<u>360</u>
Other financing sources				
Transfers in	1,000,000	1,000,000	-	-
Appropriated fund balance				
		-	-	-
Total revenues and other financing sources	<u>\$ 18,019,889</u>	<u>\$ 18,102,657</u>	<u>\$ 82,768</u>	<u>\$ 14,630,959</u>
Operating expenditures				
Employee pharmacy	\$ 2,059,023	\$ 2,050,248	\$ 8,775	\$ 1,721,933
Employee clinic	271,709	109,818	161,891	264,764
Group health insurance	15,527,734	15,598,728	(70,994)	13,196,266
Employee wellness program	161,423	178,990	(17,567)	80,551
	<u>18,019,889</u>	<u>17,937,784</u>	<u>82,105</u>	<u>15,263,514</u>
Other financing uses				
Transfers out			-	-
Total expenditures and other financing uses	<u>\$ 18,019,889</u>	<u>\$ 17,937,784</u>	<u>\$ 82,105</u>	<u>\$ 15,263,514</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 18,102,657		
Total expenditures		<u>17,937,784</u>		
Subtotal		<u>164,873</u>		
Contributions made to the pension plan in the current year		21,277		
Pension expense		<u>(2,828)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ 183,322</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 600,000	\$ 399,026	\$ (200,974)	\$ 378,475
Non-operating revenues				
Interest earned on investments	12		(12)	9
Appropriated fund balance	-	-	-	-
Total revenues	<u>\$ 600,012</u>	<u>\$ 399,026</u>	<u>\$ (200,986)</u>	<u>\$ 378,484</u>
Operating expenditures				
Salaries and employee benefits	\$ 600,012	\$ 388,492	\$ 211,520	\$ 375,412
Total expenditures	<u>\$ 600,012</u>	<u>\$ 388,492</u>	<u>\$ 211,520</u>	<u>\$ 375,412</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 399,026		
Total expenditures		<u>388,492</u>		
Subtotal		<u>10,534</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ 10,534</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 1,647,979	\$ 1,606,754	\$ (41,225)	\$ 1,298,053
Non-operating revenues				
Interest earned on investments	2,000	1,992	(8)	2,003
Other financing sources				
Transfers in			-	500,000
Appropriated fund balance		-	-	-
Total revenues	<u>\$ 1,649,979</u>	<u>\$ 1,608,746</u>	<u>\$ (41,233)</u>	<u>\$ 1,800,056</u>
Operating expenditures				
Administrative costs	\$ 55,600	\$ 49,229	\$ 6,371	\$ 28,797
Salaries and employee benefits	1,594,379	1,516,104	78,275	2,009,539
Total expenditures	<u>1,649,979</u>	<u>1,565,333</u>	<u>84,646</u>	<u>2,038,336</u>
Other financing sources				
Transfers out	-	-	-	-
Total expenditures and other financing uses	<u>\$ 1,649,979</u>	<u>\$ 1,565,333</u>	<u>\$ 84,646</u>	<u>\$ 2,038,336</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 1,608,746		
Total expenditures		<u>1,565,333</u>		
Subtotal		<u>43,413</u>		
Contributions made to the pension plan in the current year		7,103		
Pension expense		<u>(1,586)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ 48,930</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	800	52	(748)	74
Other financing sources				
Transfers in	102,200	102,200	-	102,200
Appropriated fund balance	250,000	-	(250,000)	-
Total revenues and other financing sources	<u>\$ 353,000</u>	<u>\$ 102,252</u>	<u>\$ (250,748)</u>	<u>\$ 102,274</u>
Operating expenditures				
Administrative costs	\$ 353,000	\$ 31,915	\$ 321,085	\$ 640,051
Other financing uses				
Transfers out		-	-	-
Total expenditures and other financing uses	<u>\$ 353,000</u>	<u>\$ 31,915</u>	<u>\$ 321,085</u>	<u>\$ 640,051</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 102,252		
Total expenditures		31,915		
Subtotal		<u>70,337</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ 70,337</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 542,000	\$ 542,000	\$ -	\$ 480,777
Appropriated fund balance	70,000	-	(70,000)	-
	<u>\$ 612,000</u>	<u>\$ 542,000</u>	<u>\$ (70,000)</u>	<u>\$ 480,777</u>
Operating expenditures				
Administrative costs	<u>\$ 612,000</u>	<u>\$ 545,088</u>	<u>\$ 66,912</u>	<u>\$ 347,098</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 542,000		
Total expenditures		<u>545,088</u>		
Subtotal		<u>(3,088)</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in net position		<u>\$ (3,088)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Operating revenues				
Contributions	\$ 4,580,511	\$ 4,197,016	\$ (383,495)	\$ 4,625,474
Non-operating revenues				
Interest earned on investments	200	22	(178)	68
Other financing sources				
Transfers in	1,300,000	1,300,000	-	-
Appropriated fund balance	-	-	-	-
Total revenues and other financing sources	<u>\$ 5,880,711</u>	<u>\$ 5,497,038</u>	<u>\$ (383,673)</u>	<u>\$ 4,625,542</u>
Operating expenditures				
Salaries and employee benefits	\$ 5,880,711	\$ 5,746,151	\$ 134,560	\$ 4,670,036
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 5,497,038		
Total expenditures		5,746,151		
Subtotal		(249,113)		
Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in net position		<u>\$ (249,113)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2015

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Vehicle Interest Fund	Totals
Assets							
Taxes receivable	\$ 3,646,951	\$ -	\$ -	\$ -	\$ 24,097	\$ -	\$ 3,671,048
Due from other governments	746,197	-	-	390	-	-	746,587
Restricted cash and cash equivalents	109,099	335,514	54,079	71,025	74,439	-	644,156
Total assets	<u>\$ 4,502,247</u>	<u>\$ 335,514</u>	<u>\$ 54,079</u>	<u>\$ 71,415</u>	<u>\$ 98,536</u>	<u>\$ -</u>	<u>\$ 5,061,791</u>
Liabilities							
Accounts and vouchers payable	\$ 4,498,808	\$ 335,514	\$ 54,079	\$ 71,415	\$ 98,536	\$ -	\$ 5,058,352
Due to other governments	3,439	-	-	-	-	-	3,439
Total liabilities	<u>\$ 4,502,247</u>	<u>\$ 335,514</u>	<u>\$ 54,079</u>	<u>\$ 71,415</u>	<u>\$ 98,536</u>	<u>\$ -</u>	<u>\$ 5,061,791</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2015**

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
City Tax Fund				
Assets				
Taxes receivable	\$ 4,238,087	\$ 79,532,800	\$ 80,123,936	\$ 3,646,951
Due from other governments	631,530	746,197	631,530	746,197
Restricted cash and cash equivalents	120,596	89,206,114	89,217,611	109,099
Total assets	\$ 4,990,213	\$ 169,485,111	\$ 169,973,077	\$ 4,502,247
Liabilities				
Accounts and vouchers payable	\$ 5,062,177	\$ 169,481,671	\$ 170,045,040	\$ 4,498,808
Due to other governments	3,362	3,440	3,363	3,439
Total liabilities	\$ 5,065,539	\$ 169,485,111	\$ 170,048,403	\$ 4,502,247
Payee Account Fund				
Assets				
Restricted cash and cash equivalents	\$ 360,907	\$ 1,358,002	\$ 1,383,395	\$ 335,514
Total assets	\$ 360,907	\$ 1,358,002	\$ 1,383,395	\$ 335,514
Liabilities				
Accounts and vouchers payable	\$ 360,907	\$ 1,358,002	\$ 1,383,395	\$ 335,514
Total liabilities	\$ 360,907	\$ 1,358,002	\$ 1,383,395	\$ 335,514
Inmate Payee Fund				
Assets				
Restricted cash and cash equivalents	\$ 60,544	\$ 1,450,317	\$ 1,456,782	\$ 54,079
Total assets	\$ 60,544	\$ 1,450,317	\$ 1,456,782	\$ 54,079
Liabilities				
Accounts and vouchers payable	\$ 60,544	\$ 1,450,317	\$ 1,456,782	\$ 54,079
Total liabilities	\$ 60,544	\$ 1,450,317	\$ 1,456,782	\$ 54,079
Intergovernmental Custodial Fund				
Assets				
Due from other governments	\$ -	\$ 390	\$ -	\$ 390
Restricted cash and cash equivalents	80,944	1,368,753	1,378,672	71,025
Total assets	\$ 80,944	\$ 1,369,143	\$ 1,378,672	\$ 71,415
Liabilities				
Accounts and vouchers payable	\$ 80,944	\$ 1,369,143	\$ 1,378,672	\$ 71,415
Total liabilities	\$ 80,944	\$ 1,369,143	\$ 1,378,672	\$ 71,415
Stormwater Utility Fund				
Assets				
Taxes receivable	\$ 21,145	\$ 2,215,427	\$ 2,212,475	\$ 24,097
Restricted cash and cash equivalents	75,035	2,244,841	2,245,437	74,439
Total assets	\$ 96,180	\$ 4,460,268	\$ 4,457,912	\$ 98,536
Liabilities				
Accounts and vouchers payable	\$ 96,180	\$ 4,460,268	\$ 4,457,912	\$ 98,536
Total liabilities	\$ 96,180	\$ 4,460,268	\$ 4,457,912	\$ 98,536
Vehicle Interest Fund				
Assets				
Restricted cash and cash equivalents	\$ 19,793	\$ 252	\$ 20,045	\$ -
Total assets	\$ 19,793	\$ 252	\$ 20,045	\$ -
Liabilities				
Due to other governments	\$ 19,793	\$ 252	\$ 20,045	\$ -
Total liabilities	\$ 19,793	\$ 252	\$ 20,045	\$ -
TOTAL - ALL AGENCY FUNDS				
Assets				
Taxes receivable	\$ 4,259,232	\$ 81,748,227	\$ 82,336,411	\$ 3,671,048
Due from other governments	631,530	746,587	631,530	746,587
Restricted cash and cash equivalents	717,819	95,628,279	95,701,942	644,156
Total assets	\$ 5,608,581	\$ 178,123,093	\$ 178,669,883	\$ 5,061,791
Liabilities				
Accounts and vouchers payable	\$ 5,660,752	\$ 178,119,401	\$ 178,721,801	\$ 5,058,352
Due to other governments	23,155	3,692	23,408	3,439
Total liabilities	\$ 5,683,907	\$ 178,123,093	\$ 178,745,209	\$ 5,061,791

COUNTY OF CUMBERLAND, NORTH CAROLINA
Combining Statement of Fiduciary Assets and Liabilities
Agency Fund - City Tax Fund
June 30, 2015

