



# Cumberland County North Carolina

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



**CUMBERLAND**  
★ **COUNTY** ★  
NORTH CAROLINA

**Comprehensive Annual Financial Report**

**For the Year Ended June 30, 2016**

Prepared by:

**Cumberland County Finance Department**

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

Acknowledgements:

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

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Photo credit: Kellie Gregg, Tax Administration

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# COUNTY OF CUMBERLAND

## FINANCE DEPARTMENT

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December 21, 2016

The Honorable W. Marshall Faircloth, Chairman  
The Honorable Glenn B. Adams, Vice Chairman  
The Honorable Dr. Jeannette M. Council  
The Honorable Kenneth S. Edge  
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, 2016. The basic financial statements contained herein have been audited by the independent certified public accounting firm of Cherry Bekaert LLP and that firm's unmodified opinion is included in the Financial Section of this report.

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

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

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial

statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County is required to undergo an annual single audit in conformity with the provision of the 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 Fayetteville and Cumberland County Economic Development Corporation, the Tourism Development Authority and the Fayetteville Area Convention and Visitors Bureau are reported as discretely presented component units.

## **GENERAL INFORMATION**

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

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

Cumberland County is located in the southeast section of North Carolina, with a land area of approximately 652 square miles. The County's population, estimated at 323,838 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 201,963 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, the largest most strategically advanced military installation in America. As a result, Cumberland County residents originate from all around the world. It is a global community

where all expected amenities exist, but a serene wilderness is a short drive in any direction. Fort Bragg encompasses nearly 163,000 acres, including training lands. Fort Bragg contributes to the area economy as well as to the international and cosmopolitan culture of the community.

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

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 82<sup>nd</sup> 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 18<sup>th</sup> Airborne Corps and 82<sup>nd</sup> 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 18<sup>th</sup> Airborne Corps. 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.

During the fiscal year, Cumberland County Animal Control began a partnership with Fort Bragg by providing animal control services on Fort Bragg under an inter-local support agreement signed by County Commissioners and the Fort Bragg garrison commander. For the February 26, 2016 press release, Justin Mitchell, Fort Bragg deputy garrison commander stated, "This is another example of the great partnership we have with Cumberland County and the surrounding communities. We appreciate the County's support to our Fort Bragg community as we team to ensure stray animals are cared for and placed up for adoption in licensed, reputable facilities."

## **ECONOMIC CONDITIONS AND OUTLOOK**

### **Military**

Most recent reports show Fort Bragg's total population of roughly 145,000 is made up of approximately 53,000 military personnel, 15,000 civilian employees, 6,000 contract employees and 71,000 family members. The military impact provides billions in local spending, especially from payroll. There is more than another billion in construction, either ongoing or planned, between now and 2020. In addition, more than a quarter of a million people are supported by the post, including the large numbers of military retirees in the region around Fort Bragg. 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 82<sup>nd</sup> 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 for fiscal year 2016 totaled \$164.4 million which is remarkable when compared with other Army installations. The projections are averaging about \$100 million per year through fiscal year 2021 to support Special Operations Missions which include the 3<sup>rd</sup> Special Forces Group, 95<sup>th</sup> 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.

## **Local**

A residency program that has been introduced at Cape Fear Valley Health Systems could have a major economic impact for the County and the region within the next year. The program will be vital to nearby Campbell University's medical school which is expected to provide most of the residents. It is anticipated the program will create about 300 residency jobs that pay about \$50,000 each and about 50 positions for teachers, mentors and support workers that will pay between \$50,000 and \$400,000 each. Total funding for the medical education effort is expected to exceed \$30 million per year. Long hours required during residency typically mean the residents will live close by the program. Additionally, studies have shown participants in the residency programs tend to go on to practice medicine within 50 miles from where their residency was completed. Not only is this program being looked at as a boost to the local economy, it could also lead to improved access to health care for people in the region.

Most outpatient services formerly offered at the Fayetteville Veterans Affairs medical center were relocated to space in the newly completed state-of-the-art facility. The new facility consisting of 259,000 net usable square feet and 1,850 parking spaces has been completed and opened in November 2015. The health care center is expected to enhance and improve the outpatient health care environment for up to 38,000 veterans and their families. The VA will hold a 20-year lease with an annual rent of \$10.5 million for the property. The center employs 650 people. The new facility provides primary care, specialty care, day surgery, audiology, pharmacy and radiology services as well as any eye clinic. The health care clinic will also house ancillary and diagnostic services in support of the primary and specialty care clinics.

The most recent data available from the US Department of Commerce's – Bureau of Economic Analysis per capita personal income ranks the County sixth highest across the state, and accounted for 3.1 percent of the state total PCPI. The compound annual growth rate of PCPI was 2.6 percent for the time period 2004-2014, slightly above the growth rate of 2.4 percent for the state. In addition, the I-295 outer loop which will connect I-95 with Fort Bragg from both the north and the south got a boost in June 2015 when the state transportation board approved a funding plan to complete the highway. Several sections of the highway have already opened. Additional road projects were completed during fiscal year 2016, including the Glensford Drive connection to Raeford Road and Hope Mills Road which has had a positive impact on commercial growth in that area.

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 and more than 140 additional stores, eateries and businesses. In the near future, the City of Fayetteville will begin construction on a new minor league baseball stadium in the downtown area which, accompanied with additional private development of housing, office space, and retail establishments is expected to strengthen the local economy even more.

As shown in the Taxable Sales Table 1, fiscal year 2016 sales again experienced growth, showing an increase of 4.22% over the previous fiscal year taxable sales amount.

**TAXABLE SALES**  
Table 1

Year	Cumberland County	% Change
2016	\$3,848,869,911	4.22%
2015	\$3,693,046,187	5.24%
2014	\$3,509,005,624	-1.39%
2013	\$3,558,501,389	1.34%
2012	\$3,511,570,535	4.02%

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. In comparison to 2005, by 2020 the County's population is projecting to increase by 11% versus the state projected growth of 17%. The overall 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, that person is not counted as part of the County's population. In addition, there has been a slow decline in the military population as a result of sequestration.

**POPULATION**  
Table 2

	2005	2010		2015 Estimate		2020 Projected	
	Population	Population	% Change from 2005	Population	% Change from 2010	Population	% Change from 2015
Cumberland County	302,576	327,435	7.6%	331,238	1.2%	340,413	2.7%
North Carolina	8,685,811	9,574,917	9.3%	10,054,722	4.8%	10,574,718	4.9%

Source: North Carolina Office of State Budget and Management

As shown in Table 3, between 2012 and June 2016, the County's average unemployment rate decreased by 3.8%. The state's average unemployment rate also decreased during the same timeframe by 3.8%. 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
2016 (6 mo.)	128,723	120,499	8,224	6.4%	5.1%
2015	126,231	117,774	8,457	6.7%	5.3%
2014	124,122	116,207	7,915	6.4%	5.0%
2013	126,943	116,486	10,457	8.2%	6.5%
2012	131,880	118,368	13,512	10.2%	8.9%

Source: United States Bureau of Labor Statistics

The Cumberland County housing market continues to emerge slowly from the prolonged economic downturn. Utilizing statistics provided by Fayetteville Regional Association of Realtors, in comparing new and existing home sales in June 2015 to June 2016, 13.6% more homes were sold and the comparative increase in value at closing was 10%.

Table 4 focuses on permits obtained for *new* construction, as new construction permits serve as a strong indicator of the economy. The total number of new residential building permits for 2015 is 28% less than the 2014 total number of permits. However, the value of new residential permits has had a substantial increase of 33% in comparing the same annual timeframe. The total number of new non-residential permits during 2015 grew by 9% while the value had a slight decrease of 3%.

## BUILDING PERMITS

Table 4

Calendar Year	New Residential		New Non-Residential	
	Number	Value	Number	Value
2016 (6 mo.)	308	\$ 53,224,006	69	\$ 52,621,170
2015	664	\$190,410,991	107	\$124,135,762
2014	851	\$127,106,376	97	\$128,359,992
2013	1,235	\$170,894,335	93	\$70,265,759
2012	2,230	\$223,447,127	123	\$64,995,113
2011	1,930	\$241,609,901	124	\$66,131,097

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 62% and 7.4% respectively, of the operating budget for the Cumberland County School Administrative Unit's 2015-2016 School Year. Fiscal year 2016 is the first year an adjustment to the original appropriation was required in accordance with the Cumberland County School Funding Agreement of 2014. A preliminary adjustment amount for the current expense portion was paid to the Board of Education during the month of June 2016. The final adjustment will be paid to the Board of Education no later than 30 days after the receipt of the comprehensive annual financial report. The current expense adjusted total to be paid for the fiscal year ended June 30, 2016, is \$78,345,062 from General Fund revenues for school current operations. For the fiscal year ending June 30, 2017, the County's original budgeted appropriation is \$78,729,271 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, 2016, those actual sales taxes totaled \$9,913,132. An additional \$876,812 was received as part of the inter-local Sales Tax Hold Harmless agreement with its municipalities. The County received \$3,724,973 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2016. As of June 30, 2016, the County has received \$47,768,191 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	
2015-2016*	52	23,541	18	11,488	17	15,910	50,939
2014-2015*	52	24,074	17	11,784	17	15,997	51,855
2013-2014*	52	24,005	17	11,850	17	15,992	51,847
2012-2013*	53	24,788	16	11,857	15	16,084	52,729
2011-2012*	53	24,035	15	11,941	14	16,190	52,166

\* Number of schools excludes special schools and academies.

Source: *Cumberland County Schools*

### Non-Public Schools

There are 30 independent private and religious schools in the County. The enrollment for the 2015-2016 school year was 4,268. Source: *2016 North Carolina Directory of Non-Public Schools, Conventional Schools Edition*

### Colleges and Universities

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

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

FTCC, a two-year public institution, serves approximately 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 *2016 Guide to Military Friendly Schools*. This list honors the top 20 percent of colleges, universities, and trade schools on their ability to recruit and retain America’s military service members and veterans as students. FTCC is the headquarters for the North Carolina Military Business Center (NCMBC) which is a state funded, business development organization that provides services to businesses across the state. The NCMBC leverages military and other federal business opportunities for economic development and job creation in the state.

The responsibility for financial support of FTCC is shared by the State and County governments. Appropriations from the County to FTCC for operating expenses for the fiscal year ended June 30, 2016 totaled \$10,104,516. For the fiscal year ending June 30, 2017, the appropriations from the County to FTCC are \$10,627,787, an increase of \$523,271 or 5.2 percent.

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 master’s degrees. Today the University offers bachelor’s degrees in over 80 fields of study including communications, justice studies, business administration, education, and social work. New majors and concentrations recently added include interdisciplinary studies of clandestine labs, church leadership, and radio communications. The University offers four master’s degree programs: the Master of Medical Science in physician assistant studies, the Master of Business Administration in organizational management and leadership or health care administration, the Master of Justice Administration, and the Master of Education in literacy or special education. The university offers day, evening, and online courses year-round. The Methodist campus presents a blend of modern architecture and natural beauty, occupying 617 acres along the Cape Fear River six miles north of downtown Fayetteville. The campus includes 51 buildings, an 18-hole golf course, various athletic facilities, and an amphitheater.

Table 6 presents the enrollment figures for the institutions of higher education located in the County:

**2015-2016 ENROLLMENT**  
**Table 6**

<b>Institution</b>	<b>Total Enrollment</b>	<b>Full-Time/FTEs</b>
<b>Fayetteville State University</b>		
Undergraduate	5,506	4,055
Graduate	598	319
<b>Methodist University</b>		
Undergraduate	2,225	2,067
Graduate	249	199
<b>Fayetteville Technical Community College</b>		
Curriculum Students	17,134	8,547
Continuing Education Students	18,961	2,850

*Sources: FSU, MU and NC Community Colleges respective websites*

## MAJOR INITIATIVES

**Business Intelligence:** During fiscal year 2016, a new initiative was introduced to advance the philosophy that long-term financial stability is contingent upon streamlining operations to create a leaner, more efficient and effective organization. A new division was established in the Information Services department to implement the business intelligence model in reviewing business processes to identify technology enhancements as well as informational, relationship or staffing changes that maximize efficiency opportunities. This division works collaboratively in partnership with all County departments to enhance service delivery in the most efficient and economic manner. During fiscal year 2016, the division completed reviews and made recommendations in the areas of: Department of Social Services – Food and Nutrition Services, Veterans Services and jury software. Reviews are currently underway in the areas of central permits, mail room, print shop and the legal office. Future reviews are scheduled for DSS – Medicaid, environmental health, animal control and the tax office.

**Technology Upgrades:** The County has made significant progress in the past few years in advancing automation and technology capabilities. This green initiative seeks to address the Board's objectives of optimizing service delivery through innovation, automation and technology to enhance current services and create new service opportunities. Updates to financial and human resources software, called Enterprise Resource Planning (ERP) began in fiscal year 2015. The chosen software for financials – Tyler Munis, was fully implemented in May 2016. Tyler Munis was also selected for payroll/HR and utility billing. Full implementation on those three areas is scheduled to occur during fiscal year 2017. Document imaging systems for DSS, Child Support and Veterans Services were all updated between fiscal years 2015 and 2016. During fiscal year 2016, the final phase of Voice over Internet Protocol (VOIP) was completed. This has provided a County-wide uniform phone system which allows for video conferencing capability, enhances services mobility and will reduce annual operating costs. Funds have been reserved for future use to enhance automation in the areas of central permitting and tax administration.

**Capital Investment Plan:** During fiscal year 2015 a County-wide evaluation of parking lots, roof systems and building systems was completed which resulted in a five plus year capital improvement plan. The evaluation showed a total cost of nearly \$10 million to fund the first three years of improvements. Due to the significant costs to catch up and proactively fund an ongoing improvement program, financing to fund the first three years of the improvements was approved by the Board. During fiscal year 2016 the first year of projects totaling \$1.3 million were scheduled for completion, approved by the Local Government Commission and an installment financing contract between the County and PNC was executed. The remaining improvements within the second and third years are expected to be approved for financing by the LGC during fiscal year 2017.

The next phase in addressing financial sustainability is future capital planning for County needs. Those include a City of Fayetteville/Cumberland County consolidated 911 center, as well as capital needs of the Board of Education and Fayetteville Technical Community College. Funds will begin to be assigned for this purpose during fiscal year 2017. As debt is retired, funds that had been previously budgeted for debt repayment will be assigned for use for future capital needs. This concept will in essence create a dedicated revenue stream that can be used for annual payments on future debt.

**Wellness:** The employee wellness initiative continues to provide comprehensive and creative wellness services striving for results of better performing workers, lower rates of absenteeism and lower health care costs. Wellness services improve the well-being, job satisfaction and County employee retention rates. The County's focus is to offer creative activities that combine nutrition, physical activity, stress reduction and a focus on positive lifestyle changes. The employee garden, walking and running groups, team sports opportunities and a full array of nutrition classes have all been offered. Weight Watchers at Work will be added next fiscal year. Despite all the efforts to promote wellness, for the third straight year County health care costs have been on the rise. Management and the County's employee benefits advisor have been monitoring costs. Health savings accounts and expanded health insurance plan options to provide employee choice are both options being explored for the future to reduce claims expenses and to provide a long-term option for employees to build savings for future health care claims.

# **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 fiscal year 2014 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 the annual comment on Cumberland County provided by Moody's Investor Service in May 2016, the County's General Obligation Bond Rating remained Aa1. Notable credit factors include a robust financial position, and a negligible debt liability with a manageable pension burden. The County's Certificates of Participation were last rated Aa3 by Moody's Investor Services in 2008.

## **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, 2015. This was the twenty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **ACKNOWLEDGEMENTS**

We appreciate the assistance and dedication of the Finance Department and Internal Auditor staff throughout the year, especially during the preparation of this CAFR. We would like to thank all members of the Department who contributed to its preparation and the County's independent certified public accountants, Cherry Bekaert LLP, for their assistance and guidance. The cooperation of each County

Department is appreciated as we work together in conducting the County's financial operations. We also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance and advice in planning and conducting the financial activities of the County consistent with the County's mission of providing quality services to our citizens while being fiscally responsible.

Respectfully submitted,

Handwritten signature of Amy H. Cannon in blue ink.

Amy H. Cannon  
County Manager

Handwritten signature of Melissa C. Cardinali in blue ink.

Melissa C. Cardinali  
Assistant County Manager

Handwritten signature of Vicki Evans in blue ink.

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, 2015**

Executive Director/CEO

COUNTY OF CUMBERLAND  
NORTH CAROLINA



**Board of County Commissioners**

W. Marshall Faircloth, Chairman

Glenn B. Adams, Vice Chairman

Dr. Jeannette M. Council

Jimmy Keefe

Kenneth S. Edge

Larry L. Lancaster

Charles Evans

**County Officials**

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

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

# 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

Human Resources

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

Library

Pretrial Services

Print, Mail and Design  
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

Budget

Employee Benefits  
Risk Management

Finance

Information Services

Internal Audit

Solid Waste Management

Tax Administration

Wellness Services  
(Clinic, Pharmacy &  
Wellness Program)

**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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Cumberland, North Carolina (the "County") as of and for the year ended June 30, 2016 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, 2016, 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. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement No. 67 and 68*, effective July 1, 2015. 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 Uniform Guidance and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016 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 of Cherry Bekasert LLP in cursive script.

Fayetteville, North Carolina  
December 21, 2016

## 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, 2016. 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**

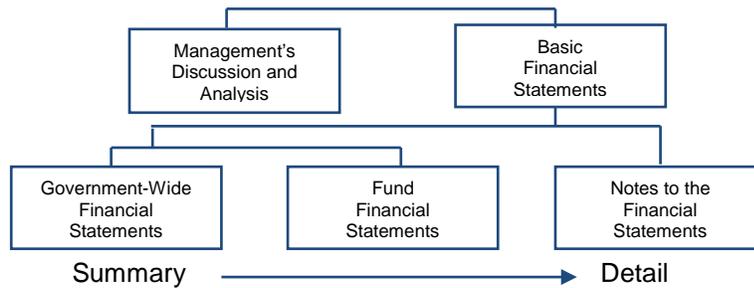
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$176,403,697 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$26,164,033 in long-term 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 \$3,359,439 to pay for the purchase and renovation of a building plus HVAC and roofing projects at Fayetteville Technical Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a corresponding lower net asset amount.
- The County's net position increased \$13,275,367, an increase of 8.13% due to an increase in Governmental Activities of \$11,356,636 and an increase in Business-type Activities of \$1,918,731.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$127,680,127 an increase of \$4,043,931 from the prior year. Approximately 59.16% of this total amount or \$75,537,804 is available for spending at the government's discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, total fund balance for the General Fund is \$114,135,308 or 35% of the total \$326,035,398 general fund expenditures (Adjusted for transfers). Of this amount, \$40,101,855 or 35.13% is non-spendable, restricted or committed. Another \$41,429,921 or 36.3% is assigned leaving \$32,603,540 or 10.0% of total general fund expenditures as unassigned.
- The County's total outstanding debt decreased by \$6,337,028 (2.10%) 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 the annual comment on Cumberland County provided by Moody's Investor Service in May 2016, the County's General Obligation Bond Rating remained Aa1. Notable credit factors include a robust financial position, and a negligible debt liability with a manageable pension burden. The County's Certificates of Participation were last rated Aa3 by Moody's Investor Services in 2008.