	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	\$ 3,197,919	\$ 3,245	\$ 1,084	\$ 719	\$ 153,011	\$ 1,418	\$ 263,101	\$ 7,806	\$ 2,724	\$ 15,924	\$ 3,646,951
Due from other governments	659,309	190	315	501	48,952	195	25,226	3,749	1,063	6,697	746,197
Restricted cash and cash equivalents	67,944	-	-	183	2,948	411	34,500	1,067	236	1,810	109,099
Total assets	\$ 3,925,172	\$ 3,435	\$ 1,399	\$ 1,403	\$ 204,911	\$ 2,024	\$ 322,827	\$ 12,622	\$ 4,023	\$ 24,431	\$ 4,502,247
Liabilities											
Accounts and vouchers payable	\$ 3,925,172	\$ 418	\$ 1,165	\$ 1,402	\$ 204,866	\$ 2,018	\$ 322,738	\$ 12,606	\$ 4,019	\$ 24,404	\$ 4,498,808
Due to other governments	-	3,017	234	1	45	6	89	16	4	27	3,439
Total liabilities	\$ 3,925,172	\$ 3,435	\$ 1,399	\$ 1,403	\$ 204,911	\$ 2,024	\$ 322,827	\$ 12,622	\$ 4,023	\$ 24,431	\$ 4,502,247

DISCRETE COMPONENT UNITS

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Eastover Sanitary District
Statement of Net Position
June 30, 2015

Assets

Current assets

Cash and cash equivalents	\$	1,034,230
Investments		3,619
Accounts receivable, net		203,014
Sales tax receivable		2,365
Due from other governments		500
Prepays		1,434
Total current assets		<u>1,245,162</u>

Noncurrent assets

Restricted:

Cash and cash equivalents		144,754
Capital assets, net of accumulated depreciation		<u>18,946,085</u>
Total noncurrent assets		<u>19,090,839</u>

Total assets

20,336,001

Liabilities and net position

Current liabilities

Accounts and vouchers payable		76,502
Accrued payroll		6,296
Accrued interest payable		40,053
Other payables		5,386
Current portion of long-term debt		<u>266,951</u>
Total current liabilities		<u>395,188</u>

Noncurrent liabilities

Long-term debt		<u>11,532,553</u>
Total noncurrent liabilities		<u>11,532,553</u>

Total liabilities

11,927,741

Net position

Net investment in capital assets		7,149,172
Restricted net position - debt service		126,828
Restricted net position - capital projects		17,926
Restricted net position - maintenance and repairs		20,000
Unrestricted		<u>1,094,334</u>
Total net position	\$	<u>8,408,260</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, 2015

Operating revenues	
Charges for services	\$ 2,028,855
Total operating revenues	<u>2,028,855</u>
Operating expenses	
Salaries and employee benefits	139,860
Repairs and maintenance	41,916
Utilities	15,255
Administrative costs	120,690
Bulk water purchases	285,230
Sewer treatment	70,224
Contracted services	262,540
Depreciation	569,360
Total operating expenses	<u>1,505,075</u>
Operating income (loss)	<u>523,780</u>
Nonoperating revenue (expense)	
Interest earned on investments	224
Miscellaneous	20,572
Interest expense	(497,594)
Total nonoperating revenue (expense)	<u>(476,798)</u>
Change in net position	46,982
Total net position - beginning	<u>8,361,278</u>
Total net position - ending	<u>\$ 8,408,260</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
 Eastover Sanitary District
 Statement of Cash Flows
 Year Ended June 30, 2015

Operating activities	
Cash received from customers	\$ 2,029,531
Cash paid to employees	(139,126)
Cash paid for goods and services	<u>(796,705)</u>
Net cash provided by (used in) operating activities	<u>1,093,700</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>
Capital and related financing activities	
Principal paid on long-term debt	(254,133)
Interest paid on debt	(498,739)
Other miscellaneous transactions	<u>20,574</u>
Net cash provided (used) by capital and related financing activities	<u>(732,298)</u>
Investing activities	
Purchase of investments	(2,701)
Investment earnings	<u>224</u>
Net cash provided (used) in investing activities	<u>(2,477)</u>
Net increase in cash and cash equivalents	<u>358,925</u>
Cash and cash equivalents	
Beginning of year	<u>820,059</u>
End of year	<u>\$ 1,178,984</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 523,780
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	569,360
Change in assets and liabilities	
(Increase) decrease in accounts receivable	1,121
(Increase) decrease in prepaids	52
Increase (decrease) in accounts payable and accrued liabilities	(8)
Increase (decrease) in compensated absences payable	<u>(605)</u>
Total adjustments	<u>569,920</u>
Net cash provided by (used in) operating activities	<u>\$ 1,093,700</u>
Reconciliation to cash and cash equivalents	
Cash and cash equivalents - unrestricted	\$ 1,034,230
Cash and cash equivalents - restricted	<u>144,754</u>
	<u>\$ 1,178,984</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 Eastover Sanitary District
 Year Ended June 30, 2015
 (With Comparative Totals for June 30, 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 1,865,600	\$ 2,028,855	\$ 163,255	\$ 1,997,658
Total operating revenues	1,865,600	2,028,855	163,255	1,997,658
Nonoperating revenues and other financing sources				
Interest earned on investments	100	224	124	72
Miscellaneous	1,000	20,572	19,572	3,795
Transfers in	834,582	784,580	(50,002)	807,371
Total Nonoperating revenues and other financing sources	835,682	805,376	(30,306)	811,238
Appropriated fund balance	-	-	-	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 2,701,282</u>	<u>\$ 2,834,231</u>	<u>\$ 132,949</u>	<u>\$ 2,808,896</u>
Operating expenditures				
Salaries and employee benefits	\$ 140,771	\$ 139,860	\$ 911	\$ 122,866
Repairs and maintenance	61,443	41,916	19,527	31,414
Utilities	23,700	15,255	8,445	18,123
Administrative costs	195,344	120,690	74,654	129,509
Bulk water purchases	296,400	285,230	11,170	282,912
Sewer treatment	95,000	70,224	24,776	87,954
Contracted services	269,310	262,540	6,770	267,103
Miscellaneous	50,150	-	50,150	-
Total operating expenditures	1,132,118	935,715	196,403	939,881
Nonoperating expenditures				
Debt Service	752,875	497,594	255,281	507,515
Total nonoperating expenditures	752,875	497,594	255,281	507,515
Other expenditures and financing uses				
Transfers out	784,582	784,580	2	807,371
Capital outlay	31,707	-	31,707	100,930
Total other expenditures and financing uses	816,289	784,580	31,709	908,301
Total expenditures and other financing uses	<u>\$ 2,701,282</u>	<u>\$ 2,217,889</u>	<u>\$ 483,393</u>	<u>\$ 2,355,697</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 2,834,231		
Total expenditures and other financing uses		2,217,889		
		616,342		
Depreciation		(569,360)		
Income (loss) per Statement of Revenue, Expenses and Changes in net position		<u>\$ 46,982</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, 2015

	<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, 2015

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental revenue	\$ 1,797,700	\$ 1,797,700	\$ 1,797,700	\$ -	\$ -
Sales and services	157,000	157,000	157,000	-	-
Sales tax refunds	239,684	239,683	239,683	-	-
Interest earned on investments	6,185	6,185	6,185	-	-
Miscellaneous	2,006	2,000	2,000	-	-
Total revenues	<u>2,202,575</u>	<u>2,202,568</u>	<u>2,202,568</u>	<u>-</u>	<u>-</u>
Expenditures					
Capital outlay					
Water	8,293,968	8,293,962	8,293,962	-	-
Total expenditures	<u>8,293,968</u>	<u>8,293,962</u>	<u>8,293,962</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(6,091,393)</u>	<u>(6,091,394)</u>	<u>(6,091,394)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Bond anticipation note	6,177,000	6,177,000	6,177,000	-	-
Transfers in	100,000	100,000	100,000	-	-
Transfers (out)	(185,607)	(185,606)	(185,606)	-	-
Total other financing sources	<u>6,091,393</u>	<u>6,091,394</u>	<u>6,091,394</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Net Position
June 30, 2015

Assets

Current assets

Cash and cash equivalents

\$ 1,515,946

Total assets

1,515,946

Liabilities and net position

Current liabilities

Accounts and vouchers payable

609,222

Total liabilities

609,222

Net position

Unrestricted

906,724

Total net position

\$ 906,724

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, 2015

Operating revenues	
Occupancy taxes	\$ 5,632,475
Operating expenses	
Cultural and recreational	5,546,935
Operating income (loss)	<u>85,540</u>
Nonoperating revenue (expense)	<u>-</u>
Income (loss) before transfers and contributions	<u>85,540</u>
Change in net position	85,540
Total net position - beginning	<u>821,184</u>
Total net position - ending	<u>\$ 906,724</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit

Tourism Development Authority

Statement of Cash Flows

Year Ended June 30, 2015

Operating activities	
Cash received from operations	\$ 5,632,475
Cash paid for goods and services	<u>(5,503,385)</u>
Net cash provided by (used in) operating activities	<u>129,090</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>129,090</u>
Cash and cash equivalents	
Beginning of year	<u>1,386,856</u>
End of year	<u><u>\$ 1,515,946</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 85,540
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	<u>43,550</u>
Total adjustments	<u>43,550</u>
Net cash provided by (used in) operating activities	<u><u>\$ 129,090</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Tourism Development Authority
Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)**

	2015		Variance Positive (Negative)	2014
	Budget	Actual		
Operating revenues				
Charges for services	\$ 5,712,000	\$ 5,632,475	\$ (79,525)	\$ 5,124,890
Nonoperating revenues and other financing sources				
Total Nonoperating revenues and other financing sources	-	-	-	-
	5,712,000	5,632,475	(79,525)	5,124,890
Appropriated fund balance	19,473	-	(19,473)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 5,731,473</u>	<u>\$ 5,632,475</u>	<u>\$ (98,998)</u>	<u>\$ 5,124,890</u>
Operating expenditures				
Cultural and recreational	\$ 5,731,473	\$ 5,546,935	\$ 184,538	\$ 5,104,628
Nonoperating expenditures				
Total nonoperating expenditures	-	-	-	-
Other expenditures and financing uses				
Total other expenditures and financing uses	-	-	-	-
Total expenditures and other financing uses	<u>\$ 5,731,473</u>	<u>\$ 5,546,935</u>	<u>\$ 184,538</u>	<u>\$ 5,104,628</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 5,632,475		
Total expenditures and other financing uses		5,546,935		
		<u>85,540</u>		
Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Net Position		<u>\$ 85,540</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Current Tax Levy
Year Ended June 30, 2015