### **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

Figure 1



### **Basic Financial Statements**

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

The next statements (pages E-1 through E-11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 4) the fiduciary fund statements. The next section is the **Notes to the Financial Statements**. The Notes explain in detail some of the data contained in those statements. Following the notes is the **Required Supplemental Information**. This section contains funding information about the County's Pension Obligations, Law Enforcement Officers' Special Separation Allowance and Other Post Employment Benefit Retiree Healthcare Plans. After the Required Supplemental Information is detailed financial information about the County financial position.

### **Government-wide Financial Statements**

The two government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

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

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

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

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

*Component Units* - Although legally separate from the County, the Cumberland County ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The Eastover Sanitary District, although legally separate, is included because exclusion would be misleading to the reporting unit. The Fayetteville Area Convention and Visitors Bureau is a non-profit organization that provides services to promote the development and expansion of travel and tourism. A voting majority of the bureau's 11-member board of directors is appointed by the County. The Cumberland County Tourism Development Authority exists to promote travel, tourism, conventions, sponsor tourist-related events, and finance tourist-related capital projects in the County. A voting majority of the 7-member Board of Directors is appointed by the County. The Fayetteville Cumberland County Economic Development Corporation promotes economic development activity within the area. The Cumberland County Commissioners and the Fayetteville City Council provides for the membership of the Corporation, including members' terms of office and for the filling of vacancies. Both entities contribute to the funding of the Corporation. Cumberland County is the fiscal agent for the corporation and does so through an in-kind contribution. 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 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other 20 governmental funds are combined into a single, aggregated presentation under other governmental funds.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the

Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. A more detailed budgetary comparison schedule elsewhere in this report is presented at the legal level of budgetary control.

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

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

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

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information regarding the County’s progress in funding its obligation to provide pension benefits, provide a separation allowance to sworn law enforcement officers and other postemployment health care benefits (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	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 157,309,872	\$ 153,724,876	\$ 57,763,814	\$ 57,688,351	\$ 215,073,686	\$ 211,413,227
Capital assets	212,200,345	205,812,434	60,070,842	59,573,318	272,271,187	265,385,752
Total assets	369,510,217	359,537,310	117,834,656	117,261,669	487,344,873	476,798,979
Deferred outflows of resources	8,554,627	8,243,479	2,106,516	1,826,396	10,661,143	10,069,875
Long-term liabilities outstanding	244,832,759	234,488,738	45,783,430	43,835,565	290,616,189	278,324,303
Other liabilities	19,186,313	25,780,851	2,454,045	2,164,633	21,640,358	27,945,484
Total liabilities	264,019,072	260,269,589	48,237,475	46,000,198	312,256,547	306,269,787
Deferred inflows of resources	21,876,943	3,985,735	744,196	281,031	22,621,139	4,266,766
<b>Net position:</b>						
Net investment in capital assets	160,482,008	161,376,329	31,557,533	33,420,694	192,039,541	194,797,023
Restricted	51,285,265	54,946,069	14,589,748	14,589,748	65,875,013	69,535,817
Unrestricted	(119,598,444)	(112,796,933)	24,812,220	24,867,790	(94,786,224)	(87,929,143)
<b>Total net position</b>	<b>\$ 92,168,829</b>	<b>\$ 103,525,465</b>	<b>\$ 70,959,501</b>	<b>\$ 72,878,232</b>	<b>\$ 163,128,330</b>	<b>\$ 176,403,697</b>

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 \$176,403,697 as of June 30, 2016. The County’s net position increased by \$13,275,367 for the year ending June 30, 2016 compared with the prior year. A major contributor to the increase in net position is the reduction in deferred inflows of resources, totaling \$18,354,373, over the same

time period. Reporting changes associated with accounting for postemployment healthcare benefits (OPEB) to retirees of the County has a major impact on the change. Of total net position, one of the largest portions, \$194,848,706, 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, \$69,535,817, 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 \$73,409,078 Fund Balance Allocation.

As with many counties in the State of North Carolina, the County's *unrestricted net position* is negative due primarily to the portion of the County's outstanding debt incurred for the County Board of Education (the "school system") and Fayetteville Technical Community College (FTCC). Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the school systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$26,164,033 of the outstanding debt on the County's financial statements is related to assets included in the school systems' and FTCC's financial statements. However, since the majority of the school systems related debt is general obligation debt; it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

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

- Continued diligence in the collection of current year property taxes by achieving a collection percentage of 99.23% for real and personal property.
- Program revenues totaled \$88,443,240 increasing by \$5,672,936 from the previous year.
- Operating grants from the State and Federal government and charges for services increased a total of \$5,372,313 to \$83,366,114. The human services programs of child support enforcement, food stamps administration, Medicaid reimbursements, and child care subsidies all had notable increases under operating grants and contributions.
- Capital Grants and contributions increased \$300,623 to \$5,077,126. The Coverdell Grant awarded to the Sheriff's Office accounted for over half of the increase.
- General revenues, excluding transfers, totaled \$264,534,847 increasing by \$7,422,934 from the previous year.
- Property tax revenue increased \$3,406,572 to \$185,971,389. Both real and personal property tax revenues increased during the year. This is attributed to the change in method for motor vehicle tax collections "Tax and Tag Program" which stabilized revenue as well as a slight tax base increase as and a continued high tax collection rate.
- Sales tax revenue increased \$1,723,491 to \$51,460,578 or 3.46% due a rebound in the local economy.

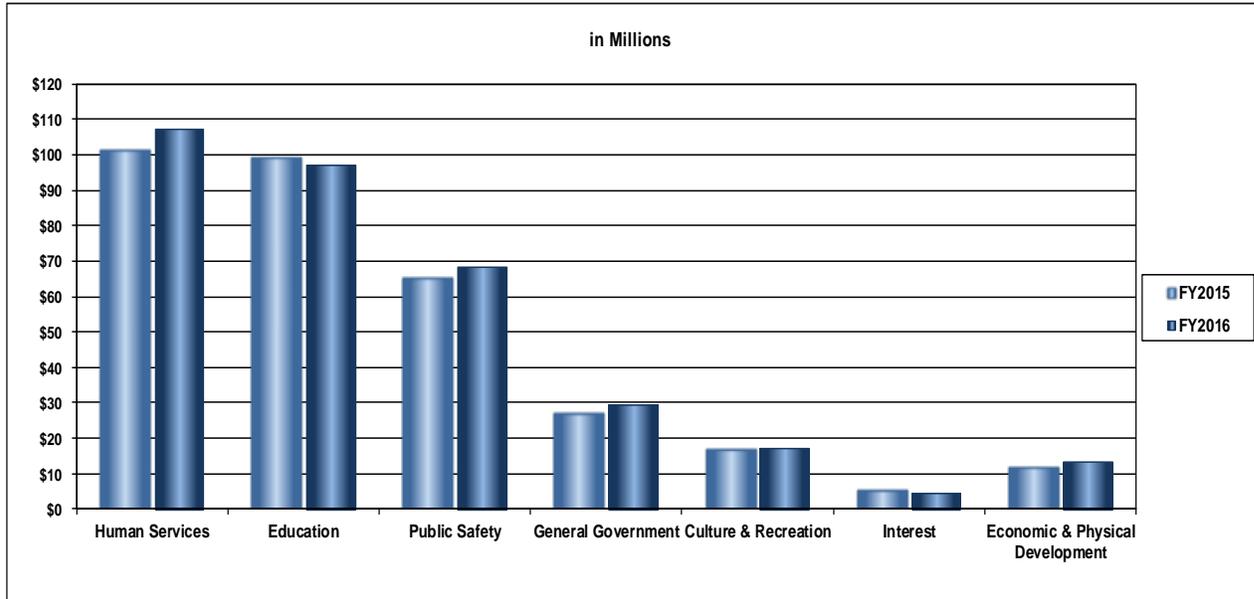
**CUMBERLAND COUNTY'S CHANGES IN NET POSITION**  
**Table 2**

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 13,059,239	\$ 13,594,139	\$ 5,651,202	\$ 6,313,746	\$ 18,710,441	\$ 19,907,885
Operating grants and contributions	64,934,562	69,771,975	621,463	493,139	65,556,025	70,265,114
Capital grants and contributions	4,776,503	5,077,126	-	-	4,776,503	5,077,126
General revenues:						
Property taxes	182,564,817	185,971,389	-	-	182,564,817	185,971,389
Other taxes	57,502,019	59,433,120	6,349,741	6,328,374	63,851,760	65,761,494
Grants and contributions not restricted to specific programs	11,250,145	12,746,032	-	-	11,250,145	12,746,032
Unrestricted investment earnings	188,401	350,880	123,897	263,733	312,298	614,613
Gain on sale of assets	273,463	273,441	-	-	273,463	273,441
Miscellaneous	5,333,068	5,759,985	-	697,799	5,333,068	6,457,784
Total revenues	<u>339,882,217</u>	<u>352,978,087</u>	<u>12,746,303</u>	<u>14,096,791</u>	<u>352,628,520</u>	<u>367,074,878</u>
<b>Expenses:</b>						
General government	26,795,435	29,528,752	-	-	26,795,435	29,528,752
Public safety	65,033,036	68,675,832	-	-	65,033,036	68,675,832
Economic and physical development	11,911,261	13,667,168	-	-	11,911,261	13,667,168
Human services	101,196,588	107,291,125	-	-	101,196,588	107,291,125
Culture and recreation	16,715,175	17,100,127	-	-	16,715,175	17,100,127
Education	99,040,656	97,089,412	-	-	99,040,656	97,089,412
Interest on long-term debt	5,259,142	4,684,877	-	-	5,259,142	4,684,877
Solid Waste	-	-	8,367,442	9,382,539	8,367,442	9,382,539
Crown Center	-	-	7,829,562	7,436,596	7,829,562	7,436,596
Kelly Hills Water and Sewer District	-	-	67,709	139,826	67,709	139,826
Norcross Water and Sewer District	-	-	572,121	872,557	572,121	872,557
Southpoint Water	-	-	30,673	26,564	30,673	26,564
Total expenses	<u>325,951,294</u>	<u>338,037,293</u>	<u>16,867,507</u>	<u>17,858,082</u>	<u>342,788,128</u>	<u>355,895,375</u>
Increase in net position before transfers	13,930,923	14,940,794	(4,121,204)	(3,761,291)	9,809,719	11,179,503
Transfers	(5,441,959)	(5,680,022)	5,441,959	5,680,022	-	-
Change in net position	<u>8,488,964</u>	<u>9,260,772</u>	<u>1,320,755</u>	<u>1,918,731</u>	<u>9,809,719</u>	<u>11,179,503</u>
Net position - beginning	94,402,913	92,168,829	70,235,260	70,959,501	164,638,173	163,128,330
Restatement Pensions	(10,723,048)	-	(596,514)	-	(11,319,562)	-
Restatement LEOSSA	-	2,095,864	-	-	-	2,095,864
Net assets - beginning as restated	<u>83,679,865</u>	<u>94,264,693</u>	<u>69,638,746</u>	<u>70,959,501</u>	<u>153,318,611</u>	<u>165,224,194</u>
Net assets - ending	<u>\$ 92,168,829</u>	<u>\$ 103,525,465</u>	<u>\$ 70,959,501</u>	<u>\$ 72,878,232</u>	<u>\$ 163,128,330</u>	<u>\$ 176,403,697</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$11,356,636. Key elements of this increase are as follows:

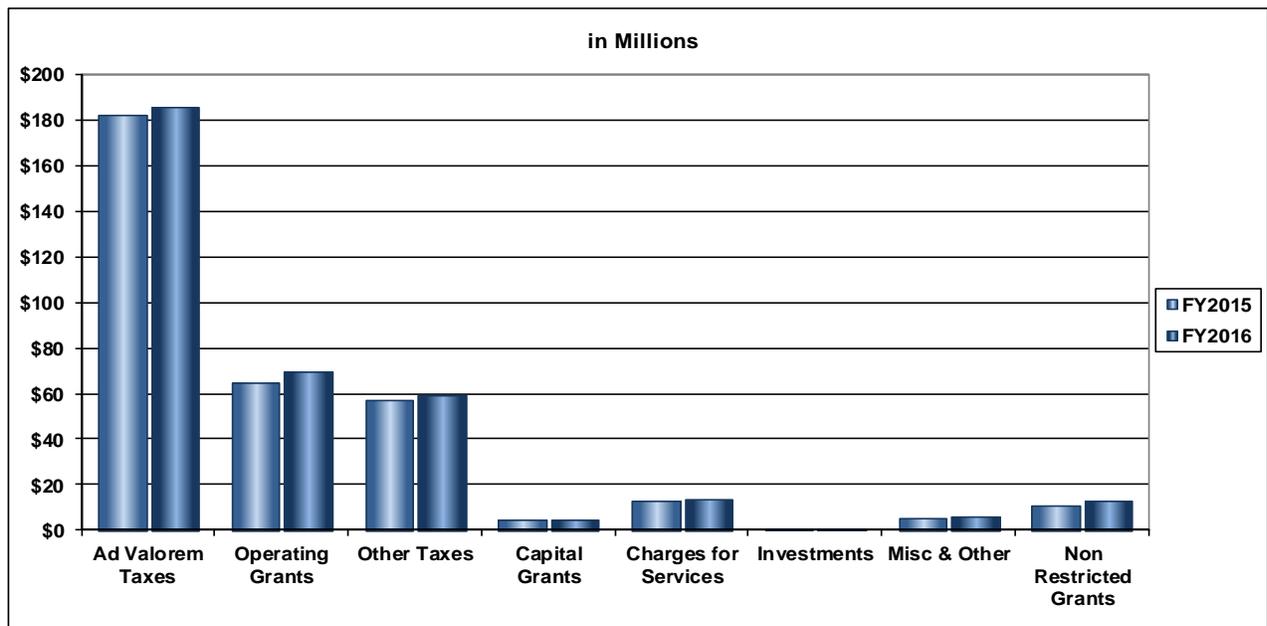
- The FY2016 ending net position increased 11,356,636 or 12.25% due to several factors. A restatement of the LEOSSA increased the net asset FY2016 beginning balance by \$2,095,864. Total governmental revenues increased by \$13,095,870 (3.85%). Federal Medicaid reimbursement increased from 50% to 75% of eligible expenditures during the fiscal year. There was also slight growth in property and other tax revenues.
- As an offset to the increased revenue, governmental activities expenses also increased by \$12,085,999 to \$338,037,292 or 3.70%.
- *Personnel expenses* increased as a result of employees receiving a three percent cost of living adjustment at the beginning of the fiscal year; 13 newly created positions were filled and 17 positions that were created toward the end of FY2015 were filled during all of FY2016.

**GOVERNMENTAL ACTIVITIES EXPENSES**  
Figure 2



- 
- *Ad valorem taxes*, Figure 3, increased \$3,406,572.
- *Charges for Services and Operating Grants and Contributions* increased \$5,372,313. Most of this increase is in Social Service Programs with the North Carolina Medical Assistance Administration due to an increase in the reimbursement rate changing from 50% to 75%, as previously stated.
- *Sales tax revenue* increased \$1,723,491 to \$51,460,578 or 3.46%, showing slight growth due to a slow rebound in the local economy.
- The remaining components of revenue: Grants and Contributions not restricted to specific programs, Investments, and Miscellaneous Revenue increased by 1,495,887.

**GOVERNMENTAL ACTIVITIES REVENUE**  
Figure 3



**GOVERNMENTAL ACTIVITIES - PROGRAM REVENUE & EXPENSES**  
**Figure 4**

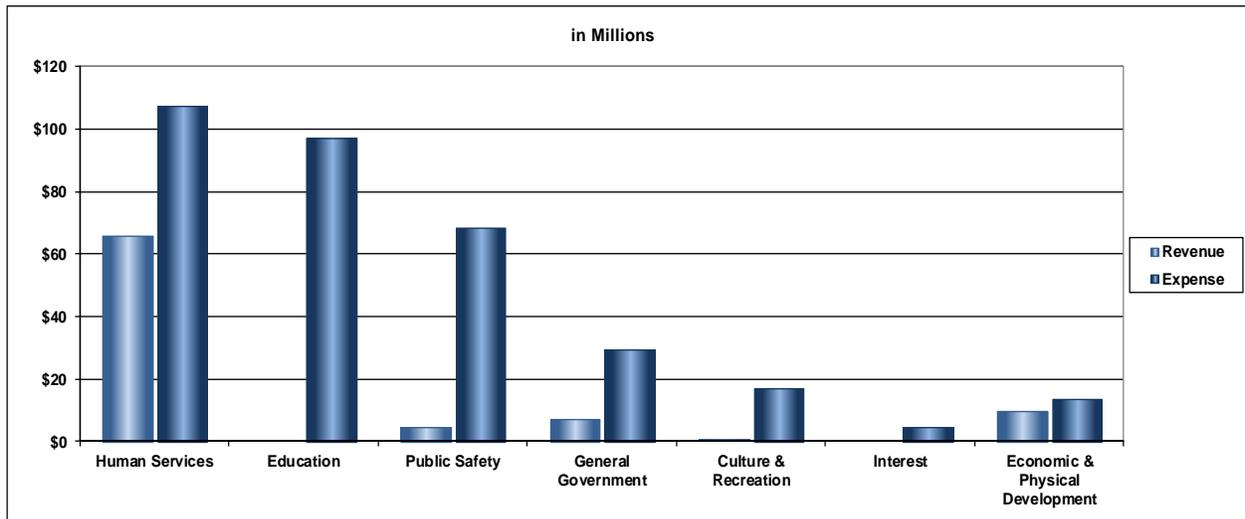
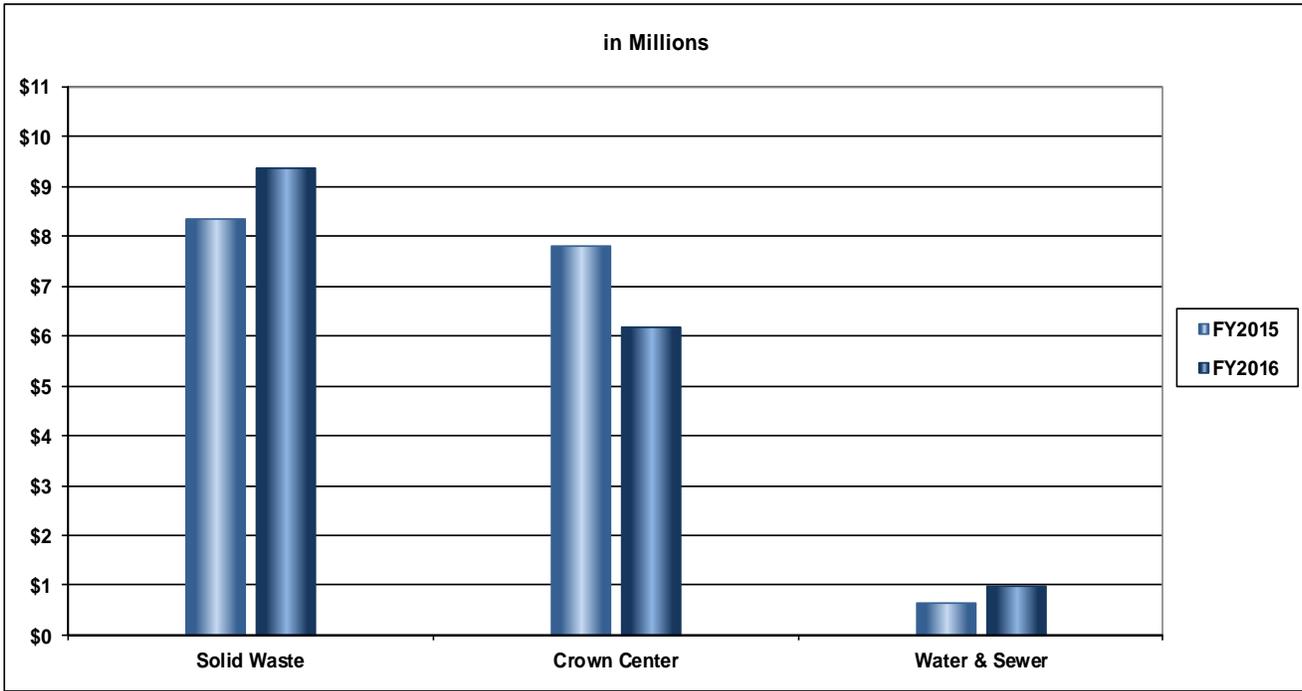


Figure 4 represents a comparison of program revenues to program expenses for governmental activities. For each activity, general revenues were required to support expenses. Program revenues covered 26.16% of expenses at June 30, 2016 and 24.3% at June 30, 2015. The largest general revenue source for governmental activities is ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$185,971,389 amounted to 70.30% of the total general revenues excluding transfers. The second largest general revenue source is Other Taxes at \$59,433,120 or 22.46% of total general revenues excluding transfers. All other general revenue amounted to 19,130,338 or 7.24%.

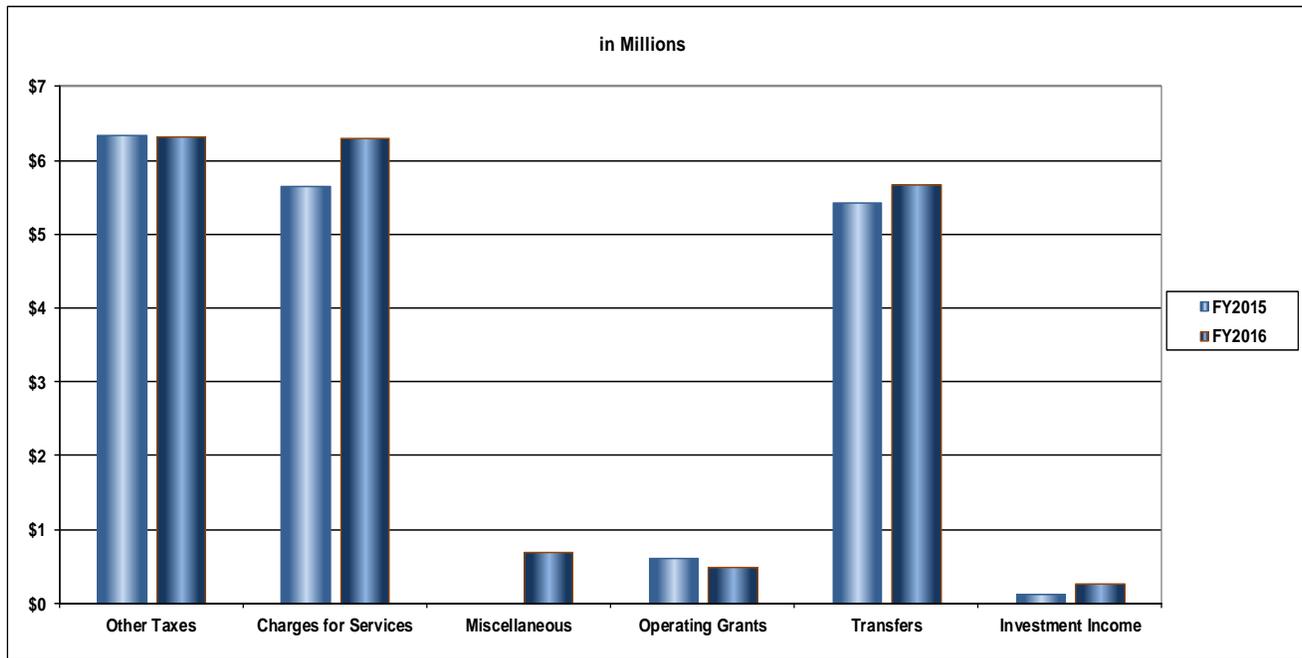
**Business-type activities:** Business-type activities, (Figures 5 and 6) increased the County's net position by \$72,878,232. Key elements of this increase are as follows:

- The FY2015 ending net position of \$70,959,501 increased \$1,918,731 to \$72,878,232.
- The Crown Center's net position increased by \$1,442,030. The primary reason for this increase is a slight increase in operating funds; a decrease in operating expenses of \$283,771; and an increase in the transfer amount from the food and beverage fund of \$310,980. The County entered into an agreement with a private management firm to manage the Crown Center effective November 2013. FY2016 is the second full year the Crown Center has been managed by the private management firm.
- The Solid Waste Fund reported an increase in net position of \$984,122. The \$526,297 increase in Operating Revenue, specifically the increased revenue from service charges, is the primary reason for the increase in net position.
- The Kelly Hills Water and Sewer District had a decrease in net position of \$46,508 due to expenses exceeding revenue. The primary reason is the increase of \$50,415 in the repair and maintenance expenses.
- The NORCRESS Water and Sewer District had a decrease in net position of \$475,362 due to expenses exceeding revenue.
- Southpoint Water and Sewer District had a \$14,449 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 is \$50,000.

**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 \$127,680,127 a 3.02% increase from FY2015. The unassigned fund balance of \$32,303,989 which is not restricted, committed or assigned for specific purposes makes up 25.30% of the total \$127,680,127. Another \$43,233,815 is assigned for specific purposes: (1) for subsequent years' expenditures - \$18,141,801; (2) for tax software - \$4,500,000; (3) for water & sewer industrial expansion - \$4,626,523; (4) for public and mental health services - \$4,875,545; (5) for economic development incentives - \$968,841; (6) for renovations and maintenance - \$3,621,105; (7) for technology upgrades - \$2,000,000; (8) for special purposes - \$4,500,000. Committed fund balance includes \$602,906 for property revaluation per state statute and another \$2,215,961 for LEOSSA. Non-spendable fund balance accounts for another \$191,745, for inventories and pre-paids. The remainder of fund balance, \$49,131,711, is restricted to indicate that it is not available for general purposes because it is legally restricted or has been contractually committed.

The General Fund, including the consolidated County School Fund, is the primary operating fund of Cumberland County (**page E-1**). At the end of the current fiscal year, unassigned fund balance of the General Fund is \$32,603,540; assigned and committed fund balance is \$41,429,913 while total fund balance is \$114,135,308. 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 is 22.71% while total fund balance represents 34.71% 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 \$322,775,002 increasing \$6,303,195 (1.99%) from last year. Significant highlights include:

- Ad valorem property tax revenues increased \$1,428,280 to \$173,965,471.
- Other taxes increased by \$1,703,316 (3.25%) to \$52,934,862. This amount includes Sales Taxes which increased due a rebound in the local economy.
- Unrestricted Intergovernmental revenue increased \$1,490,994 to \$12,746,032 primarily due to changes in ABC Store profits and distributions.
- Restricted Intergovernmental revenue increased \$499,607 (.78%) to \$64,008,831. Most of this increase is because NC Medicaid Administration reimbursements have increased in the past two fiscal years. 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 permit revenue remained virtually unchanged decreasing by \$15,072 from \$2,263,956 to \$2,248,884.
- Charges for services increased \$509,037 (4.58%) to \$11,131,954. This increase was primarily the result of an increase in the Sheriff's Office Board of Education Security Fees and Case Management.

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 \$132,921 to \$316,125.
- Miscellaneous income increased \$554,112 (10%) to \$5,422,843.

General Fund actual expenditures including a legally budgeted County School Fund, but excluding other financing uses and transfers was \$318,553,451 increasing \$3,830,879 from last year. Highlights of significant areas of change include:

- *Personnel expenditures* increased during the FY16 because a three percent cost of living adjustment began at the beginning of the fiscal year. In addition, medical insurance and the workers compensation premiums charged to each position increased as a result of new positions.
- *Basic operating expenditures* increased \$3,830,879%. The majority of the increase was due to the software expense line.

**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 \$3,398,592 or 1.12% of total budget.

- *Restricted intergovernmental* revenue, which included adjustments to federal and state funding estimates, fell short of revised budget by \$2,590,374. Unexpended grant funds at year-end were re-appropriated to FY17 to allow the use of funds. Many of the adjustments from the original budget are caused by timing issues from the State not setting their funding levels until after the County has adopted its budget. 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. The balance of the increase is spread among other revenue lines.
- *Other financing sources* (uses) increased \$6,183,237. Fund balance appropriated increases of \$12,029,087 accounted for most of this increase. The County also sold capital assets totaling \$273,441.

Total actual revenues for the General Fund, excluding the County School Capital Fund and other financing sources, were above the final budgeted amount by \$4,874,473 (**page E-5**).

- *Ad Valorem taxes* collected exceeded the budget by \$2,768,760 (1.62%). This was due to conservative valuation estimates and higher than expected tax collections for both real property and motor vehicles.
- *Other taxes:* Total other taxes were \$1,466,122 above budget (3.53%). Sales tax collections accounted for the increase.
- *Unrestricted intergovernmental* revenues were \$1,863,267 above budget (18.62%).
- *Restricted intergovernmental* revenues fell short of revised budget by \$2,590,374, as stated earlier. Unexpended grant funds at year-end were re-appropriated to FY17 to allow the use of funds.
- *Licenses and permit* fees were \$451,152 above budget (22.65%) due to over realization of Register of Deeds and Inspections fees.

- *Sales and services* fees were \$675,271 above budget (6.46%). This overall increase was spread over many revenue lines.
- Miscellaneous revenue was \$172,182 above budget (3.33%). The major contributor to this overall increase was an increase in several water & sewer assessments. The balance of the overall increase was spread over several different revenue sources.

Total actual expenditures (**page E-5**), excluding the County School Fund and other financing uses, were less than the budgeted amount by \$17,321,117 resulting in an expenditure rate of 94.73% a slight increase of 0.003% over the prior year, so virtually the no change. 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 unfilled positions, were \$7,333,973 less than budgeted for an expenditure rate of 94.5%.
- *Basic operating* expenditures were \$5,084,238 under budget. Of this amount, \$568,794 was for financial software; \$1,342,309 was for contracted services; \$978,609 was for unspent maintenance and repair; \$219,675 was for audit expense; \$157,216 was for miscellaneous expense; and \$133,096 was for postage expense. The remaining \$1,684,539 is spread across approximately 100 expenditure line items.
- *Other charges & services* were \$2,387,965 under budget. Under spending in Social Services Department, consisting mainly of \$408,431 for Low Income Energy Assistance and \$630,735 for Child Care and Development, was major reason for expenditures being under budget. The remaining \$1,348,799 is spread across approximately 75 expenditure line items.
- While *capital outlay* was under spent by \$1,761,170, 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 five internal service funds. Total net position for the enterprise funds increased \$1,918,731 to \$72,878,232. Charges for services as well as non-operating revenue increased for the Solid Waste and Crown Center funds while expenses only slightly increased. The other five enterprise funds, five water and sewer funds, had a combined net position of \$8,857,310. This represents a decrease of \$507,421 from last year. The majority of the decrease was due to the \$475,362 decrease in the net position of the NORCRESS Water and Sewer Fund. Secondary to that, the Kelly Hills Water and Sewer Fund net position decreased by \$46,508. The net position of Southpoint Water and Sewer Fund increased by \$14,449. 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 five internal service funds had a combined net position of \$4,341,722, an increase of \$1,244,570 from FY2015. Transfers from the General Fund totaling \$5,577,200 offset the net loss of \$4,332,630 driven mainly by the \$4,766,234 loss in the Group Insurance Fund, followed by the gain of \$489,490 in the Workers' Compensation Fund. The loss in the Health Insurance Funds and the need for the general fund transfer was due to a second year of ever increasing claims costs. The net positions of the Flexible Benefit and General Litigation Funds increased \$5,523 and \$87,098 respectively. The net position of the Vehicle Insurance Fund decreased \$1,307.

### ***Capital Asset and Debt Administration***

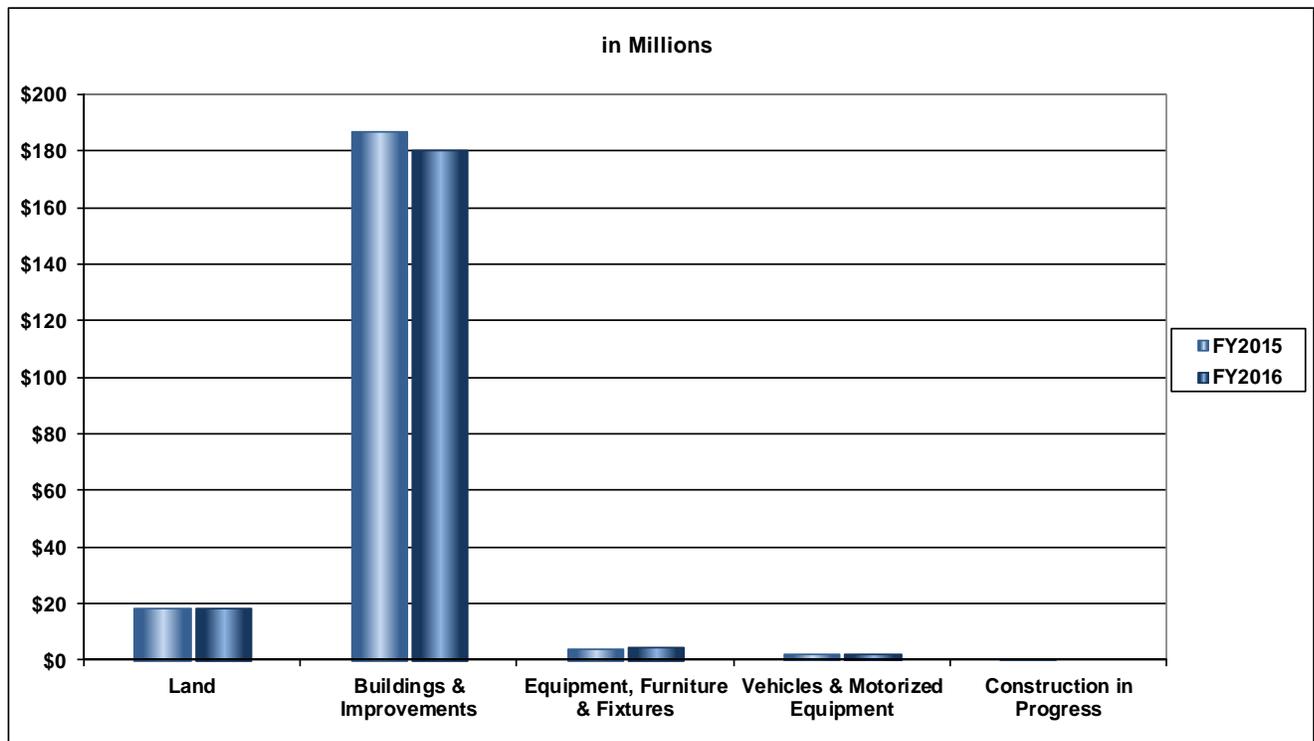
**Capital Assets.** The County's capital assets, Table 3, for its governmental and business-type activities as of June 30, 2016, totals \$265,385,752 (net of accumulated depreciation). Capital assets include land, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other 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.