	County-wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
County-wide	\$ 22,823,024,822	0.00740	\$ 168,937,944		
Late listing penalties		0.10000	123,003	\$ 152,704,844	\$ 16,356,103
Discoveries					
County-wide	161,311,923	0.00740	1,193,708		
Late listing penalties		0.10000	397,636	1,580,790	10,554
Abatements					
County wide	(39,955,851)	0.00740	(295,673)		
Late listing penalties		0.10000	(133,553)	(428,004)	(1,222)
	<u>\$ 22,944,380,894</u>				
Adjusted tax levy			170,223,065	153,857,630	16,365,435
Uncollected taxes at June 30, 2015			(1,308,130)	(1,305,881)	(2,249)
Current year's taxes collected			<u>\$ 168,914,935</u>	<u>\$ 152,551,749</u>	<u>\$ 16,363,186</u>
Percent of current year's taxes collected			<u>99.23%</u>	<u>99.15%</u>	<u>99.99%</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Ad Valorem Taxes Receivable
June 30, 2015**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2014</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2013-2014	\$ -	\$ 170,223,065	\$ 168,914,935	\$ 1,308,130
Prior years	8,408,566	-	2,110,827	6,297,739
	<u>\$ 8,408,566</u>	<u>\$ 170,223,065</u>	<u>\$ 171,025,762</u>	7,605,869
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,321,423)</u>
				<u>\$ 284,446</u>

RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES

Collections and credits per above	\$ 171,025,762
Interest	631,336
Processing fees	230,383
Rental Car/Equipment Taxes	790,440
Other	562
Releases from prior years	<u>(141,292)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 172,537,191</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Emergency Telephone System Unspent Balance
PSAP Reconciliation
June 30, 2015

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	\$	349,745
Transfer from the General Fund for ineligible expenditures		(110,394)
Eligible 911 expenditures - Included in FY2014 Actual		(8,042)
Beginning Balance, PSAP Revenue-Expenditure Report***		<u>1,516,325</u>
Ending Balance, PSAP Revenue-Expenditure Report	\$	<u><u>1,747,634</u></u>

STATISTICAL SECTION
(Unaudited)

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 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	\$ 160,482,008
Restricted	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	51,285,265
Unrestricted	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)	(119,598,444)
Prior period adjustment	-	-	-	-	-	-	(1,464,823)	-	-	-
Total governmental activities net position	<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>	<u>\$ 92,168,829</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 31,557,533
Restricted	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	14,589,748
Unrestricted	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	24,812,220
Prior period adjustment	-	-	-	-	-	-	(254,826)	-	-	-
Total business-type activities net position	<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>	<u>\$ 70,959,501</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 192,039,541
Restricted	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	65,875,013
Unrestricted	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)	(94,786,224)
Prior period adjustment	-	-	-	-	-	-	(1,719,649)	-	-	-
Total primary government net position	<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>	<u>\$ 163,128,330</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
General government	\$ 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	\$ 26,795,436
Public safety	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	65,033,036
Economic & physical development	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	11,911,261
Human services	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	101,196,588
Cultural & recreational	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	16,715,175
Education	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	99,040,656
Interest on long-term debt	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	5,259,142
Total governmental activities expenses	<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>	<u>\$ 325,951,294</u>
Business type activities										
Solid Waste	\$ 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	\$ 8,367,442
Crown Center	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	7,829,562
Kelly Hills water and sewer district	-	-	602	66,862	66,845	66,855	72,569	75,337	68,661	67,709
NORCRESS water and sewer district	206,966	437,476	475,019	469,528	531,425	560,100	667,009	517,050	576,691	572,121
Southpoint Water District	-	-	-	-	-	-	-	3,529	24,674	30,673
Total business-type activities	<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>	<u>\$ 16,867,507</u>
Total primary government expenses	<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>	<u>\$ 342,818,801</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 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	\$ 2,264,053
Public safety	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	4,176,589
Economic & physical development	923,979	1,000,137	918,059	907,184	969,652	1,660,379	1,509,164	1,440,607	1,387,921	1,330,020
Human services	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	5,092,117
Cultural & recreational	323,425	314,225	262,982	316,123	364,878	347,121	325,891	290,288	227,669	196,460
Operating grants and contributions										
General government	1,248,637	672,243	722,308	766,005	752,384	1,362,164	1,343,499	1,273,932	1,210,508	1,210,223
Public safety	1,148,872	938,285	1,258,882	3,000,993	1,274,393	1,251,625	924,305	572,249	553,242	646,878
Economic & physical development	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	5,209,718
Human services	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	57,238,248
Cultural & recreational	964,879	980,287	1,038,876	1,148,277	886,957	859,040	739,037	690,144	940,764	629,495
Capital grants and contributions										
General government	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	3,802,117
Public safety	739,188	606,687	1,545,270	752,035	746,372	228,701	293,661	467,535	774,769	56,472
Economic & physical development	267,545	598,137	973,716	1,349,603	1,336,432	1,153,621	929,630	935,972	1,165,423	917,914
Human services	311,967	386,076	630,824	497,549	348,341	-	-	-	-	-
Cultural & recreational	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Total governmental activities programs revenues	<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>	<u>\$ 82,770,304</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services										
Solid Waste	\$ 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	\$ 3,407,640
Crown Center	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	1,785,734
Kelly Hills water and sewer district	238	1,054	-	-	-	1,951	2,082	6,097	5,641	2,856
NORCRESS water and sewer district	77,730	327,926	231,570	250,755	294,027	370,612	391,357	385,599	392,137	423,601
Southpoint Water District	-	-	-	-	-	-	-	4,700	32,009	31,371
Operating grants and contributions										
Solid Waste	21,180	-	-	10,472	518,723	591,983	456,766	729,269	589,023	621,463
Capital grants and contributions										
Kelly Hills water and sewer district	465,882	2,910	-	-	-	-	-	-	-	-
NORCRESS water and sewer district	1,272,212	254,122	-	-	-	-	-	-	-	-
Southpoint water and sewer district	-	-	-	-	-	-	-	361,239	40,053	-
Total business-type activities program revenues	<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>	<u>\$ 6,272,665</u>
Total primary government program revenues	<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>	<u>\$ 89,042,969</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (243,180,990)
Business-type activities	(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)	(10,594,842)
Total primary government net expense	<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>	<u>\$ (253,775,832)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Ad valorem taxes	\$ 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	\$ 182,564,817
Other taxes	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	57,502,019
Unrestricted grants and contributions	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	11,250,145
Investment earnings	5,667,104	7,779,579	5,932,341	2,237,751	423,070	307,459	212,121	204,969	187,033	188,401
Miscellaneous	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	5,606,531
Transfers	(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)	(5,441,959)
Total governmental activities	<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>	<u>\$ 251,669,954</u>
Business-type activities:										
Other taxes	\$ 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	\$ 6,349,741
Investment earnings	1,239,835	1,953,383	2,045,131	1,336,681	190,657	193,799	73,141	123,773	123,409	123,897
Miscellaneous	170,844	6,344	28,779	290,162	19,503	153,030	97,828	79,548	36,592	-
Transfers	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	5,441,959
Total business-type activities	<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>	<u>\$ 11,915,597</u>
Total primary government	<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>	<u>\$ 263,585,551</u>
Change in Net Position										
Governmental activities	\$ 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)	\$ 8,488,964
Business-type activities	6,879,538	4,723,496	2,570,219	2,612,541	921,086	1,058,935	(922,490)	(574,158)	521,447	1,320,755
Total primary government	<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>	<u>\$ 9,809,719</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable:										
Inventories	\$ 246,003	\$ 250,613	\$ 230,328	\$ 194,096	\$ 156,802	\$ 179,164	\$ 144,603	\$ 139,885	\$ 161,583	\$ 172,503
Prepays	-	-	-	-	-	-	-	-	2,387,765	2,381,625
Restricted:										
Mental Health programs	-	-	-	-	-	14,331,047	-	-	-	-
Stabilization by state statute	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	30,590,474
Register of Deeds	233,127	254,065	463,139	461,343	498,743	498,743	623,297	820,471	714,243	754,325
County Schools	-	-	-	-	-	5,796,008	4,746,081	5,439,575	4,996,993	6,529,769
Committed:										
Property revaluation	-	-	-	-	-	416,927	443,426	494,773	631,503	758,093
Hope VI project	-	3,120,000	3,375,000	3,375,000	3,375,000	-	-	-	-	-
Assigned										
Subsequent year's expenditures	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	14,523,875
Property revaluation	150,000	150,000	175,000	-	-	-	-	-	-	-
Finance & tax 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	4,500,000
Water and sewer industrial expansion	-	-	-	-	-	5,897,670	6,236,961	5,845,409	4,421,513	4,876,523
Economic development incentives	-	-	-	-	-	2,531,854	1,500,448	1,500,448	695,665	1,500,000
Mental Health services	-	-	-	-	-	-	14,364,212	10,448,756	7,849,970	4,633,970
Renovations and maintenance	752,234	454,516	3,258,222	3,536,479	2,265,121	2,258,117	1,641,942	3,472,205	-	5,131,898
Jail expansion	-	-	-	-	-	6,274,760	6,274,760	-	-	-
Potential medicaid increase	-	1,500,000	-	-	-	-	-	-	-	-
Backup E911 system	-	73,004	-	-	-	-	-	-	-	-
Health department renovations	3,166,150	1,606,150	-	5,682,892	3,882,892	-	-	-	-	-
Courthouse/plaza renovations	2,704,163	2,622,136	262,793	-	-	-	-	-	-	-
Special purposes	3,065,833	1,351,235	876,004	-	-	-	9,025,135	267,719	-	2,500,000
Current year's expenditures	1,227,898	-	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-	-	2,500,000
School buses	-	-	-	-	-	-	-	-	-	-
Unassigned	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	31,823,417
Total general fund	\$ 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	\$ 113,176,472