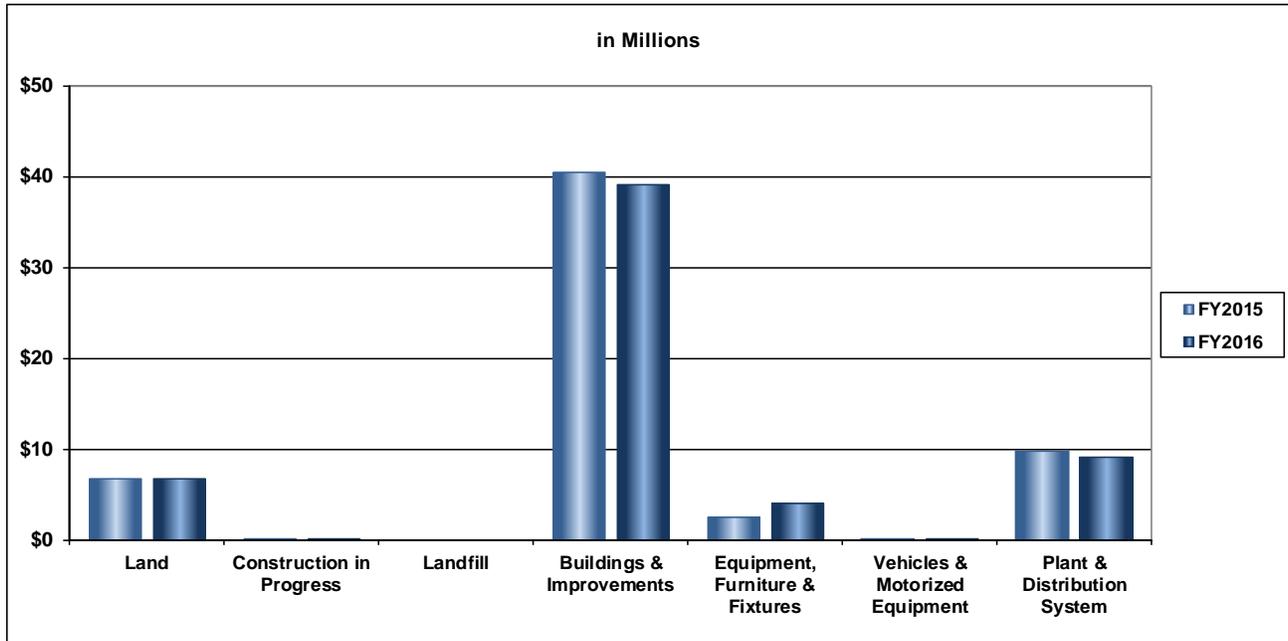
**CUMBERLAND COUNTY'S CAPITAL ASSETS**  
Table 3

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land	\$ 18,574,890	\$ 18,450,493	\$ 6,842,573	\$ 6,843,237	\$ 25,417,463	\$ 25,293,730
Construction in progress	72,079	-	105,098	224,655	177,177	224,655
Landfill			-	-	-	-
Buildings and improvements	187,069,842	180,690,467	40,605,437	39,140,320	227,675,279	219,830,787
Equipment, furniture and fixtures	4,389,691	4,456,893	2,568,513	4,111,516	6,957,312	8,568,409
Vehicles and motorized equipment	2,093,843	2,214,581	155,542	107,907	2,249,385	2,322,488
Plant and distribution system			9,793,679	9,145,683	9,793,679	9,145,683
<b>Total net capital assets</b>	<b>\$ 212,200,345</b>	<b>\$ 205,812,434</b>	<b>\$ 60,070,842</b>	<b>\$ 59,573,318</b>	<b>\$ 272,270,296</b>	<b>\$ 265,385,752</b>

**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.

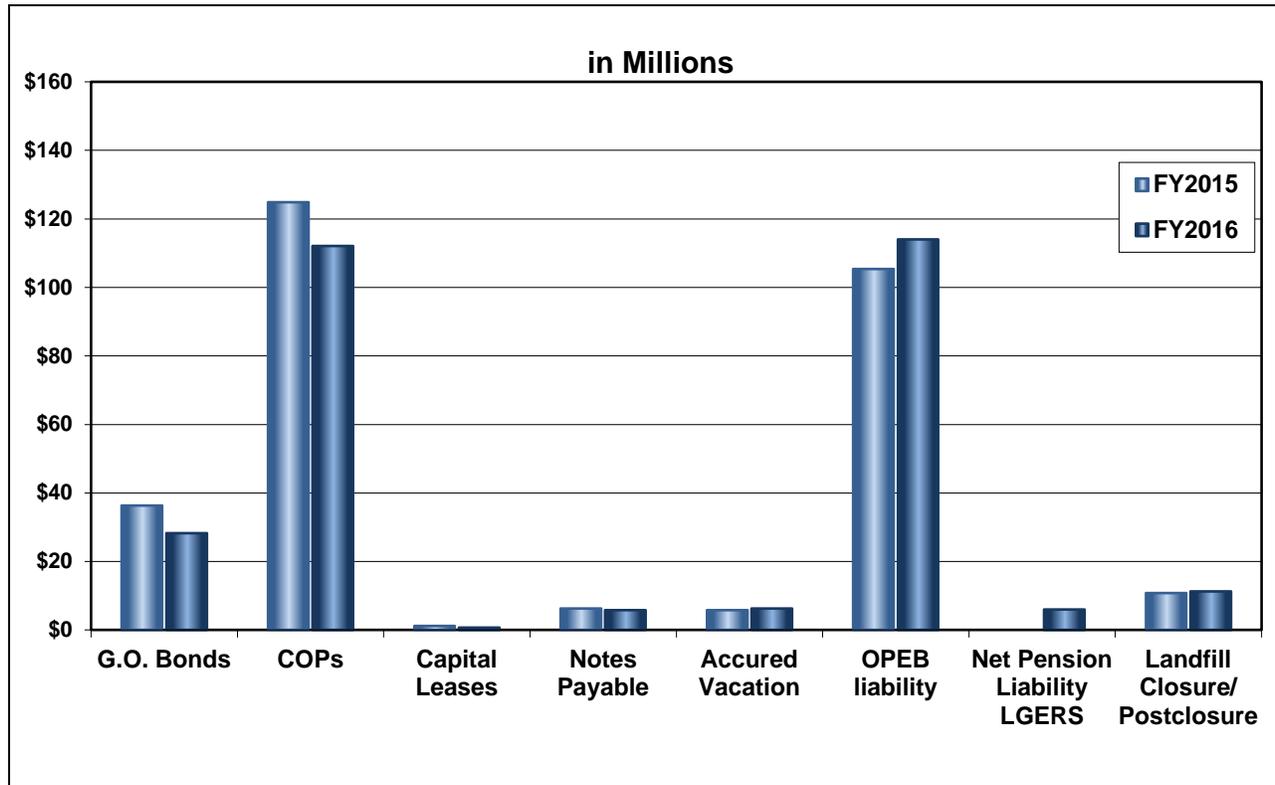
**Long-Term Debt.** As of June 30, 2016, Cumberland County had total bonded debt outstanding of \$28,286,102 all of which is backed by the full faith and credit of the County.

**CUMBERLAND COUNTY'S OUTSTANDING DEBT**  
Table 4

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
General obligation bonds (net)	\$ 35,206,484	\$ 27,189,102	\$ 1,117,000	\$ 1,097,000	\$ 36,323,484	\$ 28,286,102
Capital leases	1,172,987	717,492	-	-	1,172,987	717,492
Certificates of participation (net)	97,178,829	86,685,373	27,709,715	25,407,754	124,888,544	112,093,127
Notes Payable	4,599,065	4,459,439	1,648,919	1,332,124	6,247,984	5,791,563
Accrued vacation	5,687,011	6,083,241	139,754	138,252	5,826,765	6,221,493
OPEB liability	100,988,383	109,354,091	4,391,165	4,639,143	105,379,548	113,993,234
Net Pension Liability (LGERS)	-	5,809,550	-	145,308	-	5,954,858
Accrued closure and postclosure costs	-	-	10,776,877	11,221,292	10,776,877	11,221,292
<b>Total debt</b>	<b>\$ 244,832,759</b>	<b>\$ 240,298,288</b>	<b>\$ 45,783,430</b>	<b>\$ 43,980,873</b>	<b>\$ 290,616,189</b>	<b>\$ 284,279,161</b>

The County's total debt, Table 4, of \$284,279,161 decreased \$6,337,028 (2.2%) from FY2015's restated total of \$290,616,189. The primary reason for the decrease can be attributed to the County paying down \$21,744,715 in existing debt obligations while incurring \$14,568,544 of additional OPEB and net pension liabilities.

**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 the annual comment on Cumberland County provided by Moody’s Investor Service in May 2016, the County’s General Obligation Bond Rating remained Aa1. Notable credit factors include a robust financial position, and a negligible debt liability with a manageable pension burden. The County’s Certificates of Participation were last rated Aa3 by Moody’s Investor Services in 2008. 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 99.15% to 99.23%.
- Changes in taxable sales for the County over the past five years have been: 4.61%, 0.76%, (1.39%), 5.24% and 4.22% in FY2016.

- The locally generated gross sales tax collection rate for the County increased 3.87% from FY2015 compared to the state-wide average of 5.23%. The gap between the County and State of North Carolina narrowed during FY16. During FY2015 the increase for the County was 5.54% while the State increased by 15.43%.

### **Budget Highlights for the Fiscal Year Ending June 30, 2017**

The County approved a \$327,284,888 General Fund budget, excluding the legally adopted County School Special Revenue Fund for FY2017, which represents a \$7,292,410 (2.28%) increase over the FY2016 adopted budget.

- *Ad Valorem Taxes* for FY2017 have been budgeted at \$172,541,154, an increase of \$1,344,443 (0.79%) over the FY2016 adopted budget. Motor vehicle tax collections are anticipated to reach \$15,773,637 under the Tax and Tag Together initiative. The total countywide tax rate remains at 74.0 cents.
- *Sales Taxes* are budgeted at \$40,912,780, an increase of \$1,209,809 (3.05%) from FY2016.
- *Unrestricted Intergovernmental* revenue is budgeted at \$10,505,025 which is a 5.82% increase from FY2016. 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 \$62,560,576, an increase of \$1,887,112 (3.11%) from FY2016. Most of this increase is attributable to a higher increase in North Carolina Medical Assistance Administration reimbursements due the reimbursement percentage of 75% per client.
- *Licenses and Permits* are projected to experience an increase of \$154,143 (8.57%) from FY 2016 based on an adopted budget of \$1,951,875.
- *Sales and Service* fees are projected to decrease \$160,314 (-1.59%) from FY2016 based on an adopted budget of \$9,940,878. This decrease is mainly attributable to fees being charged to municipalities by the Board of Elections during FY16 but not doing so in FY17.
- *Miscellaneous Revenue* is projected to increase \$619,711 (13.35%) from FY2016. This section was utilized as a budget holding place for the Medicaid reimbursement portion of the stipend cost for DSS employees. The amount was subsequently re-budgeted to the appropriate line.
- *Other Financing Sources* is budgeted at \$21,832,977, an increase of \$1,734,758 (8.63%) from FY2016. The primary reason for this decrease is General Fund Balance Appropriated increased \$1,814,024.

Budgeted expenditures in the General Fund, excluding the legally adopted County School Special Revenue Fund, are \$327,284,888 which represents a \$7,292,410 (2.22%) increase over the FY2016 approved budget. Highlights include:

- *Personal Services* increased \$7,170,290 (5.41%). For FY2017, the County added three new positions at an annual cost of \$219,596. The Local Government Employee Retirement System (LGERs) adopted an employer contribution rate stabilization policy which establishes rates over the next five years. That policy change resulted in an increase of \$515,000 to fund the employer retirement contribution amount. A one-time stipend of \$800 per employee was budgeted in an effort to offset the medical plan changes which increased out of pocket costs for employees. The balance of the increase can be attributed to the increase in the per-employee budgeted allocation amount to fund the County's self-funded health insurance plan.
- *Operating Expenditures* decreased to \$35,647,523 in FY2017 from \$37,251,454 in FY2016, a decrease of (-4.31%).

- *Other Charges and Services* increased \$2,415,454 (1.99%) to \$123,520,190. Over one half of this increase can be attributed to increases in the current expense allocation to the Board of Education of \$834,942 and Fayetteville Technical Community College of \$523,271. An increase of \$179,000, added to the FY2016 budgeted amount of \$205,000 was budgeted to fund the County's portion of the Fayetteville Cumberland County Economic Development Corporation. 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 total \$2,188,344. Almost half of that amount (46%) is to be used for vehicle replacement and the remaining majority is to be used to replace voting machines. The State Board of Elections mandated changing the State's voting process by returning to a paper ballot. That requires complete replacement of all voting machines before 2018. \$809,045 was budgeted to cover that mandated cost.
- *Debt Service* payments decreased by \$749,770 (-2.95%) to \$24,661,017. The County budget included \$746,376 for one new loan payment in FY2017 for governmental capital improvement projects for roof, parking lot and building exterior improvements which was delayed in FY16. These increases were offset 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](http://www.co.cumberland.nc.us).

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Position  
June 30, 2016

	Governmental Activities	Business Type Activities	Total Primary Government	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau	FCEDC
<b>Assets</b>								
Cash and investments	111,463,487	\$ 56,311,380	\$ 167,774,867	\$ 3,370,097	\$ 1,209,617	\$ 1,507,830	\$ 1,013,272	\$ 65,054
Taxes receivable, net	1,172,045	134,931	1,306,976	-	-	-	-	-
Accounts receivable, net	-	-	-	-	203,780	-	-	-
Sales tax receivable	14,143,096	248,767	14,391,863	-	2,646	-	-	1
Due from other governments	13,763,122	-	13,763,122	-	318	-	208,105	-
Patient receivables	-	-	-	-	-	-	-	-
Other receivables, net	1,501,337	772,829	2,274,166	-	-	-	-	-
Internal balances	85,519	(85,519)	-	-	(85,519)	-	-	-
Due from component units	509,862	-	509,862	-	-	-	-	-
Inventories	405,913	27,988	433,901	2,674,659	-	-	16,647	-
Prepaid expenses	-	277,975	277,975	7,988	-	-	6,256	-
Restricted cash and investments	10,628,270	-	10,628,270	62,759	158,535	-	-	-
Other assets	210	-	210	-	-	-	-	-
Prepaid pension benefit	52,015	-	52,015	-	-	-	-	-
Security deposits	-	-	-	4,501	-	-	-	-
Capital assets:								
Nondepreciable	18,450,493	7,067,892	25,518,385	2,138,260	-	-	-	-
Depreciable, net	187,361,941	52,505,426	239,867,367	2,557,959	18,939,117	-	170,744	11,375
Total capital assets	205,812,434	59,573,318	265,385,752	4,696,219	18,939,117	-	170,744	11,375
<b>Total assets</b>	<b>359,537,310</b>	<b>117,261,669</b>	<b>476,798,979</b>	<b>10,816,223</b>	<b>20,514,013</b>	<b>1,507,830</b>	<b>1,415,024</b>	<b>76,430</b>
<b>Deferred outflows of resources</b>								
Pension	6,687,548	143,855	6,831,403	205,751	-	-	-	-
Debt	1,555,931	1,753,937	3,309,868	-	-	-	-	-
	8,243,479	1,897,792	10,141,271	205,751	-	-	-	-
<b>Liabilities</b>								
Accounts and vouchers payable	10,683,628	1,221,214	11,904,842	1,274,677	73,577	593,083	11,835	6,556
Due to other governments	499,840	-	499,840	-	-	-	-	18,153
Accrued payroll	7,775,207	165,807	7,941,014	-	5,209	-	-	-
Accrued interest payable	869,569	98,996	968,565	-	38,866	-	-	-
Other payables	143,057	107,789	250,846	856,141	6,650	-	65,064	-
Due to primary government	-	-	-	509,862	-	-	-	-
Deferred liability	-	425,519	425,519	-	-	-	25,550	-
Long-term liabilities:								
Net pension liability - LGERS	5,809,550	145,308	5,954,858	-	-	-	-	-
Due in less than one year	25,752,766	2,891,096	28,643,862	45,751	279,474	-	-	-
Due in more than one year	208,735,972	40,944,469	249,680,441	758,326	11,257,643	-	-	-
Total long-term liabilities	240,298,288	43,980,873	284,279,161	804,077	11,537,117	-	-	-
<b>Total liabilities</b>	<b>260,269,589</b>	<b>46,000,198</b>	<b>306,269,787</b>	<b>3,444,757</b>	<b>11,661,419</b>	<b>593,083</b>	<b>102,449</b>	<b>24,709</b>
<b>Deferred inflows of resources</b>								
Pension	3,457,460	281,031	3,738,491	74,691	-	-	-	-
Tax	528,275	-	528,275	-	-	-	-	-
	3,985,735	281,031	4,266,766	74,691	-	-	-	-
<b>Net position</b>								
Net investment in capital assets	161,376,329	33,490,377	194,866,706	4,425,558	7,406,696	-	170,744	11,375
Restricted for:								
Stabilization by State statute	29,050,099	-	29,050,099	-	-	-	-	-
Human services	1,398,421	-	1,398,421	-	-	-	-	-
Register of deeds	867,507	-	867,507	-	-	-	-	-
Inmates	638,782	-	638,782	-	-	-	-	-
Cemetery	48,451	-	48,451	-	-	-	-	-
School capital	8,294,625	-	8,294,625	-	-	-	-	-
Public safety	2,902,780	-	2,902,780	982,330	-	-	-	-
Economic and physical development	796,225	-	796,225	-	-	-	-	-
Cultural and recreation	3,711,699	-	3,711,699	-	-	-	-	-
Debt service	-	-	-	-	158,535	-	-	-
Claims	7,237,480	-	7,237,480	-	-	-	-	-
Unrestricted	(112,796,933)	39,387,855	(73,409,078)	2,094,638	1,287,363	914,747	1,141,831	40,346
<b>Total net position</b>	<b>\$ 103,525,465</b>	<b>\$ 72,878,232</b>	<b>\$ 176,403,697</b>	<b>\$ 7,502,526</b>	<b>\$ 8,852,594</b>	<b>\$ 914,747</b>	<b>\$ 1,312,575</b>	<b>\$ 51,721</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Activities  
Year Ended June 30, 2016