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
All other governmental funds										
Nonspendable:										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,334	\$ 35,715
Restricted:										
Stabilization by state statute	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	995,242
Inmates	231,064	180,841	54,648	23,566	23,566	125,212	135,440	264,683	374,799	466,736
Cemetery	36,477	36,553	39,125	41,139	42,296	42,540	42,565	44,980	45,587	45,923
School capital	-	-	-	-	-	19,091,481	6,158,810	1,744,183	344,806	314,714
Fire protection	-	-	-	-	-	299,841	403,678	227,257	201,946	195,046
Public safety	-	-	-	-	-	1,846,688	2,026,803	1,168,645	1,968,231	2,253,584
Economic and physical development	-	-	-	-	-	315,108	315,276	583,024	468,277	682,412
Human services	-	-	-	-	-	1,826,613	1,878,210	119,324	81,672	94,776
Cultural and recreational	-	-	-	-	-	4,354,582	3,281,232	3,689,809	4,998,917	2,893,538
Committed:										
Public safety	-	-	-	-	-	2,764,806	3,823,564	5,298,480	196,435	122,390
Assigned reported in other major funds										
Subsequent year's expenditures- Special revenue	-	2,800,000	3,021,881	-	-	-	-	2,276,469	295,689	3,177,259
Unassigned reported in other major funds										
Special revenue	-	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	4,538,462	370,325	-	3,155,966	5,182,510	1,588,147	1,588,147	-	-	-
Subsequent year's expenditures- capital projects	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unassigned reported in nonmajor funds										
Special revenue	16,728,673	17,289,218	17,234,733	14,664,366	13,022,215	(978,187)	(773,963)	(743,450)	(573,862)	(582,116)
Capital projects	6,984,593	2,608,563	987,936	20,229,259	14,942,491	-	-	-	-	-
Total all other governmental funds	<u>\$ 37,738,533</u>	<u>\$ 36,436,973</u>	<u>\$ 80,026,909</u>	<u>\$ 60,697,224</u>	<u>\$ 48,066,933</u>	<u>\$ 34,571,346</u>	<u>\$ 20,338,398</u>	<u>\$ 16,164,682</u>	<u>\$ 9,796,633</u>	<u>\$ 10,695,219</u>
Change in fund classification							\$ (99,500)			
Total all governmental funds	<u>\$ 136,373,290</u>	<u>\$ 134,548,857</u>	<u>\$ 177,743,669</u>	<u>\$ 156,782,756</u>	<u>\$ 144,329,976</u>	<u>\$ 146,072,696</u>	<u>\$ 132,523,405</u>	<u>\$ 125,965,833</u>	<u>\$ 121,309,285</u>	<u>\$ 123,871,691</u>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Ad valorem taxes	\$ 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	\$ 184,434,796
Other taxes	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	57,502,019
Unrestricted Intergovernmental	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	11,255,038
Restricted Intergovernmental	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	69,639,674
Licenses and permits	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	2,263,956
Sales and services	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	10,793,783
Investment earnings	5,528,756	7,528,255	5,694,409	2,253,863	411,269	323,232	213,148	204,317	184,759	186,167
Other general revenues	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	5,408,695
Total revenues	<u>324,136,135</u>	<u>322,676,101</u>	<u>337,476,807</u>	<u>330,004,974</u>	<u>341,131,195</u>	<u>340,753,867</u>	<u>336,949,840</u>	<u>338,178,039</u>	<u>338,205,893</u>	<u>341,484,128</u>
Expenditures										
General government	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	25,668,164
Public safety	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	61,760,956
Economic and physical development	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	10,594,359
Human services	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	98,724,331
Cultural and recreational	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	15,233,536
Education	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	97,713,376
Capital outlay	8,576,837	10,517,733	6,499,102	24,897,478	30,506,601	-	-	-	-	-
Debt service										
Principal	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	18,838,421
Interest and fees	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	5,848,011
Debt issuance costs	-	-	-	(846,413)	(320,367)	300,027	371,354	-	73,607	45,100
Total expenditures	<u>309,551,797</u>	<u>316,441,597</u>	<u>332,511,089</u>	<u>366,353,552</u>	<u>361,647,101</u>	<u>345,716,986</u>	<u>344,796,748</u>	<u>340,826,317</u>	<u>337,199,905</u>	<u>334,426,254</u>
Revenues over (under) expenditures	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	7,057,874
Other financing sources (uses)										
Debt issuance	4,300,000	-	46,500,000	74,656,315	51,862,540	14,805,000	50,490,000	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	-	5,528,808	-	15,070,000	-
Premium on debt issuance	-	-	-	3,331,681	-	-	-	-	-	-
Discount on issuance of bonds	-	-	-	(29,238)	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	(55,622,909)	(36,414,948)	-	(55,560,424)	-	(15,204,915)	-
Proceeds from installment notes	-	-	-	-	-	-	-	3,198,130	-	3,000,000
Sale of capital assets	55,177	189,243	172,355	547,666	174,040	172,674	239,985	221,680	215,878	348,691
Transfers in	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	1,076,789
Transfers out	(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)	(8,920,948)
Payment from/to component unit	-	-	-	-	-	-	-	(425,520)	-	-
Total other financing sources (uses)	<u>(5,100,007)</u>	<u>(7,421,820)</u>	<u>38,229,094</u>	<u>15,387,665</u>	<u>8,063,126</u>	<u>6,705,839</u>	<u>(5,702,383)</u>	<u>(3,819,595)</u>	<u>(5,662,536)</u>	<u>(4,495,468)</u>
Net change in fund balances	<u>\$ 9,484,331</u>	<u>\$ (1,187,316)</u>	<u>\$ 43,194,812</u>	<u>\$ (20,960,913)</u>	<u>\$ (12,452,780)</u>	<u>\$ 1,742,720</u>	<u>\$ (13,549,291)</u>	<u>\$ (6,467,873)</u>	<u>\$ (4,656,548)</u>	<u>\$ 2,562,406</u>
Debt service as a percentage of noncapital expenditures	<u>7.59%</u>	<u>7.24%</u>	<u>6.77%</u>	<u>7.69%</u>	<u>7.44%</u>	<u>7.62%</u>	<u>7.95%</u>	<u>7.96%</u>	<u>7.75%</u>	<u>7.45%</u>

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
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
2015	184,434,796	49,211,337	525,750	420,124	-	-	869,424	204,911	6,270,473	241,936,815

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

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					
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%
2015	22,096,679	365,032	2,203,857	1,504,336	3,225,523	22,944,381	0.9025	22,064,505	103.99%

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	
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	
2015	0.740	0.050	0.100	0.0125	0.9025	0.486	0.100	0.460	0.700	0.205	0.150	0.240	0.200	0.320	0.250	

(1) Cumberland County has seventeen fire protection districts

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

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

(4) Town of Eastover was incorporated in FY2008

Source: Cumberland County Tax Department

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Taxpayer	Fiscal Year 2015			Fiscal Year 2006		
	2014 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2005 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 332,044	1	1.45%	\$ 128,531	2	0.85%
Cross Creek Mall, LLC	151,049	2	0.66%	85,200	4	0.56%
Wal-Mart Stores, Inc.	113,075	3	0.49%	109,617	3	0.72%
Duke Energy Progress, Inc.	86,087	5	0.38%			
Carolina Telephone Co.	63,491	4	0.28%	129,295	1	0.85%
DAK Americas, LLC	62,683	9	0.27%	56,089	8	0.37%
Purolator Filters, NA LLC	62,468	6	0.27%	57,675	7	0.38%
Piedmont Natural Gas Co., Inc.	56,727	7	0.25%	53,475	9	0.35%
South River EMC	47,566	8	0.21%			
Cargill	43,607	10	0.19%			
Carolina Power & Light Co.				68,173	5	0.45%
Black & Decker				59,171	6	0.39%
Centurion Aviation Service				43,854	10	0.29%
	<u>\$ 1,018,797</u>		<u>4.45%</u>	<u>\$ 791,080</u>		<u>5.21%</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
2006	\$ 133,891,832	\$ 129,101,364	96.42%	\$ 3,751,178	\$ 132,852,542	99.22%
2007	138,486,845	133,857,005	96.66%	3,660,895	137,517,900	99.30%
2008	144,435,397	140,172,406	97.05%	3,378,204	143,550,610	99.39%
2009	144,914,639	140,776,733	97.14%	3,314,915	144,091,648	99.43%
2010 ¹	158,424,003	154,634,400	97.61%	3,012,904	157,647,304	99.51%
2011	155,671,269	151,707,302	97.45%	3,123,836	154,831,138	99.46%
2012	159,824,747	155,867,130	97.52%	3,079,278	158,946,408	99.45%
2013	164,274,193	160,024,057	97.41%	3,118,409	163,142,466	99.31%
2014	171,641,426	169,217,802	98.59%	1,518,644	170,736,446	99.47%
2015	170,223,065	168,914,935	99.23%	NA	168,914,935	99.23%

Source: Cumberland County Tax Department

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

² Collections for FY2006 include all collections through 9th prior year.
Collections for FY2007 include all collections through 8th prior year.
Collections for FY2008 include all collections through 7th prior year.
Collections for FY2009 include all collections through 6th prior year.
Collections for FY2010 include all collections through 5th prior year.
Collections for FY2011 include all collections through 4th prior year.
Collections for FY2012 include all collections through 3rd prior year.
Collections for FY2013 include all collections through 2nd prior year.
Collections for FY2014 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			
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
2015	35,206,484	97,178,829	1,172,987	4,599,065	1,117,000	27,709,715	-	1,648,919	168,632,999	NA	512

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)
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
2015	36,323,484	NA	0.16%	110

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 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	\$ 2,093,592
Total net debt applicable to limit	106,165	98,230	90,235	82,295	73,815	65,845	56,830	49,115	42,711	34,857
Legal debt margin	<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>	<u>\$ 2,058,735</u>
Total net debt applicable to the limit as a percentage of debt limit	7.82%	7.01%	6.19%	5.45%	3.93%	3.23%	2.71%	2.43%	2.03%	1.66%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Property Value	\$ 22,944,381
Plus : Exempt Property	<u>3,225,523</u>
Total Assessed Value	<u>\$ 26,169,904</u>
Debt Limit (8% of total assessed value)	2,093,592
Debt applicable to limit:	
Total Bonded debt	34,857
Authorized and unissued debt	<u>20,126</u>
	54,983
Less: Statutory deductions	
Authorized and unissued debt	20,126
Revenue bonds	<u>-</u>
	20,126
Total amount of debt applicable to debt limit	<u>34,857</u>
Legal debt margin	<u>\$ 2,058,735</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
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%
2015	329,411	NA	NA	NA	52,740	7.8%

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 2015			Fiscal Year 2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Department of Defense-Civilians	8,757	1	6.19%	8,857	1	7.27%
Cumberland County Schools	6,530	2	4.62%	6,447	2	5.29%
Cape Fear Valley Health System	4,900	3	3.47%	4,100	3	3.37%
Wal-Mart Associates Inc.	2,860	4	2.02%			
Goodyear Tire & Rubber Co.	2,500	5	1.77%	2,560	4	2.10%
Cumberland County Government	2,350	6	1.66%	2,500	5	2.05%
*City of Fayetteville	2,055	7	1.45%	1,959	6	1.61%
Fayetteville Technical Community College	1,390	8	0.98%	1,250	7	1.03%
Veterans Administration	1,000 +	9	0.71%			
Fayetteville State University	900 +	10	0.69%			
U.S. Postal Service				1,312	8	1.08%
Purolator				1,150	9	0.94%
M.J. Softe				1,100	10	0.90%
Total Employment (Ten Largest Civilian Employers)	<u>33,242</u>		<u>23.55%</u>	<u>31,235</u>		<u>25.63%</u>

Sources:

Cumberland County Chamber of Commerce, PWC Variable Rate Revenue Bonds 2003 Official Statement,
Ft. Bragg Civilian Personnel Advisory Center (most recent data available)

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	234	239	245	245	238	239	232	250	248	247
Public Safety										
Sheriff	379	381	381	385	378	377	377	378	395	395
Detention Facility	187	187	188	187	190	188	200	254	266	266
Other	35	66	57	73	91	96	101	97	97	101
Human Services										
Public Health	233	240	233	239	247	251	289	280	276	274
Mental Health	407	373	215	218	208	145	72	5	4	4
Social Services	608	616	635	635	652	643	636	636	636	655
Other	23	22	7	7	73	76	77	77	77	80
Cultural & Recreation										
Library	169	176	176	175	195	191	188	188	188	186
Economic and Physical Development	108	108	116	105	106	102	102	80	80	86
Crown Center	39	41	41	41	40	40	40	40	0	0
Solid Waste	64	64	60	60	68	68	68	68	68	68
Total	2,486	2,513	2,354	2,370	2,486	2,416	2,382	2,353	2,335	2,362

Source: County Budget System (BRASS)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Number of persons voting in elections	47,466	35,785	18,385	128,873	53,454	69,644	53,878	134,566	63,062	76,615
Number of registered voters *	176,853	139,350	177,718	208,513	194,383	195,242	199,194	215,084	202,486	204,462
Number of birth certificates processed	7,943	8,242	8,046	8,800	8,547	8,502	8,401	8,865	8,973	8,206
Number of death certificates processed	2,533	2,511	2,790	2,715	2,657	2,862	2,842	2,985	3,015	3,101
Number of land record instruments	63,852	61,396	49,243	47,970	45,072	43,487	46,217	49,619	41,770	39,515
Number of marriage licenses issued	3,828	3,898	4,003	4,676	3,967	4,407	3,946	3,964	3,751	3,772
Number of pieces of mail handled	793,048	639,434	725,028	709,172	676,736	674,100	837,402	683,304	502,486	626,820
* List Maintenance every 4 years (non-voters removed)										
Public Safety										
Number of fire calls answered	7,562	9,459	11,056	11,585	18,135	15,113	30,632	14,968	14,080	15,327
Number fire permits issued	266	232	274	381	324	161	122	223	243	193
Number of emergency calls dispatched	NA	57,320	60,116	190,041*	221,147	367,109	326,410	309,872	303,011	322,475
Number of sheriff calls answered	144,381	137,576	144,689	152,069	145,879	189,149	190,335	174,953	172,367	189,184
Number of civil court papers handled	38,237	40,767	57,872	62,574	47,723	50,363	47,142	47,419	47,893	45,368
Average daily inmate population	518	532	536	541	563	586	601	658	721	740
Number of inmates admitted	10,640	9,833	11,257	12,044	12,128	12,280	12,537	11,359	11,253	11,643
Number of animals impounded (dogs and cats)	11,953	17,895	18,590	12,162	17,786	15,691	14,111	14,143	12,987	12,208
Number of animal investigations	15,767	16,014	14,240	17,223	19,555	15,093	21,121	33,424	43,075	41,518
*2009 consolidated emergency service and sheriff dispatchers										
Human Services										
Number of health dept. clinical services	31,010	29,399	31,282	33,515	47,721	32,918	34,724	36,701	40,739	44,039
Number of health dept. lab tests processed	39,165	28,286	59,007	67,919	28,279	33,339	36,179	35,233	39,506	49,047
Number of health dept. prescriptions filled	38,119	35,252	36,619	35,635	39,856	40,566	16,146	40,574	42,799	40,521
Amount of health care provided with no compensation	\$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	\$2,831,271
Number of WIC Clients	36,456	142,916	150,370	168,342	168,114	171,260	147,977	170,450	167,541	159,461
Number of food stamp ave monthly households	15,623	16,167	18,972	20,926	24,071	28,644	31,491	32,011	32,731	34,201
Average active Medicaid *	24,343	26,910	30,010	34,555	34,784	36,546	36,980	36,983	34,115	60,048
Average TANF active cases	2,140	2,967	1,647	1,423	1,343	1,324	1,297	1,219	1,025	965
Number of protective services referrals	4,853	4,977	5,735	5,784	5,319	5,502	6,105	5,413	5,427	5,242
Number of veterans claims processed **	2,692	5,233	2,377	5,882	3,978	2,454	4,040	4,122	2,405	5,028
Number of veterans served in office	8,384	7,568	7,379	9,241	8,753	8,553	10,014	8,517	10,803	10,821

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

**all claims processed not just claims generating dollars

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Human Services (continued)										
Number of veterans served by telephone	16,198	16,848	18,070	26,410	35,151	19,695	24,247	24,040	27,696	29,962
Number of mental health days of service (24 hrs)	81,879	48,481	45,092	31,795	46,620	69,943	42,339	32,758	NA	NA
Number of mental health outpatients served	8,607	6,337	6,410	6,785	5,785	6,265	6,508	5,538	NA	NA
Number of mental health inpatients served**	429	NA	NA	NA	NA	NA	NA	NA	NA	NA
Number of workforce development applicants***	993	683	1,331	2,095	2,189	1,046	NA	NA	NA	NA
**clients no longer contracted with hospital										
***Workforce Development no longer part of County										
Economic and Physical Development										
Number of inspections performed	70,487	27,891	20,164	19,353	22,159	20,702	19,988	16,700	16,291	16,146
Number of building permits issued	NA	1,760	1,273	1,300	1,105	1,081	1,037	1,046	1,038	955
Culture and Recreation										
Number of library books	595,462	592,536	558,713	587,093	591,357	592,186	485,469	490,528	549,798	478,071
Number of materials circulated	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 *	2,078,733 *
Number of public visits	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	1,345,163
* includes books and audio visual materials										
Business Activities										
Number of civic center event days	328	309	348	326	316	291	320	266	190	227
Number in attendance	545,409	521,088	554,792	576,673	533,092	567,936	518,103	519,485	485,290	486,951
Number of solid waste tonnages processed	282,679	305,915	261,389	262,427	263,996	263,410	261,952	235,295	270,571	260,194

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire										
Number of volunteer stations	19	20	20	20	20	20	20	20	20	21
Sheriff										
Number of stations	6	4	6	5	5	5	4	4	5	5
Number of patrol vehicles	325	326	323	324	324	333	342	344	355	375
Detention facility beds	568	568	568	568	568	568	568	592	884	884
Culture and Recreation										
Number of libraries	8	8	8	8	8	9	9	9	9	9
Library collections	595,462	592,536	605,911	637,731	639,119	558,186 *	546,909	555,557	611,496	536,145
E-book collections**						10,384	9,503	16,551	53,045	218,420
Number of parks	3	3	3	3	3	3	3	3	3	3
Park acreage	189	185	185	185	170	170	170	170	170	170
Number of ball fields	67	64	63	63	65	65	65	65	65	65
Number of tennis courts	40	28	28	32	32	32	32	32	32	32
*Discarded outdated materials and foreign language collection										
**Includes local ebooks, NC Digital Library ebooks and NC Live ebooks										
Facilities and services not included in primary government										
Education:										
Number of schools	80	87	87	87	87	85	86	87	87	87
Number of students	52,565	53,078	52,912	53,162	52,187	52,400	53,063	52,729	52,725	52,740
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	2	2	2	2	2	2	2	2	2
Number of patient beds	447	546	546	546	546	546	546	546	606	606

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

NA: Information not available.

CONTINUING DISCLOSURE INFORMATION
(Unaudited)

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

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2015

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, 2015 were \$302,300,130. The major sources of General Fund revenues include property taxes (57.1%), sales taxes (13.2%), and intergovernmental revenues (23.2%). The County's property tax rate is \$0.74 per \$100 of assessed value. The value of one penny on the tax rate is \$2,268,591. 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, 2015 is \$34,857,000 which is significantly less than the legal limit of approximately \$2 billion. Debt service payments represent 5.28% of total budgeted expenditures for FY2015 and 5.67% of total adopted budget expenditures for FY2016.

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

The proceeds of the Food and Beverage Tax are collected monthly by the County and allocated to the Cumberland County Civic Center Commission (the "Commission") and maintained in the County's Prepared Food and Beverage Tax Fund. The Commission may use the proceeds of the Food and Beverage Tax to pay debt service or to expand the existing arena facilities or to pay other costs of acquiring, constructing, maintaining, operating, marketing and promoting the new coliseum or expanded arena facilities. Set forth below are the historical receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ended June 30, 2015 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2020:

<u>Fiscal Year Ended June 30 (1)</u>	<u>Historical Receipts (2)</u>
2011	\$ 5,381,695
2012	5,563,994
2013	5,758,211
2014	5,843,580
2015	6,216,979
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (3)</u>
2016	\$ 6,372,403
2017	6,531,714
2018	6,695,006
2019	6,862,382
2020	7,033,941

- (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 \$49,432 to \$53,495 per year.
- (3) Forecasted receipts assume 2.5% annual growth in tax revenue and 2.5% annual growth in the cost of collection.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2015

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, 2015 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2020:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Historical</u> <u>Receipts (1)</u>
2011	\$ 1,186,416
2012	1,190,047
2013	1,236,654
2014	1,214,817
2015	1,336,237
<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Forecasted</u> <u>Receipts (2)</u>
2016	\$ 1,362,962
2017	1,390,221
2018	1,418,025
2019	1,446,386
2020	1,475,314

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

Under the statutory distribution formula, the County will receive an equivalent amount in each fiscal year with such amount to be used for advertising the civic center complex and promoting travel and tourism within the County. The County expects to use the proceeds of the Occupancy Tax allocated to the Commission and the Food and Beverage Tax as sources from which to make its installment payments. These proceeds and transfers of amounts from the General Fund necessary to make such installment payments are deposited into a special fund created by the County. No assurance can be given that the proceeds of the Occupancy Tax and Food and Beverage Tax will be equal to the installment payments in any fiscal year. However, the County has not used any General Fund revenues since FY2010 to support debt service on the civic center complex. In addition, the proceeds of the Occupancy Tax and the Food and Beverage Tax have not been pledged directly or indirectly as

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2015

security for any debt obligation and the registered owners of any such debt obligation have no lien on or claim against such 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 February 2015, Standard & Poor's affirmed its rating on the County's general obligation debt of AA+ and its rating on the County's certificates of participation of 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

During FY2015, the County did not issue any general obligation refunding debt.

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, 2015, 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, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
General Obligation Bonds				
School	\$ 53,465,000	\$ 46,795,000	\$ 40,119,720	\$ 32,518,415
Community College Facilities	460,000	-	-	-
Library Facilities	2,905,000	2,320,000	1,455,280	1,221,585
NORCRESS Sewer	<u>1,172,000</u>	<u>1,154,000</u>	<u>1,136,000</u>	<u>1,117,000</u>
Total G.O. Debt	58,002,000	50,269,000	42,711,000	34,857,000
Premium	<u>3,925,177</u>	<u>3,325,072</u>	<u>1,853,866</u>	<u>1,466,484</u>
G.O. Debt Carrying Value	<u>\$ 61,927,177</u>	<u>\$ 53,594,072</u>	<u>\$ 44,564,866</u>	<u>\$ 36,323,484</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 (\$3,320,500), a discretely presented component unit.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2015

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 \$2,058,735,000 as of June 30, 2015.