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	FCEDC	
					Governmental Activities	Business-type Activities						Total
Governmental activities:												
General government	\$ 29,528,752	\$ 2,277,018	\$ 1,290,179	\$ 3,724,973	\$ (22,236,582)	\$ -	\$ (22,236,582)	\$ -	\$ -	\$ -	\$ -	
Public safety	68,675,832	3,571,955	948,585	171,196	(63,984,096)	-	(63,984,096)	-	-	-	-	
Economic and physical development	13,667,168	1,394,180	7,193,042	1,180,957	(3,898,989)	-	(3,898,989)	-	-	-	-	
Human services	107,291,125	6,144,958	59,695,265	-	(41,450,902)	-	(41,450,902)	-	-	-	-	
Cultural and recreational	17,100,127	206,028	644,904	-	(16,249,195)	-	(16,249,195)	-	-	-	-	
Education	97,089,412	-	-	-	(97,089,412)	-	(97,089,412)	-	-	-	-	
Interest on long-term debt	4,684,877	-	-	-	(4,684,877)	-	(4,684,877)	-	-	-	-	
Total governmental activities	338,037,293	13,594,139	69,771,975	5,077,126	(249,594,053)	-	(249,594,053)	-	-	-	-	
Business-type activities:												
Solid Waste	9,382,539	3,948,096	493,139	-	-	(4,941,304)	(4,941,304)	-	-	-	-	
Crown Center	7,436,596	1,834,124	-	-	-	(5,602,472)	(5,602,472)	-	-	-	-	
Kelly Hills Water and Sewer District	139,826	93,318	-	-	-	(46,508)	(46,508)	-	-	-	-	
NORCRESS Water and Sewer District	872,557	397,195	-	-	-	(475,362)	(475,362)	-	-	-	-	
Southpoint Water and Sewer District	26,564	41,013	-	-	-	14,449	14,449	-	-	-	-	
Total business-type activities	17,858,082	6,313,746	493,139	-	-	(11,051,197)	(11,051,197)	-	-	-	-	
Total primary government	\$ 355,895,375	\$ 19,907,885	\$ 70,265,114	\$ 5,077,126	(249,594,053)	(11,051,197)	(260,645,250)	-	-	-	-	
Component unit:												
ABC Board	\$ 24,870,819	\$ 25,150,225	\$ -	\$ -	-	-	279,406	-	-	-	-	
Eastover Sanitary District	2,236,413	2,059,967	-	616,146	-	-	-	439,700	-	-	-	
Tourism Development Authority	5,631,472	5,639,495	-	-	-	-	-	-	8,023	-	-	
Fayetteville Area Convention & Visitors Bureau	2,899,753	2,630,248	-	-	-	-	-	-	-	(269,505)	-	
FCEDC	360,779	-	-	412,500	-	-	-	-	-	-	51,721	
Total component unit	\$ 35,999,236	\$ 35,479,935	\$ -	\$ 1,028,646	-	-	279,406	439,700	8,023	(269,505)	51,721	
General revenues:												
Property taxes					185,971,389	-	185,971,389	-	-	-	-	
Other taxes:												
Sales tax					51,460,578	-	51,460,578	-	-	-	-	
Animal registration					213,492	-	213,492	-	-	-	-	
Real estate transfer					879,459	-	879,459	-	-	-	-	
Beer and wine					381,333	-	381,333	-	-	-	-	
Solid waste					-	4,958,018	4,958,018	-	-	-	-	
Food and beverage					6,498,258	-	6,498,258	-	-	-	-	
Room and occupancy					-	1,370,356	1,370,356	-	-	-	-	
Grants and contributions not restricted to specific programs					12,746,032	-	12,746,032	-	-	-	-	
Unrestricted investment earnings					350,879	263,733	614,612	-	3,532	-	8,137	
Gain on sale of capital assets					273,441	-	273,441	-	-	-	-	
Miscellaneous					5,759,986	697,799	6,457,785	7,669	1,102	-	-	
Transfers					(5,680,022)	5,680,022	-	-	-	-	-	
Total general revenues and transfers					258,854,825	12,969,928	271,824,753	7,669	4,634	-	8,137	
Change in net position					9,260,772	1,918,731	11,179,503	287,075	444,334	8,023	(261,368)	51,721
Net position - beginning					92,168,829	70,959,501	163,128,330	7,215,451	8,408,260	906,724	1,573,943	-
Restatement - LEOSSA					2,095,864	-	2,095,864	-	-	-	-	-
Net position - beginning, as restated					94,264,693	70,959,501	165,224,194	7,215,451	8,408,260	906,724	1,573,943	-
Net position - ending					\$ 103,525,465	\$ 72,878,232	\$ 176,403,697	\$ 7,502,526	\$ 8,852,594	\$ 914,747	\$ 1,312,575	\$ 51,721

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Balance Sheet  
Governmental Funds  
June 30, 2016**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and investments	100,128,146	\$ 11,335,341	\$ 111,463,487
Taxes receivable, net	492,883	193,367	686,250
Sales tax receivable	14,106,753	36,309	14,143,062
Due from other governments	12,705,875	1,057,247	13,763,122
Other receivables, net	1,019,792	27,413	1,047,205
Due from other funds	517,813	-	517,813
Due from component units	552,438	-	552,438
Inventories	191,535	-	191,535
Prepays	210	-	210
Restricted assets:			
Cash and investments	-	3,390,790	3,390,790
<b>Total assets</b>	<u>\$ 129,715,445</u>	<u>\$ 16,040,467</u>	<u>\$ 145,755,912</u>
<b>Liabilities:</b>			
Accounts and vouchers payable	\$ 5,916,571	\$ 1,684,358	\$ 7,600,929
Due to other governments	469,444	30,396	499,840
Accrued payroll	7,585,922	153,936	7,739,858
Other payables	141,757	1,300	143,057
Due to other funds	-	432,294	432,294
<b>Total liabilities</b>	<u>14,113,694</u>	<u>2,302,284</u>	<u>16,415,978</u>
<b>Deferred inflows of resources - taxes</b>	<u>1,466,443</u>	<u>193,364</u>	<u>1,659,807</u>
<b>Fund balances:</b>			
Nonspendable:			
Inventories	191,535	-	191,535
Prepays	210	-	210
Restricted:			
Stabilization by State Statute	27,929,111	1,120,972	29,050,083
Register of Deeds	867,507	-	867,507
Inmates	-	638,782	638,782
Cemetery	-	48,451	48,451
County School	8,294,625	-	8,294,625
Fire protection	-	180,022	180,022
Public safety	-	2,722,758	2,722,758
Economic and physical development	-	796,225	796,225
Human services	-	1,398,421	1,398,421
Cultural and recreational	-	5,134,837	5,134,837
Committed:			
Property revaluation	602,906	-	602,906
LEO special separation allowance	2,215,961	-	2,215,961
Assigned:			
Subsequent year's expenditures	16,337,899	1,803,902	18,141,801
Tax office software	4,500,000	-	4,500,000
Water & sewer industrial expansion	4,626,523	-	4,626,523
Economic development incentives	968,841	-	968,841
Mental health services	2,364,920	-	2,364,920
Public health	2,510,625	-	2,510,625
Renovations and maintenance	3,621,105	-	3,621,105
Special purposes	4,500,000	-	4,500,000
Technology upgrades	2,000,000	-	2,000,000
Unassigned	32,603,540	(299,551)	32,303,989
<b>Total fund balances</b>	<u>114,135,308</u>	<u>13,544,819</u>	<u>127,680,127</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 129,715,445</u>	<u>\$ 16,040,467</u>	<u>\$ 145,755,912</u>

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, 2016**

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

Ending fund balance - governmental funds		\$ 127,680,127
Capital assets are not financial resources, and therefore, are not reported in the funds (see note 4).		205,812,434
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	\$ 6,661,775	
Defeasance of long-term debt	<u>1,555,931</u>	
		8,217,706
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Prepaid LEOSSA Pension benefit	<u>52,015</u>	
		52,015
Deferred inflows of resources for taxes and special assessments receivable		
Unearned Revenue	1,131,532	
Accrued Tax Penalties	<u>485,612</u>	
		1,617,144
Pension related deferrals		(3,397,348)
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.		4,341,722
Net pension liability		(5,797,379)
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	(234,131,387)	
Accrued interest payable	<u>(869,569)</u>	
		(235,000,956)
Net position of governmental activities		<u><u>\$ 103,525,465</u></u>

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2016**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Ad valorem taxes	\$ 173,965,471	\$ 12,070,126	\$ 186,035,597
Other taxes	52,934,862	6,498,258	59,433,120
Unrestricted intergovernmental revenue	12,746,032	-	12,746,032
Restricted intergovernmental revenue	64,008,831	10,814,396	74,823,227
Licenses and permits	2,248,884	-	2,248,884
Sales and services	11,131,954	193,301	11,325,255
Interest earned on investments	316,124	27,114	343,238
Miscellaneous	5,422,843	390,862	5,813,705
Total revenues	<u>322,775,001</u>	<u>29,994,057</u>	<u>352,769,058</u>
<b>Expenditures</b>			
Current:			
General government	26,250,791	-	26,250,791
Public safety	54,941,286	8,211,045	63,152,331
Economic and physical development	5,098,407	8,413,449	13,511,856
Human services	99,151,323	1,802,531	100,953,854
Cultural and recreational	11,361,682	4,157,446	15,519,128
Education	97,089,412	1,384	97,090,796
Principal payments	19,310,871	-	19,310,871
Interest and fees	5,349,679	-	5,349,679
Total expenditures	<u>318,553,451</u>	<u>22,585,855</u>	<u>341,139,306</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>4,221,550</u>	<u>7,408,202</u>	<u>11,629,752</u>
<b>Other financing sources (uses)</b>			
Sale of capital assets	273,441	-	273,441
Issuance of debt	-	1,100,000	1,100,000
Debt issuance costs	-	(33,399)	(33,399)
Transfers in	1,614,433	1,867,557	3,481,990
Transfers out	(7,481,947)	(7,257,265)	(14,739,212)
Total other financing sources (uses)	<u>(5,594,073)</u>	<u>(4,323,107)</u>	<u>(9,917,180)</u>
<b>Net change in fund balances</b>	(1,372,523)	3,085,095	1,712,572
<b>Fund balance - beginning</b>	113,176,472	10,459,724	123,636,196
<b>Restatement - reclassification Downtown Revitalization</b>	235,495	-	235,495
<b>Restatement - LEOSSA</b>	2,095,864	-	2,095,864
<b>Fund balance - beginning, as restated</b>	<u>115,507,831</u>	<u>10,459,724</u>	<u>125,967,555</u>
<b>Fund balance - ending</b>	<u>\$ 114,135,308</u>	<u>\$ 13,544,819</u>	<u>\$ 127,680,127</u>

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

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**Year Ended June 30, 2016**

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

Net change in fund balances - total governmental funds		\$ 1,712,572
<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>		
Capital Outlay	\$ 3,251,751	
Depreciation	(9,477,045)	
Other asset activity	<u>(162,618)</u>	(6,387,912)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in accrued tax penalties	(51,034)	
Change in pension costs - LEOSSA	4,519	
Change in unavailable revenue for taxes	<u>(13,174)</u>	(59,689)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.</p>		
		6,661,775
<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>		
Principal payments	19,310,871	
Proceeds from issuance of installment notes	(1,100,000)	
Changes in premium	895,089	
Accrued interest payable	<u>138,219</u>	19,244,179
<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>		
Accrued vacation payable	(388,187)	
Other postemployment benefits	<u>(8,340,327)</u>	(8,728,514)
<p>The net revenue of certain activities of the internal service fund is reported with governmental activities.</p>		
		1,244,570
<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>(4,091,103)</u>
<p>Change in net position of governmental activities</p>		<u>\$ 9,260,772</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances-  
Budget and Actual  
Year Ended June 30, 2016**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 171,196,711	\$ 171,196,711	\$ 173,965,471	\$ 2,768,760
Other taxes	41,555,608	41,555,608	43,021,730	1,466,122
Unrestricted intergovernmental revenue	9,927,320	10,005,953	11,869,220	1,863,267
Restricted intergovernmental revenue	60,673,364	62,874,232	60,283,858	(2,590,374)
Licenses and permits	1,797,732	1,797,732	2,248,884	451,152
Sales and services	10,101,192	10,456,683	11,131,954	675,271
Interest earned on investments	227,993	228,693	296,786	68,093
Miscellaneous	4,414,340	5,177,240	5,349,422	172,182
Total revenues	<u>299,894,260</u>	<u>303,292,852</u>	<u>308,167,325</u>	<u>4,874,473</u>
<b>Expenditures:</b>				
Current:				
General government	28,953,695	31,301,693	26,250,791	5,050,902
Public safety	56,076,922	58,104,685	54,941,286	3,163,399
Economic and physical development	5,987,923	6,018,897	5,098,407	920,490
Human services	101,724,341	105,226,393	99,151,323	6,075,070
Cultural and recreational	11,524,922	11,843,351	11,361,682	481,669
Education	89,134,983	90,489,596	89,610,246	879,350
Debt service:				
Principal payments	19,910,971	19,910,971	19,310,871	600,100
Interest and fees	5,499,816	5,499,816	5,349,679	150,137
Total expenditures	<u>318,813,573</u>	<u>328,395,402</u>	<u>311,074,285</u>	<u>17,321,117</u>
<b>Revenues over (under) expenditures</b>	<u>(18,919,313)</u>	<u>(25,102,550)</u>	<u>(2,906,960)</u>	<u>22,195,590</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	51,727	273,441	221,714
Transfers in	5,574,343	6,796,728	6,786,974	(9,754)
Transfers out	(1,178,905)	(8,298,867)	(7,481,947)	816,920
Appropriated fund balance	14,523,875	26,552,962	-	(26,552,962)
Total other financing sources (uses)	<u>18,919,313</u>	<u>25,102,550</u>	<u>(421,532)</u>	<u>(25,524,082)</u>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,328,492)</u>	<u>\$ (3,328,492)</u>
<b>Fund Balances:</b>				
Beginning of year, July 1			104,394,661	
Restatement - LEOSSA			2,095,864	
Beginning of year, July 1 - as restated			<u>106,490,525</u>	
End of year, June 30			<u>\$ 103,162,033</u>	
<b>A legally budgeted County School Fund (not included above) is consolidated into the General Fund for Reporting Purposes:</b>				
Other taxes	\$ 8,800,000	\$ 8,370,048	\$ 9,913,132	\$ 1,543,084
Unrestricted intergovernmental revenue	800,000	800,000	876,812	76,812
Restricted intergovernmental revenue	3,300,000	3,729,951	3,724,973	(4,978)
Interest earned on investments	-	-	19,338	19,338
Miscellaneous	-	-	73,421	73,421
Education	(7,404,375)	(13,435,089)	(7,479,166)	5,955,923
Tranfers in	-	313,330	313,330	-
Transfers out	(5,495,625)	(5,495,625)	(5,485,871)	9,754
Appropriated fund balance	-	5,717,385	-	(5,717,385)
	-	-	1,955,969	1,955,969
Fund Balance, Beginning of year	-	-	9,017,306	-
	<u>\$ -</u>	<u>\$ -</u>	<u>10,973,275</u>	<u>\$ 1,955,969</u>
<b>Fund Balance, End of year</b>			<u>\$ 114,135,308</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Position  
Proprietary Funds  
June 30, 2016

	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		
<b>Assets</b>									
Current assets									
Cash and investments	\$ 48,201,458	7,434,714	\$ 140,523	\$ 460,468	\$ 74,217	\$ -	\$ -	\$ 56,311,380	\$ -
Taxes receivable, net	134,931	-	-	-	-	-	-	134,931	183
Sales tax receivable	247,975	-	-	792	-	-	-	248,767	34
Other receivables, net	543,182	129,622	27,691	61,192	11,142	-	-	772,829	411,556
Inventories	27,988	-	-	-	-	-	-	27,988	214,378
Prepays	-	277,975	-	-	-	-	-	277,975	-
Total current assets	<u>49,155,534</u>	<u>7,842,311</u>	<u>168,214</u>	<u>522,452</u>	<u>85,359</u>	<u>-</u>	<u>-</u>	<u>57,773,870</u>	<u>626,151</u>
Noncurrent assets									
Restricted:									
Cash and investments	-	-	-	-	-	-	-	-	7,237,480
Net pension asset	520,501	445,021	-	-	-	-	-	965,522	-
Capital assets, net of accumulated depreciation	8,772,795	41,420,521	1,992,857	6,716,473	436,353	150,308	84,011	59,573,318	-
Total noncurrent assets	<u>9,293,296</u>	<u>41,865,542</u>	<u>1,992,857</u>	<u>6,716,473</u>	<u>436,353</u>	<u>150,308</u>	<u>84,011</u>	<u>60,538,840</u>	<u>7,237,480</u>
<b>Total assets</b>	<u>58,448,830</u>	<u>49,707,853</u>	<u>2,161,071</u>	<u>7,238,925</u>	<u>521,712</u>	<u>150,308</u>	<u>84,011</u>	<u>118,312,710</u>	<u>7,863,631</u>
<b>Deferred outflows of resources</b>									
Pension	143,855	-	-	-	-	-	-	143,855	25,773
Debt	-	1,753,937	-	-	-	-	-	1,753,937	-
	<u>143,855</u>	<u>1,753,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,897,792</u>	<u>25,773</u>
<b>Liabilities</b>									
Current liabilities									
Accounts and vouchers payable	542,150	651,205	3,491	19,057	511	4,800	-	1,221,214	659,715
Accrued payroll	165,807	-	-	-	-	-	-	165,807	35,349
Accrued interest payable	-	95,225	-	3,771	-	-	-	98,996	-
Other payables	5,589	97,056	100	-	5,044	-	-	107,789	2,422,984
Unearned revenue	-	425,519	-	-	-	-	-	425,519	-
Current portion of long-term debt and accrued vacation	166,339	2,698,761	-	21,000	4,996	-	-	2,891,096	24,329
Due to other funds	-	5,500	-	-	-	46,008	34,011	85,519	-
Total current liabilities	<u>879,885</u>	<u>3,973,266</u>	<u>3,591</u>	<u>43,828</u>	<u>10,551</u>	<u>50,808</u>	<u>34,011</u>	<u>4,995,940</u>	<u>3,142,377</u>
Noncurrent liabilities									
Post closing liability	11,186,292	-	-	-	-	-	-	11,186,292	-
Net pension liability	665,809	445,021	-	-	-	-	-	1,110,830	12,171
Long-term debt	-	23,956,193	-	1,076,000	79,928	-	-	25,112,121	-
Accrued vacation	6,912	-	-	-	-	-	-	6,912	1,280
Other postemployment benefits liability	3,160,839	1,478,305	-	-	-	-	-	4,639,144	331,742
Total noncurrent liabilities	<u>15,019,852</u>	<u>25,879,519</u>	<u>-</u>	<u>1,076,000</u>	<u>79,928</u>	<u>-</u>	<u>-</u>	<u>42,055,299</u>	<u>345,193</u>
<b>Total liabilities</b>	<u>15,899,737</u>	<u>29,852,785</u>	<u>3,591</u>	<u>1,119,828</u>	<u>90,479</u>	<u>50,808</u>	<u>34,011</u>	<u>47,051,239</u>	<u>3,487,570</u>
<b>Deferred inflows of resources - pension</b>	<u>71,353</u>	<u>209,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,031</u>	<u>60,112</u>
<b>Net position</b>									
Net investment in capital assets	8,772,795	16,519,504	1,992,857	5,619,473	351,429	150,308	84,011	33,490,377	-
Restricted net position - claims	-	-	-	-	-	-	-	-	7,237,480
Unrestricted	33,848,800	4,879,823	164,623	499,624	79,804	(50,808)	(34,011)	39,387,855	(2,895,758)
<b>Total net position</b>	<u>\$ 42,621,595</u>	<u>\$ 21,399,327</u>	<u>\$ 2,157,480</u>	<u>\$ 6,119,097</u>	<u>\$ 431,233</u>	<u>\$ 99,500</u>	<u>\$ 50,000</u>	<u>\$ 72,878,232</u>	<u>\$ 4,341,722</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 Year Ended June 30, 2016