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>
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
2015	34,857,000	22,944,381,000	0.15%	329,411	105.82

(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 Sanitary Sewer</u>	
	<u>(Including Related 2014 Refunding)</u>		<u>(Including Related 2014 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>
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	-	-	-	-	29,000	66,413
2026-30	-	-	-	-	162,000	330,259
2031-35	-	-	-	-	197,000	329,125
2036-40	-	-	-	-	241,000	328,904
2041-45	-	-	-	-	278,000	312,567
	<u>\$ 32,518,415</u>	<u>\$ 35,761,117</u>	<u>\$ 1,221,585</u>	<u>\$ 1,269,908</u>	<u>\$ 1,117,000</u>	<u>\$ 1,959,408</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2015

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, 2015

Please refer to the report "Analysis of Debt of North Carolina Counties, Municipalities and Districts at June 30, 2015" 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>FY2016 Principal And Interest Requirements</u>	<u>Balance June 30, 2015</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.	\$ 1,886,525	\$ 16,520,000
Certificates of Participation - Series 2009B Refunding	89,490,000	Principal payable annually and interest payable semi-annually in arrears ending December 1, 2024. Annual principal and interest payments range from \$5,213,600 to \$11,354,413; payable from General Fund and Enterprise Fund.	8,905,213	52,500,000

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2015

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY2016 Principal and Interest Requirements	Balance June 30, 2015
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	10,931,250
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	10,857,000
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.	246,807	990,000
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.	141,852	569,000

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2015

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY2016 Principal and Interest Requirements	Balance June 30, 2015
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	1,172,987
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.	3,482,362	28,525,000
Installment Financing - NC Clean Drinking Water Loan for Southpoint Water Project	100,323	No interest loan with principal payable annually in arrears beginning May 1, 2014 and ending May 1, 2033. Annual payments range from \$4,995 to \$5,408; payable from Enterprise Fund	4,995	89,919
Installment Financing - Fayetteville Technical Community College - Roofing and HVAC Projects	3,198,130	Semi-annual payments of principal and interest in arrears beginning June 14, 2013 and ending December 14, 2017. Semi-annual payments include interest at the rate of 1.11% and range from \$321,588 to \$669,800; payable from the General Fund.	655,601	1,599,065
Installment Financing - Fayetteville Technical Community College - Purchase building for Auto Body Repair Facility	<u>3,000,000</u>	Annual payments of principal and interest in arrears beginning November 9, 2015 and ending November 9, 2019. Annual payments include interest at the rate of 1.27% and range from \$607,726 to \$641,910; payable from the General Fund.	<u>641,910</u>	<u>3,000,000</u>
Total:	<u>\$ 194,328,533</u>		<u>\$ 19,545,191</u>	<u>\$ 126,754,221</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2015

The County's payment obligations (principal & interest) at June 30, 2015 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
2016	\$ 1,886,525	\$ 8,905,213	\$ 3,482,362	\$ 5,271,091	\$ 19,545,191
2017	1,836,375	8,789,988	3,380,688	5,237,698	19,244,749
2018	1,794,338	8,684,063	3,284,062	4,638,941	18,401,404
2019	1,750,088	5,797,262	3,177,563	4,045,597	14,770,510
2020	1,703,625	5,689,762	3,080,812	4,022,496	14,496,695
2021	1,654,950	5,563,138	2,978,688	3,087,601	13,284,377
2022	1,604,062	5,447,387	2,876,312	3,087,600	13,015,361
2023	1,551,700	5,330,356	2,778,563	3,087,601	12,748,220
2024	1,498,600	5,213,600	2,680,312	3,087,600	12,480,112
2025	1,444,025	3,269,750	2,576,688	3,087,601	10,378,064
2026	1,387,237	-	2,477,687	2,536,673	6,401,597
2027	1,328,975	-	2,373,313	4,996	3,707,284
2028	1,269,975	-	2,273,562	4,995	3,548,532
2029	1,210,238	-	459,281	4,996	1,674,515
2030	-	-	-	4,995	4,995
2031	-	-	-	4,996	4,996
2032	-	-	-	4,995	4,995
2033	-	-	-	4,996	4,996
	<u>21,920,713</u>	<u>62,690,519</u>	<u>37,879,893</u>	<u>41,225,468</u>	<u>163,716,593</u>
Premium	87,833	2,824,406	2,643,055	-	5,555,294
Carrying Value	<u>\$ 22,008,546</u>	<u>\$ 65,514,925</u>	<u>\$ 40,522,948</u>	<u>\$ 41,225,468</u>	<u>\$ 169,271,887</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 (\$8,476,413) and the ABC Board (\$587,962).

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 FY2015, 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,

COUNTY OF CUMBERLAND, NORTH CAROLINA
Continuing Disclosure Information (Unaudited)
June 30, 2015

the debt had been considered defeased and therefore removed from the County's liabilities. As of June 30, 2015, there is no outstanding prior year defeased non-general obligation debt.

DEBT OUTLOOK

The County prepares an annual Capital Improvements Plan which projects capital needs for five years into the future with projections for annual debt service and operating requirements. Funding to support the annual debt service and operating expenses is converted to an equivalent tax rate for comparison purposes.

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>2014</u>	<u>2015</u>	<u>2016⁽³⁾</u>
	(Amounts in thousands)		
Assessment Ratio ⁽¹⁾	100%	100%	100%
Real Property	\$ 18,538,777	\$ 18,874,858	\$ 19,057,176
Personal Property	1,426,969	1,500,634	1,499,048
Vehicles	2,813,072	2,203,857	2,225,203
Public Service Companies ⁽²⁾	<u>367,912</u>	<u>365,032</u>	<u>429,285</u>
Total Assessed Valuation	23,146,730	22,944,381	23,210,712
Assessed Valuation Per Capita	69.05	69.65	70.46
Rate per \$100	.740	.740	.740
County-wide Levy	\$ 171,286	\$ 169,788	\$ 171,759

(1) Percentage of appraised value has been established by statute.

(2) Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.

(3) Valuation estimates are as of October 31, 2015 for the fiscal year ending June 30, 2016. Population used for FY2015 assessed valuation per capita is 329,411 and FY2016 estimated population used is 331,238. Population data is from the Demographics Section of the NC Office of State Budget and Management.

During FY2014, the collection of motor vehicle taxes in North Carolina transitioned from local County collection in arrears to a new State operated system requiring payment of ad valorem vehicle taxes at the same time as the license plate is renewed annually. The new system 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, 2015

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>2014</u>	<u>2015</u>	<u>2016</u> ⁽¹⁾
County-wide	\$ 171,285,802	\$ 169,788,419	\$ 171,759,269
Recreation District	3,182,519	3,244,380	3,100,724
Special Fire Districts	<u>7,160,667</u>	<u>7,299,854</u>	<u>6,976,629</u>
Total Levy	<u>\$ 181,628,988</u>	<u>\$ 180,332,653</u>	<u>\$ 181,836,622</u>

(1) Valuation estimates as of August 31, 2015 for the fiscal year ending June 30, 2016.

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>
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%
2015	2,110,827	168,914,935	99.23%

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

TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2014-15 (TAX YEAR 2013-14)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2014 Taxable Assessed Valuation*</u>	<u>% of Total Taxable Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 332,044	1.60%
Cross Creek Mall, LLC	Retail Mall	151,049	0.73
Wal-Mart Stores, Inc.	Retail/Distribution	113,075	0.55
Duke Energy Progress, Inc.	Electric Utility	86,087	0.42
Carolina Telephone	Telephone Utility	63,491	0.31
DAK Americas, LLC	Textiles	62,683	0.30
Purolator Filters, NA, LLC	Auto Filter Manufacturer	62,468	0.30
Piedmont Natural Gas Co.	Gas Utility	56,727	0.27
South River EMC	Electric Utility	47,566	0.23
Cargill	Soybean Processor	<u>43,607</u>	<u>0.21</u>
		<u>\$ 1,018,797</u>	<u>4.92%</u>

* Amounts expressed in thousands.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Compiled Budget - Annually Budgeted Funds
Year Ended 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	\$ 12,373,925	\$ 22,854
Other taxes	47,422,425	5,374,222	5,975,441
Unrestricted intergovernmental	10,174,977	5,000	-
Restricted intergovernmental	63,082,445	9,154,344	658,753
Licenses and permits	1,845,869	-	11,388
Sales and services	10,234,510	240,941	3,359,626
Interest earned on investments	267,890	1,697	65,027
Miscellaneous	4,481,281	774,716	8,021
Total estimated revenues	<u>306,373,265</u>	<u>27,924,845</u>	<u>10,101,110</u>
Appropriations:			
General government	31,984,209	2,000	-
Public safety	55,670,601	9,245,823	-
Economic and physical development	6,866,500	8,447,391	-
Human services	102,076,955	1,909,377	-
Cultural and recreation	11,575,865	4,761,185	-
Education	102,728,531	-	-
Salaries and employee benefits	-	-	3,739,903
Repairs and maintenance	-	-	1,312,896
Utilities	-	-	114,398
Administrative costs	-	-	4,240,789
Landfill closure and postclosure	-	-	1,015,000
Other operating - crown center	-	-	5,201,045
Capital outlay	-	-	1,532,692
Landfill cell construction	-	-	7,803,444
Water and sewer	-	-	814,300
Debt service:			
Principal retirement	18,838,421	-	2,411,208
Interest and fees	5,848,082	-	1,332,267
Issuance costs	45,100	-	-
Total appropriations	<u>335,634,264</u>	<u>24,365,776</u>	<u>29,517,942</u>
Estimated revenues over (under) appropriations	<u>(29,260,999)</u>	<u>3,559,069</u>	<u>(19,416,832)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	985,527	93,107
Special revenue funds	77,495	-	7,576,235
Capital projects	-	-	-
Internal service funds	-	-	-
Enterprise funds with multi-year budgets	-	-	29,883
Transfers to other funds:			
General fund	-	(77,495)	-
Special revenue funds	(985,527)	-	-
Capital projects	-	-	-
Internal service funds	(2,402,200)	-	-
Enterprise funds	(93,107)	(7,576,235)	-
Enterprise funds with multi-year budgets	(286,403)	-	-
Proceeds of general long term debt	3,000,000	-	-
County contribution	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	263,484	-	-
Appropriated fund balances	29,687,257	3,109,134	11,717,607
Total other financing sources	<u>29,260,999</u>	<u>(3,559,069)</u>	<u>19,416,832</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 FY2015 budget at June 30, 2015.

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, 2016
(Unaudited)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Estimated revenues:			
Ad valorem taxes	\$ 171,196,711	\$ 12,655,434	\$ 22,000
Other taxes	50,355,608	5,557,413	6,153,962
Unrestricted intergovernmental	10,727,320	5,000	-
Restricted intergovernmental	63,973,364	9,549,999	644,525
Licenses and permits	1,797,732	-	11,388
Sales and services	10,101,192	213,016	3,684,235
Interest earned on investments	227,993	600	74,004
Miscellaneous	4,414,340	639,379	27,646
Total estimated revenues	<u>312,794,260</u>	<u>28,620,841</u>	<u>10,617,760</u>
Appropriations:			
General government	28,953,695	-	-
Public safety	56,076,922	8,682,112	-
Economic and physical development	5,987,923	8,801,135	-
Human services	101,724,341	1,828,161	-
Cultural and recreation	11,524,922	4,809,451	-
Education	96,539,358	-	-
Salaries and employee benefits	-	-	3,814,886
Repairs and maintenance	-	-	1,326,375
Utilities	-	-	114,950
Administrative costs	-	-	4,018,510
Landfill closure and postclosure	-	-	1,005,000
Other operating - crown center	-	-	5,613,472
Capital outlay	-	-	7,095,875
Water and sewer	-	-	724,498
Debt service:			
Principal retirement	19,910,971	-	2,788,137
Interest and fees	5,499,816	-	1,293,396
Issuance costs	-	-	-
Total appropriations	<u>326,217,948</u>	<u>24,120,859</u>	<u>27,795,099</u>
Estimated revenues over (under) appropriations	<u>(13,423,688)</u>	<u>4,499,982</u>	<u>(17,177,339)</u>
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	807,302	-
Special revenue funds	78,718	-	8,405,825
Capital projects	-	-	-
Internal service funds	-	-	-
Enterprise funds	-	-	-
Transfers to other funds:			
General fund	-	(78,718)	-
Special revenue funds	(807,302)	-	-
Capital projects	-	-	-
Internal service funds	(102,200)	-	-
Enterprise funds	-	(8,405,825)	-
Enterprise funds with multi-year budgets	(269,403)	-	-
Proceeds of general long term debt	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	-	-	-
Appropriated fund balances	14,523,875	3,177,259	8,771,514
Total other financing sources	<u>13,423,688</u>	<u>(4,499,982)</u>	<u>17,177,339</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 FY2016 adopted budget ordinance at July 1, 2015.

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 20, 2015. Our report includes a reference to other auditors who audited the financial statements of the Cumberland County ABC Board, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Fayetteville Area Convention and Visitors Bureau and the Cumberland County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekasert LLP". The signature is written in a cursive, flowing style.

Fayetteville, North Carolina
November 20, 2015

**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, 2015. 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, 2015.

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, 2015-001, and 2015-002. 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.



Fayetteville, North Carolina
November 20, 2015

**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, 2015. 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*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances 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 are described in the accompanying schedule of findings and questioned costs as items 2014-002, 2014-006, 2015-001, 2015-002, and 2015-003. Our opinion on each major State program is not modified with respect to these matters.

The County's responses to the noncompliance finding 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 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, 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.



Fayetteville, North Carolina
November 20, 2015

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

YEAR ENDED JUNE 30, 2015

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

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

YEAR ENDED JUNE 30, 2015

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

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
10.557	Special Supplemental Nutrition Program for Women, Infants & Children
	Energy Assistance Block Grant:
93.568	Administration
93.568	Low Income Home Energy Assistance Crisis Intervention
93.568	Low Income Home Energy Assistance Payments
	Child Care Development Fund Cluster:
93.596	Child Care and Development Fund-Administration
93.575	Child Care and Development Fund-Discretionary
93.596	Child Care and Development Fund-Mandatory
93.596	Child Care and Development Fund-Match
93.767	NC Health Choice/Children's Health Insurance Program
93.767	Direct Benefit Payments
	Medicaid Cluster:
93.778	Medical Assistance Program Administration
93.778	Direct Benefit Payments
93.994	Maternal and Child Health Services Block Grant

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, 2015

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

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

Auditee qualified as low-risk auditee? X Yes ___ No

State Awards

Internal control over major State programs:

- Material weakness(es) identified ___ Yes X No

- Significant Deficiency(s) identified
that are not considered to be
material weaknesses ___ Yes X None reported

Noncompliance material to State awards ___ Yes X No

Type of auditor's report issued on compliance for major State programs: **Unmodified**

Any audit findings disclosed that are
required to be reported in accordance
with the State Single Audit
Implementation Act X Yes ___ No

Identification of major State programs:

Program Name

Rural Operating Assistance Program
DSS Crosscutting

State match on federal programs, included in the list of major federal programs above for NC Health Choice Program, Medicaid Cluster, and Child Care and Development Fund Cluster.

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

YEAR ENDED JUNE 30, 2015

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

U. S. Department of Health and Human Services
Passed through N.C. Department of Health and Human Services - Division of Medical Assistance
Medicaid Cluster
CFDA # 93.778

Non-material noncompliance – Eligibility
Finding 2014-002

Criteria: The County should have adequate monitoring controls to ensure that all information is updated appropriately in recipient's files and in the NC FAST system, and to ensure that all required physical documentation is located in the file to properly document eligibility with program requirements.

Condition: We noted one instance for the Medicaid Cluster where required documentation could not be located in the system or the client file.

Questioned Costs: None. The client was deemed eligible for assistance during eligibility redetermination.

Context: A total of 60 Medical Assistance client files were selected from the OSA population report for the period July 2014 through February 2015. We noted one instance where documentation of automated income and resource matches were not located in the case record at the time of application.

Effect: By not maintaining the documentation supporting the eligibility determination in the client file, eligibility cannot be readily substantiated, leaving a risk that the County could provide benefits to ineligible individuals.

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.

Views of responsible officials: Management acknowledges the finding.

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

YEAR ENDED JUNE 30, 2015

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

U. S. Department of Health and Human Services
Passed through the N.C Department of Health and Human Services, Division of Social Services
NC Health Choice/Children's Health Insurance Program
CFDA # 93.767

Non-material noncompliance – Eligibility
Finding 2015-001

- Criteria: The County should have adequate monitoring controls to ensure that all information is updated appropriately in recipient's files and in the NC FAST system, and to ensure that all required physical documentation is located in the file to properly document eligibility with program requirements.
- Condition: We noted eight instances for the NC Health Choice program where required documentation could not be located in the system or the client file.
- Questioned Costs: None. All clients were deemed eligible for assistance via review of alternative documentation.
- Context: A total of 60 participant files were selected from the Office of the State Auditor's (OSA) population report for the period July 2014 through February 2015. Of the 60 client files tested, we noted eight of the files had missing documentation as follows:
- Five instances were noted where the budget was calculated incorrectly.
 - One instance was noted where the participant was charged two enrollment fees.
 - One instance was noted where the fee calculation was incorrect.
 - One instance was noted where the documentation of the termination of third party insurance prior to the start of coverage could not be located in the client's file.
- Effect: By not maintaining the documentation supporting the eligibility determination in the client file, eligibility cannot be readily substantiated, leaving a risk that the County could provide benefits to ineligible individuals.
- Cause: Employee oversight during the initial eligibility determination or eligibility redetermination or documentation was misplaced.
- Recommendation: The County should implement policies and procedures to ensure that participant eligibility and documentation is appropriately maintained.
- Views of responsible officials: Management acknowledges the finding.

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

YEAR ENDED JUNE 30, 2015

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

U. S. Department of Health and Human Services
Passed through the N.C Department of Health and Human Services, Division of Child Development and Early Education
Child Care Development Fund Cluster
CFDA # 93.575

Non-material noncompliance – Eligibility
Finding 2015-002

Criteria: Completed and signed voucher must be returned prior to payment of Child Care benefits.

Condition: We noted three instances for the Child Care and Development Fund Cluster where required documentation could not be located in the client file.

Questioned Costs: None

Context: Forty participant files were selected from Subsidized Child Care Child Reimbursement Summary for the months of September 2014 and February 2015. Of the 40 client files tested, we noted three of the files had missing documentation as follows:

- Two instances were noted where participant files did not contain a copy of the returned, signed voucher.
- One instance was noted where the parental fee was incorrectly calculated.

Effect: Child care center may have been overpaid for services. Parent was not charged the correct fee for services.

Cause: Employee did not complete documentation prior to active enrollment, or documentation was misplaced.

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

Views of responsible officials: Management acknowledges the finding.

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

YEAR ENDED JUNE 30, 2015

Section IV. State Award Findings and Questioned Costs

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

Non-material noncompliance – Allowable Costs
Finding 2014-006

Criteria: Supporting documentation for case worker time charged to a program must be maintained in the case file.

Condition: We noted one instance for the ROAP program where required file documentation could not be located.

Questioned Costs: None.

Context: Forty clients were selected from the ridership logs for the months of October 2014 and February 2015. One of the case files selected for testing could not be located.

Effect: Costs may not have been properly allocated to the programs.

Cause: Case file documents were misplaced.

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

Views of responsible officials: Management acknowledges the finding.

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

YEAR ENDED JUNE 30, 2015

Section IV. State Award Findings and Questioned Costs

N.C. Department of Health and Human Services
Division of Social Services
Crosscutting Program
CFDA: State DSS-0

Non-material noncompliance – Allowable Costs
Finding 2015-003

Criteria: Supporting documentation for case worker time charged to a program must be maintained in the case file.

Condition: We noted seven instances for various programs where required documentation could not be located in the client file.

Questioned Costs: None

Context: Forty employees were selected from the DSS Fund Statement of Program Expenditures report for the months of September 2014 and February 2015. Seven of the case files tested did not contain appropriate supporting documentation for time charged to the program.

Effect: Costs may not have been properly allocated to the programs.

Cause: Employee did not maintain proper supporting documentation in the file, or the documents were misplaced.

Recommendation: The County should implement policies and procedures to ensure that the documentation of allocated time is maintained in the employee file.

Views of responsible officials: Management acknowledges the finding.

For State findings on federal programs, refer to 2014-002, 2015-001 and 2015-002.

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

YEAR ENDED JUNE 30, 2015

Finding #: 2014-002

Name of Contact Person: Vanessa McClain, IM Program Manager

Corrective Action Plan: The requirement to run OLV checks during recertifications has been reiterated with all of the Adult Medicaid staff. We believe that this additional training and guidance on policy through unit supervisors and our internal staff development and quality assurance teams will produce improvement in these areas.