	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		
<b>Operating revenues</b>									
Charges for services	\$ 3,936,708	\$ 1,834,124	\$ 93,318	\$ 397,195	\$ 41,013	\$ -	\$ -	\$ 6,302,358	\$ -
Contributions	-	-	-	-	-	-	-	-	2,942,882
Other operating revenue	11,388	-	-	-	-	-	-	11,388	-
Contributions - Group health insurance	-	-	-	-	-	-	-	-	19,813,170
Solid waste fees	4,958,018	-	-	-	-	-	-	4,958,018	-
Pharmacy services	-	-	-	-	-	-	-	-	2,063,919
Total operating revenues	<u>8,906,114</u>	<u>1,834,124</u>	<u>93,318</u>	<u>397,195</u>	<u>41,013</u>	<u>-</u>	<u>-</u>	<u>11,271,764</u>	<u>24,819,971</u>
<b>Operating expenses</b>									
Salaries and employee benefits	3,155,816	6,551	-	-	-	-	-	3,162,367	1,775,907
Repairs and maintenance	1,620,406	-	50,415	34,010	-	-	-	1,704,831	-
Utilities	124,904	-	-	241,453	-	-	-	366,357	-
Administrative costs	3,295,391	2,053	2,320	1,994	14,752	-	-	3,316,510	740,378
Global Spectrum, LP	-	4,633,180	-	-	-	-	-	4,633,180	-
Depreciation	741,553	1,556,150	87,091	549,092	11,812	-	-	2,945,698	-
Landfill closure and postclosure care costs	444,469	-	-	-	-	-	-	444,469	-
Group health insurance	-	-	-	-	-	-	-	-	23,618,571
Employee pharmacy	-	-	-	-	-	-	-	-	2,579,038
Employee clinic	-	-	-	-	-	-	-	-	281,947
Employee wellness program	-	-	-	-	-	-	-	-	156,554
Total operating expenses	<u>9,382,539</u>	<u>6,197,934</u>	<u>139,826</u>	<u>826,549</u>	<u>26,564</u>	<u>-</u>	<u>-</u>	<u>16,573,412</u>	<u>29,152,395</u>
<b>Operating income (loss)</b>	<u>(476,425)</u>	<u>(4,363,810)</u>	<u>(46,508)</u>	<u>(429,354)</u>	<u>14,449</u>	<u>-</u>	<u>-</u>	<u>(5,301,648)</u>	<u>(4,332,424)</u>
<b>Nonoperating revenue (expense)</b>									
Interest earned on investments	232,419	31,314	-	-	-	-	-	263,733	7,641
Motel occupancy tax	-	1,370,356	-	-	-	-	-	1,370,356	-
Miscellaneous	697,799	-	-	-	-	-	-	697,799	(7,847)
Grant revenue	493,139	-	-	-	-	-	-	493,139	-
Interest expense	-	(1,238,662)	-	(46,008)	-	-	-	(1,284,670)	-
Total nonoperating revenue (expense)	<u>1,423,357</u>	<u>163,008</u>	<u>-</u>	<u>(46,008)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,540,357</u>	<u>(206)</u>
<b>Income (loss) before transfers and contributions</b>	<u>946,932</u>	<u>(4,200,802)</u>	<u>(46,508)</u>	<u>(475,362)</u>	<u>14,449</u>	<u>-</u>	<u>-</u>	<u>(3,761,291)</u>	<u>(4,332,630)</u>
Transfers in	37,190	5,642,832	-	-	-	-	-	5,680,022	5,577,200
<b>Change in net position</b>	<u>984,122</u>	<u>1,442,030</u>	<u>(46,508)</u>	<u>(475,362)</u>	<u>14,449</u>	<u>-</u>	<u>-</u>	<u>1,918,731</u>	<u>1,244,570</u>
<b>Total net position - beginning</b>	<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>
<b>Total net position - ending</b>	<u>\$ 42,621,595</u>	<u>\$ 21,399,327</u>	<u>\$ 2,157,480</u>	<u>\$ 6,119,097</u>	<u>\$ 431,233</u>	<u>\$ 99,500</u>	<u>\$ 50,000</u>	<u>\$ 72,878,232</u>	<u>\$ 4,341,722</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2016

	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		
<b>Operating activities</b>									
Cash received from customers	\$ 8,893,637	\$ 2,049,188	\$ 93,318	\$ 397,195	\$ 41,365	\$ -	\$ -	\$ 11,474,703	\$ -
Other operating revenue	(662,302)	-	-	-	-	-	-	(662,302)	-
Cash received from contributions	-	-	-	-	-	-	-	-	22,590,286
Cash paid to employees	(2,592,868)	(6,551)	-	-	-	-	-	(2,599,419)	(376,664)
Cash paid for goods and services	(5,414,322)	(5,030,961)	(76,178)	(274,347)	(24,100)	4,800	-	(10,815,108)	(696,878)
Cash received for goods and services	-	-	-	-	-	-	-	-	1,817,486
Cash paid for claims	-	-	-	-	-	-	-	-	(27,566,343)
<b>Net cash provided by (used in) operating activities</b>	<b>921,944</b>	<b>(2,988,324)</b>	<b>17,140</b>	<b>122,848</b>	<b>17,265</b>	<b>4,800</b>	<b>-</b>	<b>(1,904,327)</b>	<b>(4,232,113)</b>
<b>Noncapital financing activities</b>									
Transfers in	37,190	5,642,832	-	-	-	-	-	5,680,022	5,577,200
Operating grants	493,139	-	-	-	-	-	-	493,139	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>530,329</b>	<b>5,642,832</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,173,161</b>	<b>5,577,200</b>
<b>Capital and related financing activities</b>									
Acquisition and construction of capital assets	(2,327,953)	-	-	-	-	(63,597)	(56,624)	(2,448,174)	-
Principal paid on long-term debt	-	(2,613,761)	-	(20,000)	(4,995)	46,008	34,011	(2,558,737)	-
Interest paid on bonds	-	(1,248,949)	-	(46,077)	-	-	-	(1,295,026)	-
Motel occupancy tax	-	1,370,356	-	-	-	-	-	1,370,356	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(2,327,953)</b>	<b>(2,492,354)</b>	<b>-</b>	<b>(66,077)</b>	<b>(4,995)</b>	<b>(17,589)</b>	<b>(22,613)</b>	<b>(4,931,581)</b>	<b>-</b>
<b>Investing activities</b>									
Proceeds from sale of investments	9,417,421	-	-	-	-	-	-	9,417,421	262
Purchase of investments	30,090,118	-	620	120	-	-	-	30,090,858	-
Investment earnings	232,419	31,314	-	-	-	-	-	263,733	7,641
<b>Net cash provided (used) in investing activities</b>	<b>39,739,958</b>	<b>31,314</b>	<b>620</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,772,012</b>	<b>7,903</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>38,864,278</b>	<b>193,468</b>	<b>17,760</b>	<b>56,891</b>	<b>12,270</b>	<b>(12,789)</b>	<b>(22,613)</b>	<b>39,109,265</b>	<b>1,352,990</b>
<b>Cash and cash equivalents</b>									
<b>Beginning of year</b>	<b>9,337,180</b>	<b>7,241,246</b>	<b>122,763</b>	<b>403,577</b>	<b>61,947</b>	<b>12,789</b>	<b>22,613</b>	<b>17,202,115</b>	<b>5,884,490</b>
<b>End of year</b>	<b>\$ 48,201,458</b>	<b>\$ 7,434,714</b>	<b>\$ 140,523</b>	<b>\$ 460,468</b>	<b>\$ 74,217</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,311,380</b>	<b>\$ 7,237,480</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2016

	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		
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>									
Operating income (loss)	\$ (476,425)	\$ (4,363,810)	\$ (46,508)	\$ (429,354)	\$ 14,449	\$ -	\$ -	(5,301,648)	\$ (4,332,424)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation	741,553	1,556,150	87,091	549,092	11,812	-	-	2,945,698	-
Landfill closure and post closure care costs	444,415	-	-	-	-	-	-	444,415	-
Net pension expense	(55,713)	(401,252)	-	-	-	-	-	(456,965)	50,020
Change in assets and liabilities									
(Increase) decrease in accounts receivable	(1,089)	-	-	-	604	-	-	(485)	997
(Increase) decrease in other receivables	(673,690)	174,244	(27,034)	(728)	(9,306)	-	-	(536,514)	(288,485)
(Increase) decrease in inventories	26,240	-	-	2,864	-	-	-	29,104	(54,488)
(Increase) decrease in prepaids	55,787	(143,923)	-	-	-	-	-	(88,136)	9,814
(Increase) decrease in deferred outflows	336	-	-	-	-	-	-	336	-
Increase (decrease) in accounts payable and accrued liabilities	290,318	(18,121)	-	974	-	-	-	273,171	417,482
Increase (decrease) in accrued landfill	-	-	-	-	-	4,800	-	4,800	-
Increase (decrease) in compensated absences payable	(76)	-	-	-	(294)	-	-	(370)	6,564
Increase (decrease) in OPEB	-	-	3,591	-	-	-	-	3,591	14,587
Increase (decrease) in contract retainage	(1,427)	-	-	-	-	-	-	(1,427)	-
Increase (decrease) in deferred outflows -pensions	571,715	208,388	-	-	-	-	-	780,103	(56,180)
Total adjustments	1,398,369	1,375,486	63,648	552,202	2,816	4,800	-	3,397,321	100,311
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 921,944</b>	<b>\$ (2,988,324)</b>	<b>\$ 17,140</b>	<b>\$ 122,848</b>	<b>\$ 17,265</b>	<b>\$ 4,800</b>	<b>\$ -</b>	<b>\$ (1,904,327)</b>	<b>\$ (4,232,113)</b>
Cash and cash equivalents									
Unrestricted	\$ 48,201,458	\$ 7,434,714	\$ 140,523	\$ 460,468	\$ 74,217	\$ -	\$ -	\$ 56,311,380	\$ -
Restricted	-	-	-	-	-	-	-	-	7,237,480
Total	<u>\$ 48,201,458</u>	<u>\$ 7,434,714</u>	<u>\$ 140,523</u>	<u>\$ 460,468</u>	<u>\$ 74,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,311,380</u>	<u>\$ 7,237,480</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

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	<b>Agency Funds</b>
<b>Assets</b>	
Taxes receivable	\$ 3,437,624
Due from other governments	784,059
Restricted cash and investments	683,470
Total assets	<u>\$ 4,905,153</u>
<b>Liabilities</b>	
Accounts and vouchers payable	\$ 4,902,027
Due to other governments	3,126
Total liabilities	<u>\$ 4,905,153</u>

## NOTES TO THE FINANCIAL STATEMENTS

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**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

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**Note 1 - Summary of Significant Accounting Policies**

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

**A - Reporting Entity**

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

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

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

**Blended Component Units**

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

**Discretely Presented Component Units**

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

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

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**A - Reporting Entity (continued)**

**Discretely Presented Component Units (continued)**

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

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
NORCRESS Water and Sewer District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and <u>maintains operational responsibility.</u>	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 <u>maintains operational responsibility.</u>	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 <u>maintains operational responsibility.</u>	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 <u>maintains operational responsibility.</u>	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 <u>maintains operational responsibility.</u>	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 <u>without cause.</u>	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 <u>without cause.</u>	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 <u>statements to be incomplete.</u>	Included in the County's financial statements.
Fayetteville Area Convention and Visitors Bureau, Inc.	Discrete	A voting majority of the Bureau's 11-member board of directors is appointed by the County. In addition, the County levies the occupancy tax which is the major source of revenue for the Bureau.	Fayetteville Area Convention and Visitors Bureau 245 Person Street Fayetteville, NC 28301
Cumberland County Tourism Development Authority	Discrete	The Cumberland County Board of Commissioners provides for membership of the Authority, including members' terms of office and for the filling of vacancies. The County is able to impose its will on the TDA because it has the ability to modify the rate affecting revenue as it is authorized to levy a room occupancy tax of up to three percent (3%) of the gross receipts.	Included in the County's financial statements.
Fayetteville Cumberland County Economic Development Corporation (FCEDC)	Discrete	The Cumberland County Board of Commissioners and the Fayetteville City Council provides for membership of the Corporation, including members' terms of office and for the filling of vacancies. Both entities contribute to the funding of the Corporation equally. Cumberland County is the fiscal agent for the Corporation and does so by an in-kind contribution.	Fayetteville Cumberland County Economic Development Corp. 2723 Fort Bragg Road Fayetteville, NC 28305

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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

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

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

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

The County reports the following major governmental funds:

*General Fund.* This fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The County School Fund is a legally adopted budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated into the General Fund.

The County reports the following nonmajor governmental funds:

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**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, School Fund, Cultural and Recreation Fund, Winding Creek Fund and Governmental Fund.

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

The County reports the following major enterprise funds:

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

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

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

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

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

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

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

The County reports the following fund types:

*Internal Service Funds.* The County has a Group Insurance Fund, Employee Flexible Benefit Fund, Workers' Compensation Fund, General Litigation Fund, and a Vehicle Insurance Fund. These funds are used to account for the financing services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**Note 1 - Summary of Significant Accounting Policies (continued)**

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

**Basis of Presentation (continued)**

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.

During fiscal year 2016, the County implemented new Enterprise Resource Planning (ERP) financial software after completing a chart of account conversion, data conversion, new data setup and testing. During this transition, the County took the opportunity to consolidate funds where appropriate. The following consolidations took place: **General Fund** – the Downtown Revitalization Fund Balance (Nonmajor Special Revenue Fund) was closed out to the General Fund; **Internal Service Funds** - the Group Insurance Fund now includes the Retiree Insurance Fund; **Capital Projects Fund** – The School Fund now includes Grays Creek Middle School, New Century Middle School and New Century Elementary School; Governmental Fund now includes Bullard Circle Water Fund; **Enterprise Funds** – Southpoint Water and Sewer District Fund now includes the Southpoint Water Capital Project.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**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, 2016**

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

State law [G.S. 159-30(c)] authorizes the County, the ABC Board, the District, the Bureau, the TDA, and the FCEDC to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**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 went through a financial system conversion in Fiscal Year 2016. The Cash, Cash Equivalents and Investments are now consolidated in the new system as "Cash and Investments Central Deposit". The County maintains a cash and investments pool that is available for used by all funds to facilitate disbursement and investment and to maximize investment income. Each fund type's portion of this pool is displayed on the Fund Balance Sheet as "Cash & Investments Central Deposit." 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, the TDA, and the FCEDC consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

**3. Restricted Assets**

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

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015.

**5. Allowance for Doubtful Accounts**

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

**6. Inventories and Prepaid Items**

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

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, 2016

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

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

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

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

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

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

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

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**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 three items that meet the criterion for this category - prepaid taxes, special assessments receivable, and other pension related deferrals.

**9. Long-term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

**10. Compensated Absences**

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The vacation policy of the Bureau provides for the accumulation of up to sixty-two and one-half (62.50) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the ABC Board and the Bureau, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

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

**11. Net Position/Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, restricted; and unrestricted. Restricted net position 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, 2016

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**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 that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**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)**

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

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

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

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

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

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

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

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

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

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

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, 2016

**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)**

**Spending and Fund Balance Policies**

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

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

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

Total fund balance-General Fund	\$114,135,308
Less:	
Inventories	191,535
Prepays	210
Restricted	9,162,132
Stabilization by State Statute	27,929,111
Committed	2,818,867
Assigned	25,092,014
Appropriated fund balance in FY2017 budget 10% fund balance policy	16,337,899
	<u>32,603,540</u>
Remaining fund balance	<u>\$ -</u>

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

With the implementation of new accounting software during the fiscal year, the County took the opportunity to make a process change related to encumbrances at year-end. The County did not allow the rolling of open purchase orders into fiscal year 2017. Therefore, all open purchase orders were closed out by year-end. If services or goods were yet to be received at the end of fiscal year 2016 on an open purchase order, a re-appropriation of fund balance was approved by the Board during fiscal year 2017.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**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)**

**Spending and Fund Balances Policies (continued)**

The balance of encumbrances as of June 30, 2016 is zero for all funds.

<b>Fund Type</b>	<b>Encumbrances</b>
General Fund	\$ 0
Other Governmental funds	0
Enterprise funds	<u>0</u>
Total	<u>\$ 0</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, the TDA's, and the FCEDC's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the ABC Board's, the District's, the Bureau's, the TDA's, and the FCEDC's agents in these units' names.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**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, the TDA, and the FCEDC, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the ABC Board, the District, the Bureau, the TDA, the FCEDC, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the ABC Board, the District, the Bureau, the TDA, and the FCEDC, under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2016, the County's deposits had a carrying amount of \$84,081,025 and a bank balance of \$84,677,792. Included in the County's deposits is cash of \$1,361,666 for the District, \$1,507,830 for the TDA and \$65,054 for FCEDC. Of the bank balance, \$1,329,396 was covered by federal depository insurance and \$83,348,396 was covered by collateral under the Pooling Method. The County had \$9,960 in the petty cash and change funds. The District had \$100 of petty cash, the TDA and FCEDC had \$0 of petty cash.

At June 30, 2016, the ABC Board's deposits had a carrying amount of \$3,399,126 and a bank balance of \$3,360,446. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,149,126 was covered by collateral under the Pooling Method. The ABC Board had petty cash of \$33,730.

At June 30, 2016, the Bureau's deposits had a carrying amount of \$188,907 and a bank balance of \$1,145,051. Of the bank balance, \$1,111,708 was covered by federal depository insurance include a 13-month Certificate of Deposit for \$131,987 maturing on January 11, 2017, plus interest, a 13-month Certificate of Deposit for \$101,246 maturing on October 13, 2016, plus interest, and a 13-month Certificate of Deposit for \$115,083 maturing on February 04, 2017. Noncurrent investments at June 30, 2016 include a 60-month Certificate of Deposit for \$239,798 maturing on July 21, 2017, plus interest and a 21-month Certificate of Deposit for \$236,251 maturing on September 22, 2017, plus interest.

**B - Investments - County**

Investment Type	Valuation	Fair Value	Less than 6 Months	6 - 12 Months	1 - 2 Years
	Measurement Method				
US Government Agencies/Securities	Fair Value - Level 1	\$ 44,932,212		\$ 37,434,709	\$ 7,497,503
Commercial Paper	Fair Value - Level 2	1,849,781	1,849,781	-	-
NC Capital Management Trust - Cash Portfolio	Amortized Cost	41,717,889	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	9,446,736	N/A	N/A	N/A
Total		<u>\$ 97,946,618</u>	<u>\$ 1,849,781</u>	<u>\$ 37,434,709</u>	<u>\$ 7,497,503</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

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

**B – Investments (continued)**

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

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

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

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

**Credit Risk:** The County has a Board adopted investment policy which places greater restrictions than required under G.S. 159-30(c). This policy seeks to assure investment quality and to mitigate credit risks. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2016, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2016. The County's investments in US Agencies (Federal Home Loan Bank, Federal Farm Credit Banks, Federal National Mortgage Assn and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poors and Aaa by Moody's Investor Service.

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

**Concentration of Credit Risk:** It is the County's policy that no more than 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 37%; 22%; 15%; 6%. The County has approximately 10% invested in US Treasury Bills.

**C - Reconciliation to Cash and Investments**

Total per Statement of Net Position:

	County	ABC Board	District	TDA	Bureau	FCEDC
Cash and investments - unrestricted	\$ 167,774,867	\$ 3,370,097	\$ 1,209,617	\$ 1,507,830	\$ 1,013,272	\$ 65,054
Cash and investments - restricted	10,628,270	62,759	158,535	-	-	-
Cash and cash equivalent - agency funds	683,470	-	-	-	-	-
<b>Total cash and investments</b>	<b>\$ 179,086,607</b>	<b>\$ 3,432,856</b>	<b>\$ 1,368,152</b>	<b>\$ 1,507,830</b>	<b>\$ 1,013,272</b>	<b>\$ 65,054</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

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

**D – Investments – Eastover Sanitary District**

At June 30, 2016, Eastover Sanitary District, a discretely presented component unit, had investments of \$6,486 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, 2016 are as follows:

	<b>Governmental Activities</b>	<b>Business Type Activities</b>
Taxes receivable	\$ 6,457,968	\$ 827
Other receivables	17,373	-
	<u>\$ 6,475,341</u>	<u>\$ 827</u>

The allowance for doubtful accounts for Eastover Sanitary District at June 30, 2016 is \$115,038.

**Note 4 - Capital Assets**

	Beginning Balances	Increases & Adjustments	Decreases & Adjustments	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,574,890	\$ -	\$ 124,397	\$ 18,450,493
Construction in progress	72,079	-	72,079	-
Total capital assets not being depreciated	<u>18,646,969</u>	<u>-</u>	<u>196,476</u>	<u>18,450,493</u>
Capital assets being depreciated:				
Buildings and improvements	282,095,022	1,096,337	-	283,191,359
Equipment, furniture and fixtures	19,834,613	1,223,231	49,147	21,008,697
Vehicles	10,447,239	1,004,262	426,672	11,024,829
Total capital assets being depreciated	<u>312,376,874</u>	<u>3,323,830</u>	<u>475,819</u>	<u>315,224,885</u>
Less accumulated depreciation for:				
Buildings and improvements	95,025,180	7,475,712	-	102,500,892
Equipment, furniture and fixtures	15,444,922	1,156,029	49,147	16,551,804
Vehicles	8,353,396	845,304	388,452	8,810,248
Total accumulated depreciation	<u>118,823,498</u>	<u>\$ 9,477,045</u>	<u>\$ 437,599</u>	<u>127,862,944</u>
Total capital assets being depreciated, net	<u>193,553,376</u>			<u>187,361,941</u>
Governmental activity capital assets, net	<u>\$ 212,200,345</u>			<u>\$ 205,812,434</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, 2016 was as follows:

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

General government	\$ 2,456,869
Public safety	3,132,925
Human services	1,378,365
Economic and physical development	1,422,344
Cultural and recreational	1,086,542
Total depreciation expense	<u>\$ 9,477,045</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 4 - Capital Assets (continued)**

**Primary Government (continued)**

<b>Business-type activities:</b>	Beginning		Decreases &	Ending
	Balances	Increases	Transfers	Balances
<b><i>Cumberland County Solid Waste</i></b>				
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	9,037,346	2,324,829	-	11,362,175
Vehicles	2,732,299	3,125	-	2,735,424
Total capital assets being depreciated	<u>30,011,621</u>	<u>2,327,954</u>	<u>-</u>	<u>32,339,575</u>
Less accumulated depreciation for:				
Landfill	11,332,316	-	-	11,332,316
Building and building improvements	4,909,613	103,154	-	5,012,767
Furniture, fixtures and equipment	7,336,952	587,639	-	7,924,591
Vehicles	2,576,757	50,760	-	2,627,517
Total accumulated depreciation	<u>26,155,638</u>	<u>\$ 741,553</u>	<u>\$ -</u>	<u>26,897,191</u>
Total capital assets being depreciated, net	<u>3,855,983</u>			<u>5,442,384</u>
Cumberland County Solid Waste capital assets, net	<u>\$ 7,186,394</u>			<u>\$ 8,772,795</u>
<b><i>Cumberland County Crown Center</i></b>				
Capital assets not being depreciated:				
Land	\$ 3,503,162	\$ -	\$ -	\$ 3,503,162
Capital assets being depreciated:				
Buildings and building improvements	72,713,898	-	-	72,713,898
Furniture, fixtures and equipment	4,198,028	-	-	4,198,028
Vehicles	26,619	-	-	26,619
Total capital assets being depreciated	<u>76,938,545</u>	<u>-</u>	<u>-</u>	<u>76,938,545</u>
Less accumulated depreciation for:				
Building and building improvements	34,108,507	1,361,964	-	35,470,471
Furniture, fixtures and equipment	3,329,910	194,186	-	3,524,096
Vehicles	26,619	-	-	26,619
Total accumulated depreciation	<u>37,465,036</u>	<u>\$ 1,556,150</u>	<u>\$ -</u>	<u>39,021,186</u>
Total capital assets being depreciated, net	<u>39,473,509</u>			<u>37,917,359</u>
Cumberland County Crown Center capital assets, net	<u>\$ 42,976,671</u>			<u>\$ 41,420,521</u>
<b><i>Kelly Hills Water and Sewer District</i></b>				
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	596,550	87,091	-	683,641
Total accumulated depreciation	<u>596,550</u>	<u>\$ 87,091</u>	<u>\$ -</u>	<u>683,641</u>
Total capital assets being depreciated, net	<u>2,079,948</u>			<u>1,992,857</u>
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 2,079,948</u>			<u>\$ 1,992,857</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 4 - Capital Assets (continued)**

**Primary Government (continued)**

	<u>Balances</u>	<u>Increases</u>	<u>Transfers</u>	<u>Balances</u>
<b><i>Norcross Water and Sewer District</i></b>				
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	2,258,058	549,092	-	2,807,150
Total accumulated depreciation	<u>2,258,058</u>	<u>\$ 549,092</u>	<u>\$ -</u>	<u>2,807,150</u>
Total capital assets being depreciated, net	<u>7,265,565</u>			<u>6,716,473</u>
Norcross Water and Sewer District capital assets, net	<u>\$ 7,265,565</u>			<u>\$ 6,716,473</u>
<b><i>Southpoint Water and Sewer District</i></b>				
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	23,568	11,812	-	35,380
Total accumulated depreciation	<u>23,568</u>	<u>\$ 11,812</u>	<u>\$ -</u>	<u>35,380</u>
Total capital assets being depreciated, net	<u>448,165</u>			<u>436,353</u>
Southpoint Water and Sewer District capital assets, net	<u>\$ 448,165</u>			<u>\$ 436,353</u>
<b><i>Overhills Park Water and Sewer District</i></b>				
Capital assets not being depreciated:				
Land	\$ 9,000	\$ 664	\$ -	\$ 9,664
Construction in progress	77,711	62,933	-	140,644
Total capital assets not being depreciated	<u>86,711</u>	<u>\$ 63,597</u>	<u>\$ -</u>	<u>150,308</u>
Overhills Parks Water and Sewer District capital assets, net	<u>\$ 86,711</u>			<u>\$ 150,308</u>
<b><i>Bragg Estates Water and Sewer District</i></b>				
Capital assets not being depreciated:				
Construction in progress	\$ 27,387	\$ 56,624	\$ -	\$ 84,011
Total capital assets not being depreciated	<u>27,387</u>	<u>\$ 56,624</u>	<u>\$ -</u>	<u>84,011</u>
Bragg Estates Water and Sewer District capital assets, net	<u>\$ 27,387</u>			<u>\$ 84,011</u>
<b>Total Business-type activities capital assets, net</b>	<u>\$ 60,070,841</u>			<u>\$ 59,573,318</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 4 - Capital Assets (continued)**

**Primary Government (continued)**

At June 30, 2016, the County has budgeted approximately \$20,000,000 for various renovation and construction projects. Actual contracts awarded at June 30, 2016 are valued at \$887,349. The remaining commitment on these contracts is approximately \$505,437. Eastover Sanitary District has no outstanding construction contracts at June 30, 2016.

**Discretely Presented Component Units**

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

<b>ABC Board</b>	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,139,010	\$ -	\$ 750	\$ 2,138,260
Capital assets being depreciated:				
Buildings and building improvements	3,686,056	-	6,232	3,679,824
Leasehold improvements	1,001,369	49,745	-	1,051,114
Furniture and equipment	1,109,758	80,549	50,759	1,139,548
Vehicles	358,896	76,659	96,233	339,322
Total capital assets being depreciated	6,156,079	206,953	153,224	6,209,808
Less accumulated depreciation	(3,499,682)	(305,391)	153,224	(3,651,849)
Total capital assets being depreciated, net	2,656,397	\$ (98,438)	\$ -	2,557,959
ABC capital assets, net	<u>\$ 4,795,407</u>			<u>\$ 4,696,219</u>

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

<b>Eastover Sanitary District</b>	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets being depreciated:				
Water lines	\$ 22,835,088	\$ 616,146	\$ -	\$ 23,451,234
Furniture, fixtures and equipment	23,874	-	-	23,874
Total capital assets being depreciated	22,858,962	616,146	-	23,475,108
Less accumulated depreciation	(3,912,877)	(623,114)	-	(4,535,991)
Total capital assets being depreciated, net	18,946,085	\$ (6,968)	\$ -	18,939,117
Eastover Sanitary District capital assets, net	<u>\$ 18,946,085</u>			<u>\$ 18,939,117</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**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	\$ 24,413	\$ 1,106	\$ -	\$ 25,519
Equipment	219,533	7,224	2,517	224,240
Software	94,165	-	41,312	52,853
Capital improvements	150,140	-	-	150,140
Total capital assets being depreciated	488,251	8,330	43,829	452,752
Less accumulated depreciation	(307,393)	(18,443)	43,828	(282,008)
Total capital assets being depreciated, net	180,858	\$ (10,113)	\$ 87,657	170,744
FAVCB capital assets, net	<u>\$ 180,858</u>			<u>\$ 170,744</u>

The following is a summary of proprietary fund-type capital assets for the Fayetteville-Cumberland County Economic Development Corporation at June 30:

<i>Fayetteville-Cumberland County Economic Development</i>	Beginning Balances	Increases	Decreases & Transfers	Ending Balances
Capital assets being depreciated:				
Equipment	\$ -	\$ 11,944	\$ -	\$ 11,944
Capital improvements	-	-	-	-
Total capital assets being depreciated	-	11,944	-	11,944
Less accumulated depreciation	-	(569)	-	(569)
Total capital assets being depreciated, net	-	\$ 11,375	\$ -	11,375
FAVCB capital assets, net	<u>\$ -</u>			<u>\$ 11,375</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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**Note 5 - Pension Plan Obligations (continued)**

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

All full time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015 the Separation Allowance's membership consisted of:

Retirees receiving benefits	31
Active plan members	<u>307</u>
Total	<u>338</u>

A separate report was not issued for the plan.

**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 \$599,386. 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, 2016 was determined as part of the December 31, 2014 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, 2014 was 16 years.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 5 - Pension Plan Obligations (continued)**

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

**Contributions (continued)**

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	\$	593,068
Interest on net pension obligation		(2,375)
Adjustment to annual required contribution		4,174
Annual pension cost		<u>594,867</u>
Contributions made		<u>(599,386)</u>
Increase (decrease) in net pension obligation		(4,519)
Net pension obligation beginning of year		<u>(47,496)</u>
Prepaid pension benefit end of year	\$	<u><u>(52,015)</u></u>

**Funded Status and Funding Progress**

**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>
2014	\$ 486,695	99.67%	\$ (49,192)
2015	590,402	99.71%	(47,496)
2016	594,867	100.76%	(52,015)

As of December 31, 2015, the most recent actuarial valuation date, the plan was 0.00% funded. The actuarial accrued liability for benefits (AAL) was \$7,819,888 and the actuarial value of the assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$7,819,888. The covered payroll (annual payroll of active employees covered by the plan) was \$16,343,167 and the ratio of the UAAL to the covered payroll was 47.85%.

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, 2016, membership of the Board's Separation Allowance consisted of seven active plan members. The Board has chosen to pay benefits and administration costs on a pay as you go basis. The Board paid benefits of \$0 and \$0 for the years ending June 30, 2016 and 2015, 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**Note 5 - Pension Plan Obligations (continued)**

**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](http://www.osc.nc.gov).

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.75% 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 \$6,390,360 for the year ended June 30, 2016.

*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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 5 - Pension Plan Obligations (continued)**

**B - Local Governmental Employees' Retirement System (continued)**

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, 2016, the County reported a liability of \$6,755,643 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was 1.52%, which was an increase of .015% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$3,639,814. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,587,960
Net difference between projected and actual earnings on pension plan investments	-	1,923,312
Changes in proportion and differences between County contributions and proportionate share of contributions	357,938	-
County contributions subsequent to the measurement date	6,390,360	-
<b>Total</b>	<b>\$ 6,748,298</b>	<b>\$ 3,511,272</b>

\$6,390,360 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ (2,122,355)
2018	(2,122,355)
2019	(2,121,071)
2020	3,212,447
2021	-
Thereafter	-

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 5 - Pension Plan Obligations (continued)**

**B - Local Governmental Employees' Retirement System (continued)**

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 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, 2014 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 5 - Pension Plan Obligations (continued)**

**B - Local Governmental Employees' Retirement System (continued)**

*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</u> <u>(6.25%)</u>	<u>Discount Rate</u> <u>(7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 47,108,097	\$ 6,755,643	\$ (27,240,391)

*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, 2016, the Crown reported an asset of \$0 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the Crown's proportion was 0%, which was a decrease of .0005% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Crown recognized a negative pension expense of \$69,872. At June 30, 2016, the Crown 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, 2016**

**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>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	209,679
County contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 209,679</u>

The Crown did not make any pension contributions for the year ended June 30, 2016 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.

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

<b>Year ended June 30:</b>	
2017	\$ (69,872)
2018	(69,872)
2019	(69,182)
2020	(753)
2021	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

**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)***

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, 2014 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

**Note 5 - Pension Plan Obligations (continued)**

**B - Local Governmental Employees' Retirement System (continued)**

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

**C - Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description**

The County and the ABC Board contribute to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County and the ABC Board. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law 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](http://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, 2016 were \$1,100,859 which consisted of \$788,824 from the County and \$312,035 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, 2016, contributions for law enforcement officers were \$23,633 which consisted of \$17,626 from the ABC Board and \$6,007 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2016 were \$178,281 which consisted of \$103,631 from the ABC Board and \$74,650 from the employees.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**Note 5 - Pension Plan Obligations (continued)**

**D - Register of Deeds' Supplemental Pension Fund**

*Plan Description.* Cumberland County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://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 \$27,120 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$800,785 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was 3.45%, which was a decrease of .06% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized negative pension expense of \$14,075. At June 30, 2016, 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, 2016**

**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)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,921	\$ 13,256
Net difference between projected and actual earnings on pension plan investments	42,876	3,161
Changes in proportion and differences between County contributions and proportionate share of contributions	9,188	1,123
County contributions subsequent to the measurement date	27,120	-
Total	<u>\$ 83,105</u>	<u>\$ 17,540</u>

\$27,120 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:**

2017	\$ 10,147
2018	8,282
2019	9,295
2020	10,721
2021	-
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.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**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)**

The actuarial assumptions used in the December 31, 2014 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 2.2%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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.

*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:

	<b>1% Decrease (4.75%)</b>	<b>Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
County's proportionate share of the net pension liability (asset)	\$ (722,482)	\$ (800,785)	\$ (868,167)

*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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

**Note 5 - Pension Plan Obligations (continued)**

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

*Plan Description* - Under the terms of a County resolution, the County administers a single-employer defined benefit Health Care Benefits Plan (the HCB Plan). As of July 1, 2008, this plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees Retirement System and have at least twenty-five years of consecutive years of creditable service with the County. Prior to July 1, 2008, employees qualified for a similar level of benefits after ten years of creditable service with the County. The county is self-insured and contracts with a private insurer to provide all administrative services. (Note: The County will no longer offer retiree health insurance for employees hired after June 30, 2016.)

Membership of the HCB Plan consisted of the following as December 31, 2015 the date of the latest actuarial valuation:

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

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

The current ARC rate is 10.26% of annual valuation compensation\*. (\*Reported annual payroll adjusted for expected changes during the year.) I. For the current year the County contributed \$6,587,209 or 7.26% of annual valuation compensation.

**Summary of Significant Accounting Policies**

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

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 5 - Pension Plan Obligations (continued)**

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

**Summary of Significant Accounting Policies**

Employer annual required contribution	\$ 15,012,521
Interest on net OPEB obligation	4,215,182
Adjustment to annual required contribution	<u>(4,026,808)</u>
Annual OPEB cost	15,200,895
Employer contributions made	<u>(6,587,209)</u>
Increase (decrease) in net OPEB obligation	8,613,686
Net OPEB obligation beginning of year	<u>105,379,548</u>
Net OPEB obligation end of year	<u>\$ 113,993,234</u>

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

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 19,411,084	26.85%	\$ 97,001,821
2015	14,748,661	43.20%	105,379,548
2016	15,200,895	43.33%	113,993,234

**Funding Status and Funding Progress**

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and thus, the unfunded actuarial accrued liability (UAAL) was \$231,398,326. The covered payroll (annual payroll of active employees covered by the plan) was \$85,944,728 and the ratio of the UAAL to the covered payroll was 269.2%. Actuarial valuations of an on-going 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, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and projected annual medical cost trend rate increases of: 7.75% to 5.00% Pre-Medicare and 5.75% to 5.00% Post-Medicare. Both rates included a 3.00% inflation assumption. The actuarial value of the assets, if any, was determined using techniques

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**Note 5 - Pension Plan Obligations (continued)**

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

**Funding Status and Funding Progress (continued)**

that spread the effects of short term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

**ABC Board**

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

**F - Other Employment Benefits**

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

The ABC Board has elected to provide a post-retirement death benefit to the beneficiaries of retired employees. The ABC Board provides \$1,000 to the spouse or estate of a retired employee upon death. Former employees who are currently receiving retirement benefits under the System are eligible for this benefit. This benefit is a fixed amount and can only be changed by action of the Board. The ABC Board has chosen to fund this death benefit on a pay as you go basis and recognize all expenses as they become due. The ABC Board paid \$1,000 in benefits for the year ended June 30, 2016. The ABC Board paid \$0 in benefits for the year ended June 30, 2015. There are currently 10 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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

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

landfill capacity used as of each balance sheet date. The \$11,221,292 reported as landfill closure and postclosure care liability at June 30, 2016 represents a closed landfill with estimated costs of \$120,323, a Construction & Demolition (C&D) landfill with estimated costs of \$2,432,191 and the subtitle D landfill with estimated costs of \$8,668,778. 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 49.71% and 59.39%, respectively, of the total estimated capacity. The County will recognize the remaining estimated post-closure costs of \$250,928 for the old unlined landfill and the cost of closure and post-closure care of \$2,460,283 and \$5,927,382 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 2016. The life expectancy of the C & D landfill is estimated at 11.5 years and the subtitle D landfill at 14.5 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.