Proposed Completion Date: Immediately

Finding #: 2015-001

Name of Contact Person: Vanessa McClain, IM Program Manager

Corrective Action Plan: FCH training cycles conducted September 10, 2015 through October 5, 2015 and October 28, 2015 through November 18, 2015 addressing the FCH program and policy with the focus being on the processing of applications and redeterminations to include documentation, budget units, and income and budgeting. In addition, continued training will be held in a team meeting to address the proper processing of reviews including documentation, requesting appropriate verifications and their scanning when received, completion of all necessary computer checks and timely completion of all tasks. Workers understand that all actions must be documented and processed in accordance with FCH policy. We believe that additional training and guidance on policy through unit supervisors and our internal staff development and quality assurance teams will produce improvement in these areas.

Proposed Completion Date: Immediately

Finding #: 2015-002

Name of Contact Person: Patricia Crouch, IM Program Manager

Corrective Action Plan: We have completed refresher training of the child care staff during unit meetings. We have implemented a change to our program procedures to include review of the record to verify that a signed voucher is included in the case record. If no copy is included, we are recreating it and having the customer and provider sign it. We believe that ongoing additional training and guidance on policy through unit supervisors and our internal staff development and quality assurance teams will result in improvement in these areas.

Proposed Completion Date: Immediately

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

YEAR ENDED JUNE 30, 2015

Finding #: 2014-006

Name of Contact Person: Joel Strickland, Transportation Program Coordinator

Corrective Action Plan: While one client file was not able to be located, staff did check the computer records on hand to make sure he was an eligible client and had met the requirements needed. The client was eligible for multiple programs and rode within the confines of eligibility, even though the client intake form was missing.

Since this time, staff has followed up with the client, and the transportation service is no longer needed. The client is now listed as inactive in our computer database and will not be eligible to ride again without a new intake form for eligibility being completed.

Staff has begun purging and matching computer files with hard copy files to assure that nothing is missing and all records are accurate. Staff is also continuing to require an intake form for all new and future clients. New clients will not be entered into the scheduling software without a documented intake form and file creation.

Proposed Completion Date: Immediately

Finding #: 2015-003

Name of Contact Person: Dawn Keeler, Accounting Specialist II

Corrective Action Plan: Case records will be documented to include the name of workers participating in team staffings or providing over the shoulder support.

Proposed Completion Date: Immediately

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

YEAR ENDED JUNE 30, 2015

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

Finding #: 2014-001

Status: Corrected

Finding #: 2014-002

Status: Similar finding from prior year was noted in the current year.

Finding #: 2014-003

Status: Corrected

Finding #: 2014-004

Status: Corrected

Finding #: 2014-005

Status: Corrected

Finding #: 2014-006

Status: Similar finding from prior year was noted in the current year.

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

YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
1(a) 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		\$ 2,340	\$ -	\$ -
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		32,628	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		2,644,946	-	2,644,946
Total Food Stamp Cluster			<u>2,677,574</u>	<u>-</u>	<u>2,644,946</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		2,492,635	-	-
AGRI-SFP Food Program Meal					
	10.559		8,439	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children					
	10.557		9,889,801	-	-
Total U.S. Dept. of Agriculture			<u>15,070,789</u>	<u>-</u>	<u>2,644,946</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		75,423	10,718	-
Direct Program:					
Community Development Block Grants/Entitlement Grants					
	14.218		793,773	-	-
Supportive Housing Program					
	14.235		148,156	-	-
HOME Investment Partnerships Program					
	14.239		213,927	-	-
Total U.S. Dept. of Housing and Urban Development			<u>1,231,279</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:					
Edward Byrne Memorial Justice Assistance Grant					
	16.579		266,108	-	-
Federal Drug Forfeiture Program					
	16.600		26,271	-	-
<u>Office of Community Oriented Policing Services</u>					
Direct Program:					
Public Safety Partnerships and Community Policing Grants					
	16.710		15,605	-	-
Total U.S. Dept. of Justice			<u>307,984</u>	<u>-</u>	<u>-</u>

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

YEAR ENDED JUNE 30, 2015

<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>
<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		609,707	-	-
<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		217,889	-	-
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		9,340	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants	20.505		65,031	-	-
Formula Grants for Other Than Urbanized Areas	20.509		66,282	-	-
Alcohol Impaired Driving Countermeasures Incentive	20.601		33,098	-	-
Total U.S. Dept. of Transportation			391,640	-	-
<u>Administration for Children and Families</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
WorkFirst/Temporary Assistance for Needy Families ("TANF)	93.558		5,746,484	-	5,639,468
WorkFirst/TANF - Direct					
Benefit Payments	93.558		3,549,492	(1,127)	2,052
Special Children Adoption	93.558		-	130,800	-
N.C. Child Support Enforcement Section	93.563		3,961,175	-	724,671
Refugee Assistance	93.566		13,293	-	-
Energy Assistance Block Grant:					
Administration	93.568		258,137	-	-
Crisis Intervention Program	93.568		2,563,947	-	-
Child Welfare Services - State Grants					
Permanency Planning - Families for Kids	93.645		75,727	-	760,646
SSBG - Other Services and Training	93.667		1,504,278	127,434	2,856,314
LINKS (formerly Independent Living Grant)	93.674		137,417	26,689	-

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

YEAR ENDED JUNE 30, 2015

<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>
<u>Foster Care and Adoption Cluster:</u>					
Family Preservation	93.556		252,031	-	863,697
Title IV-E Foster Care	93.658		2,326,326	1,232,190	1,116,069
Adoption Assistance - Direct Benefit Payments	93.659		1,282,991	1,407,306	604,719
Total Foster Care and Adoption Cluster			3,861,348	2,639,496	2,584,485
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		61,457	87,607	21,295
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	-	-
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		5,613,879	-	-
Child Care and Development Fund - Mandatory	93.596		2,174,160	-	-
Child Care and Development Fund - Match	93.596		2,646,686	1,026,342	-
Total Child Care Development Fund Cluster			11,001,158	1,026,342	-
Temporary Assistance for Needy Families	93.558		1,622,713	-	-
Foster Care Title IV-E	93.658		105,228	54,499	-
TANF - MOE			-	1,233,808	-
State Appropriations			-	1,141,393	-
Total Subsidized Child Care Cluster			12,729,099	3,456,042	-
<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		199,237	-	-
Block Grant for Prevention and Treatment of Substance Abuse - Community Based Programs					
Substance Abuse	93.959		83,600	-	-
<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		287,456,799	163,543,025	(539)

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

YEAR ENDED JUNE 30, 2015

<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		8,788,114	728,519	2,546,361
Health Choice	93.767		75,310	5,397	18,252
Direct Benefit Payments:					
Health Choice	93.767		3,493,096	1,101,318	-
Centers for Disease Control and Prevention passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		50,054	-	-
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116	4552	31,532	-	-
Immunization Program/Aid to County Funding	93.268	5715	130,032	-	-
National State Based Tobacco Control Programs	93.305		16,514	-	-
The Patient Protection and Affordable Care Act of 2010	93.531		105,835	-	-
PPHF 2012: Breast and Cervical Cancer Screening	93.744				
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		49,973	-	-
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PHF)	93.757		20,268	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		18,692	-	-
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		38,868	-	-
Assistance programs for Chronic Disease Prevention and Control	93.945		49,155	-	-
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977		192	-	-
Statewide Health Promotion Program	93.991		1,854		
Health Resources and Service Administration passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health					
Maternal and Child Health Services Block Grant	93.994		341,103	255,857	-
Office of Population Affairs passed-through the N.C. Dept. of Health and Human Services:					
Office of Population Affairs					
Family Planning Services	93.217		173,295	-	-
Total U.S. Dept. of Health and Human Services			<u>335,585,377</u>	<u>172,101,057</u>	<u>15,153,005</u>
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		79,211	-	2,757,363
Homeland Security Grant Program	97.067		39,900	-	-
Total Homeland Security			<u>119,111</u>	<u>-</u>	<u>2,757,363</u>
Human Services:					
Division of Medical Assistance:					
Medicaid At-Risk			<u>18,705</u>	<u>-</u>	<u>-</u>
Total Federal awards			<u>353,334,592</u>	<u>172,111,775</u>	<u>20,555,314</u>

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

YEAR ENDED JUNE 30, 2015

<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			-	1,938,162	1,938,162
State Foster Care Benefits Program			-	2,359,803	2,359,794
Energy Assistance - CP&L Energy Program			-	12,925	-
State CPS Caseload Reduction			-	235,886	190,372
CPS State				154,429	125,245
Child Welfare State In-Home Expansion				223,692	185,363
Temporary Assistance for Needy Families Incentives			-	2,433	-
Special Links			-	30,659	-
AFDC Incentives			-	369	-
Smart Start Administration			-	163,854	-
Family Violence Prevention Grant			-	25,362	-
Division of Child Development:					
Smart Start Raising a Reader			-	100,676	-
Division of Public Health:					
General		4110	-	233,180	-
School Nurse Funding Initiative			-	135,476	-
Risk Reduction/Health Promotion			-	6,285	-
Food and Lodging Fees			-	39,407	-
Public Health Nursing			-	2,000	-
Breast & Cervical Cancer Program			-	32,647	-
Communicable Disease			-	25,762	-
Tuberculosis			-	85,122	-
Women's Health Service Fund			-	5,938	-
Child Health			-	9,150	-
HMHC-Family Planning			-	11,025	-
Maternal Health (HMHC)			-	20,462	-
HIV/STD State			-	20,000	-
HIV/STD SSBG Aid			-	5,000	-
Sexually Transmitted Diseases			-	10,957	-
TB Medical Services		4536	-	4,969	-
Total N. C. Department of Health and Human Services			-	5,895,630	4,798,936
<u>N.C. Dept. of Environment & Natural Resources</u>					
Division of Water and Soil Conservation:					
Agriculture Cost Share Program			-	25,904	42,030
Soil and Water District Projects			-	3,600	66,536
Total N.C. Department of Environment & Natural Resources			-	29,504	108,566

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

YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-through Grantor/Program Title 1(a)</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>Department of Public Safety</u> Juvenile Crime Prevention Program			-	992,508	726,606
<u>N.C. Dept. of Cultural Resources</u> State Aid to Public Libraries			-	302,240	10,033,948
<u>N.C. Dept. of Transportation</u> Rural Operating Assistance Program Cluster: Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	140,291	-
Rural General Program			-	103,203	-
Work First Transitional/Employment Trans. Assistance			-	94,283	-
Total Rural Operating Assistance Program Cluster			-	337,777	-
Total N.C. Department of Transportation			-	337,777	-
<u>N.C. Dept. of Administration</u> Domestic Violence Program			-	87,605	-
Total State awards			-	7,645,264	15,668,056
Total Federal and State awards			<u>\$ 353,334,592</u>	<u>\$ 179,757,039</u>	<u>\$ 36,223,370</u>

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

YEAR ENDED JUNE 30, 2015

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	\$ 217,889	\$ -
Supportive Housing Program	14.235	148,156	-
Juvenile Crime Prevention Program		-	992,508

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.**