**Note 7 - Deferred Outflows and Inflows of Resources**

**Primary Government**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred charge on refunding of debt	\$ 3,309,868	\$ -
Pensions - Difference between expected and actual experience		
LGERS - County		1,587,960
LGERS - Crown Center (Coliseum)	-	-
Register of Deeds	3,921	13,256
Pensions - Net difference between projected and actual earnings on pension plan investments		
LGERS - County	-	1,923,312
LGERS - Crown Center (Coliseum)	-	-
Register of Deeds	42,876	3,161
Pensions - Change in proportion and difference between employer (County) contributions and proportionate share of contributions		
LGERS - County	357,938	-
LGERS - Crown Center (Coliseum)	-	209,679
Register of Deeds	9,188	1,123
Employer (County) contributions subsequent to the measurement date		
LGERS - County	6,390,360	-
LGERS - Crown Center (Coliseum)	-	-
Register of Deeds	27,120	-
Prepaid taxes not yet earned (General)	-	528,275
<b>Total</b>	<u><u>\$ 10,141,271</u></u>	<u><u>\$ 4,266,766</u></u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

**Note 8 - Risk Management**

The County is self-insured with respect to health insurance (up to \$150,000 per occurrence), worker's compensation (up to \$850,000 per occurrence), unemployment compensation and some general liability risks. Losses from asserted claims and from un-asserted claims identified under the County's incident reporting system are accrued based on estimates that incorporate the County's past experience, as well as other considerations including the nature of each claim and relevant trend factors. Incurred but not reported claims have been accrued as a liability based upon the carrier's estimate. Additional Health Insurance stop loss coverage is purchased through the Blue Cross Blue Shield health insurance trust for claims in excess of coverage.

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

The claims liability of each insurance fund at June 30, 2016 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be Reported, if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the balances of claim liabilities for the County during the years ended June 30, 2016 and 2015 were as follows:

	<b>Beginning-of- Fiscal-Year Liability</b>	<b>Current-Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year-End</b>
2014-15	\$ 2,519,990	\$19,299,524	\$ (19,215,893)	\$ 2,603,621
2015-16	2,603,621	21,514,785	(21,333,416)	2,784,990

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

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

Alcohol Beverage Control Board (ABC) – The ABC Board is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workers' compensation and employee health coverage. The ABC Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**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, 2016:

<b>Name of Debt Issue</b>	<b>Issue Date</b>	<b>Purpose of Debt Issue</b>	<b>Interest Rates</b>	<b>Issue Amount</b>	<b>Principal 6/30/16</b>
<b>General Obligation Bonds</b>					
Sanitary Sewer Series 2005	8/22/2005	NORCRESS Sewer	4.125%	\$ 1,250,000	\$ 1,097,000
Refunding Series 2009	7/8/2009	Refund Schools	2.5 - 5.0%	34,670,000	4,810,000
Refunding Series 2011	7/12/2011	Refund Schools	2.0 - 5.0%	12,735,000	10,685,000
Refunding Series 2014	2/20/2014	Refund Schools Refund Library	1.390%	13,614,720 1,455,280	9,589,931 1,025,069
				<u>15,070,000</u>	<u>10,615,000</u>
				<u>\$ 63,725,000</u>	<u>\$ 27,207,000</u>
<b>Certificates of Participation &amp; Limited Obligation Bonds</b>					
COPS Series 2009A	3/25/2009	New Century Elementary School West Regional Library	3.0 - 5.125%	\$ 17,139,835 5,285,165	\$ 11,724,362 3,615,638
				<u>22,425,000</u>	<u>15,340,000</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	24,255,000 5,325,000 16,095,000
				<u>89,490,000</u>	<u>45,675,000</u>
COPS Tax Credit Series 2009 (QSCB)	12/1/2009	Various School Projects	1.25%	15,900,000	9,937,500
LOBS Series 2011A (QSCB) (1)	1/26/2011	New Century Middle School	6.1%	14,805,000	9,870,000
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	14,700,000 11,660,000
				<u>37,755,000</u>	<u>26,360,000</u>
				<u>\$ 180,375,000</u>	<u>\$ 107,182,500</u>
<b>Capital Leases</b>					
SunTrust Leasing	12/9/2004	Energy Savings Projects	3.945%	\$ 4,537,080	\$ 717,492
<b>Installment Financing Notes</b>					
Build America Bonds (ARRA) (2)	5/14/2010	Crown Center Renovations	3.2045%	\$ 1,980,000	\$ 792,000
Recovery Zone Econ Dev Bonds (ARRA) (2)	5/14/2010	Crown Center Renovations	2.7115%	1,138,000	455,200
Fayetteville Tech Comm College (BOA)	12/14/2012	HVAC and Roofing Projects	1.11%	3,198,130	959,439
NC Clean Drinking Water Loan	11/1/2013	Southpoint Water Project	0.00%	100,323	84,924
Fayetteville Tech Comm College (PNC Bank)	10/9/2014	Purchase Building	1.27%	3,000,000	2,400,000
Governmental Capital Improvements (PNC Bank)	6/15/2016	Governmental Capital Projects	1.84%	1,100,000	1,100,000
				<u>\$ 10,516,453</u>	<u>\$ 5,791,563</u>
<b>Total</b>				<u>\$ 259,153,533</u>	<u>\$ 140,898,555</u>

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**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, 2016 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%.

\$ 4,810,000

**\$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%.

10,685,000

**\$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%.

10,615,000

26,110,000

Bond premium

1,079,102

\$ 27,189,102

*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%

\$ 1,097,000

At June 30, 2016, the County had bonds authorized but unissued of \$20,126,000 and a legal debt margin of \$2,094,994,000.

**C - Certificates of Participation and Limited Obligation Bonds**

Certificates of participation and other limited obligation bonds outstanding for the year ended June 30, 2016 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%.

\$ 15,340,000

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

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

\$ 11,400,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 9 - Long-term Obligations (continued)**

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

*Governmental Activities (continued)*

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

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

**\$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 1.25%. 9,937,500

**\$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%. 9,870,000

**\$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%. 26,360,000

82,927,500

3,757,873

\$ 86,685,373

*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%. \$ 16,155,000

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

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

**\$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

24,255,000

1,152,754

\$ 25,407,754

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**Note 9 - Long-term Obligations (continued)**

**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%.

\$ 717,492

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, 2016, the value of the associated capital assets is \$2,708,065.

**E - Installment Financing Obligations**

Installment notes payable at June 30, 2016 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%.

\$ 959,439

**\$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%.

2,400,000

**\$1,100,000 Governmental Capita Improvements (PNC)**

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

1,100,000  
\$ 4,459,439

*Business-type Activities:*

**\$100,323 NC Clean Drinking Water Loan**

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

\$ 84,924

**\$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.

792,000

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

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

455,200  
\$ 1,332,124

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**Note 9 - Long-term Obligations (continued)**

**F - Long-term Obligation Activity**

The following is a summary of changes in the County's long-term obligations as of June 30, 2016:

	<b>Balance</b>				<b>Balance</b>	<b>Current</b>
	<b>June 30, 2015</b>	<b>Increases</b>	<b>Refundings</b>	<b>Decreases</b>	<b>June 30, 2016</b>	<b>Portion of</b>
						<b>Long-term</b>
						<b>Liabilities</b>
<b>Governmental activities:</b>						
General obligation bonds	\$ 33,740,000	\$ -	\$ -	\$ 7,630,000	\$ 26,110,000	\$ 7,415,000
Premium	1,466,484	-	-	387,382	1,079,102	316,962
Capital lease obligations	1,172,987	-	-	455,495	717,492	473,642
COPS & limited obligation bonds	92,913,250	-	-	9,985,750	82,927,500	10,020,750
Premium	4,265,579	-	-	507,706	3,757,873	507,706
Installment notes	4,599,065	1,100,000	-	1,239,626	4,459,439	1,239,626
Accrued vacation	5,687,011	5,798,891	-	5,402,661	6,083,241	5,779,080
OPEB liability	100,988,383	14,763,278	-	6,397,570	109,354,091	-
Net pension liability (LRS)	-	5,809,550	-	-	5,809,550	-
<b>Total governmental activities</b>	<b>\$ 244,832,759</b>	<b>\$ 27,471,719</b>	<b>\$ -</b>	<b>\$ 32,006,190</b>	<b>\$ 240,298,288</b>	<b>\$ 25,752,766</b>

Of the total governmental activities debt listed above, only \$92,887,373 relates to assets for which the County holds title. The Board of Education holds title to certain schools even though the related debt is held by the County. Unspent proceeds related to governmental activities debt amounts to \$1,423,107.

	<b>Balance</b>				<b>Balance</b>	<b>Current</b>
	<b>June 30, 2015</b>	<b>Increases</b>	<b>Refundings</b>	<b>Decreases</b>	<b>June 30, 2016</b>	<b>Portion of</b>
						<b>Long-term</b>
						<b>Liabilities</b>
<b>Business-type activities:</b>						
General obligation bonds	\$ 1,117,000	\$ -	\$ -	\$ 20,000	\$ 1,097,000	\$ 21,000
COPS & limited obligation bonds	26,420,000	-	-	2,165,000	24,255,000	2,250,000
Premium	1,289,715	-	-	136,961	1,152,754	136,961
Installment notes	1,648,919	-	-	316,795	1,332,124	316,796
Accrued landfill closure and postclosure costs	10,776,877	444,415	-	-	11,221,292	35,000
Accrued vacation	139,754	131,265	-	132,767	138,252	131,339
OPEB liability	4,391,165	437,617	-	189,639	4,639,143	-
Net pension liability (LRS)	-	145,308	-	-	145,308	-
<b>Total business-type activities</b>	<b>\$ 45,783,430</b>	<b>\$ 1,158,605</b>	<b>\$ -</b>	<b>\$ 2,961,162</b>	<b>\$ 43,980,873</b>	<b>\$ 2,891,096</b>

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, 2016**

**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
<b>Governmental Activities:</b>										
2017	\$ 7,415,000	\$ 899,299	\$ 10,020,750	\$ 3,802,781	\$ 473,642	\$ 23,679	\$ 1,239,626	\$ 60,103	\$ 19,149,018	\$ 4,785,862
2018	6,765,000	559,514	10,070,750	3,500,243	243,850	4,810	919,813	45,193	17,999,413	4,109,760
2019	6,575,000	379,077	7,340,750	3,201,393	-	-	783,333	35,692	14,699,083	3,616,162
2020	2,405,000	200,975	7,340,750	2,945,929	-	-	783,333	24,592	10,529,083	3,171,496
2021	2,285,000	83,725	7,310,750	2,701,756	-	-	183,333	13,493	9,779,083	2,798,974
2022-2026	665,000	19,900	32,463,750	9,452,066	-	-	550,001	20,240	33,678,751	9,492,206
2027-2031	-	-	8,380,000	535,343	-	-	-	-	8,380,000	535,343
	<u>26,110,000</u>	<u>2,142,490</u>	<u>82,927,500</u>	<u>26,139,511</u>	<u>717,492</u>	<u>28,489</u>	<u>4,459,439</u>	<u>199,313</u>	<u>114,214,431</u>	<u>28,509,803</u>
Premium	1,079,102	-	3,757,873	-	-	-	-	-	4,836,975	-
(Total net of amortization)	<u>\$ 27,189,102</u>	<u>\$ 2,142,490</u>	<u>\$ 86,685,373</u>	<u>\$ 26,139,511</u>	<u>\$ 717,492</u>	<u>\$ 28,489</u>	<u>\$ 4,459,439</u>	<u>\$ 199,313</u>	<u>\$ 119,051,406</u>	<u>\$ 28,509,803</u>
<b>Business-type Activities:</b>										
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	24,000	41,621	2,680,000	586,875	-	-	4,996	-	2,708,996	628,496
2022-2026	137,000	192,390	11,975,000	1,107,562	-	-	24,977	-	12,136,977	1,299,952
2027-2031	168,000	161,576	-	-	-	-	24,978	-	192,978	161,576
2032-2036	206,000	123,999	-	-	-	-	9,991	-	215,991	123,999
2037-2041	250,000	77,962	-	-	-	-	-	-	250,000	77,962
2042-2046	224,000	23,100	-	-	-	-	-	-	224,000	23,100
	<u>1,097,000</u>	<u>796,332</u>	<u>24,255,000</u>	<u>5,170,137</u>	<u>-</u>	<u>-</u>	<u>1,332,124</u>	<u>153,717</u>	<u>26,684,124</u>	<u>6,120,186</u>
Premium	-	-	1,152,754	-	-	-	-	-	1,152,754	-
(Total net of amortization)	<u>\$ 1,097,000</u>	<u>\$ 796,332</u>	<u>\$ 25,407,754</u>	<u>\$ 5,170,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,332,124</u>	<u>\$ 153,717</u>	<u>\$ 27,836,878</u>	<u>\$ 6,120,186</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**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, 2016, the outstanding loan balance is \$84,924. Annual loan payments are \$4,996 ending May 1, 2033.

**H - Conduit Debt Obligations**

The County's Industrial Facility and Pollution Control Financing Authority has at various times issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any other political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds, if any, are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, 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, 2016.

**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, 2016, 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, 2016, the County has unamortized net losses on defeasances of \$711,402 related to prior year refundings of general obligation debt and unamortized losses on defeasances of \$2,598,465 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 \$1,079,102. The carrying value of prior years' refunding certificates of participation and other limited obligation bonds has been adjusted for unamortized premium of \$4,910,627.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**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, 2016 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%. \$ 82,500

**\$380,000 Cumberland County Note**

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

		188,161	
Total		270,661	
Less current portion		(45,751)	
Noncurrent portion		\$ 224,910	

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

Fiscal Year	Principal
2017	\$ 45,751
2018	47,219
2019	48,765
2020	50,395
2021-2022	78,531
	\$ 270,661

The following is a summary of changes in the ABC Board's long-term obligations as of June 30, 2016:

	Balance June 30, 2015	Additions	Payments	Balance June 30, 2016	Current Portion of Long-term Liabilities
Notes payable	\$ 587,962	\$ -	\$ 317,301	\$ 270,661	\$ 45,751
Net Pension Liability	-	143,704	-	\$ 143,704	# -
Separation allowance	269,739	19,239	-	288,978	-
OPEB liability	77,070	23,664	-	100,734	-
	\$ 934,771	\$ 186,607	\$ 317,301	\$ 804,077	\$ 45,751

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**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 2016. Principal payments amounted to \$68,500 during fiscal year 2016.

The District's general obligation bonds payable at June 30, 2016 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%.

\$ 2,331,000

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

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

	<u>921,000</u>
Total	3,252,000
Less current portion	<u>(71,500)</u>
Noncurrent portion	<u>\$ 3,180,500</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>
2017	\$ 71,500	\$ 145,728
2018	74,500	142,525
2019	78,000	139,188
2020	81,500	135,693
2021	85,500	132,041
2022-2026	486,500	599,329
2027-2031	606,000	480,030
2032-2036	751,500	331,461
2037-2041	847,000	152,069
2042-2046	170,000	7,610
	<u>\$ 3,252,000</u>	<u>\$ 2,265,674</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, 2016**

**Note 9 - Long-term Obligations (continued)**

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

The District's revenue bonds payable at June 30, 2016 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%.

\$ 4,800,000

**\$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%.

	1,154,000
Total	5,954,000
Less current portion	<u>(80,000)</u>
Noncurrent portion	<u>\$ 5,874,000</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, 2016 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	\$ 42,577
Less current portion	<u>(21,003)</u>
Noncurrent portion	<u>\$ 21,574</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	\$ 2,283,847
Less current portion	<u>(102,512)</u>
Noncurrent portion	<u>\$ 2,181,335</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2016**

**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>
2017	\$ 203,515	\$ 332,057
2018	212,262	324,091
2019	197,035	315,870
2020	205,559	307,881
2021	214,267	299,548
2022-2026	1,207,949	1,360,222
2027-2031	1,474,994	1,094,344
2032-2036	1,005,843	827,303
2037-2041	959,000	648,909
2042-2046	1,172,000	437,642
2047-2051	1,428,000	179,180
	<u>\$ 8,280,424</u>	<u>\$ 6,127,047</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, 2016:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>	<u>Portion</u>
					<u>of Long-term</u>
					<u>Liabilities</u>
USDA general obligation bonds	\$ 3,320,500	\$ -	\$ 68,500	\$ 3,252,000	\$ 71,500
USDA revenue bonds	6,031,000	-	77,000	5,954,000	80,000
Installment notes	2,445,413	-	118,989	2,326,424	123,515
Accrued Vacation	2,591	6,186	4,084	4,693	4,459
Total	<u>\$ 11,799,504</u>	<u>\$ 6,186</u>	<u>\$ 268,573</u>	<u>\$ 11,537,117</u>	<u>\$ 279,474</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, 2016 is as follows:

	<u>Payable Fund</u>				<u>Total</u>
	<u>Nonmajor</u>	<u>Cumberland</u>	<u>Overhills</u>	<u>Bragg</u>	
<u>Receivable Fund</u>	<u>Governmental</u>	<u>County</u>	<u>Park</u>	<u>Estates</u>	
		<u>Crown Center</u>	<u>Sewer</u>	<u>Sewer</u>	
General Fund	<u>\$ 432,294</u>	<u>\$ 5,500</u>	<u>\$ 46,008</u>	<u>\$ 34,011</u>	<u>\$ 517,813</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, 2016**

**Note 10 - Interfund Balances and Activity (continued)**

**Transfers to/from Other Funds**

Transfers in (out) for the year ended June 30, 2016 are summarized below:

	<b>Transfers in:</b>					<b>Total</b>
	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Cumberland County Crown Center</b>	<b>Solid Waste</b>	<b>Internal Service</b>	
<b>Transfers out:</b>						
General	\$ -	\$ 1,867,557	\$ -	\$ 37,190	\$ 5,577,200	\$ 7,481,947
Nonmajor governmental	1,614,433	-	5,642,832	-	-	7,257,265
Total Transfers out	<u>\$ 1,614,433</u>	<u>\$ 1,867,557</u>	<u>\$ 5,642,832</u>	<u>\$ 37,190</u>	<u>\$ 5,577,200</u>	<u>\$ 14,739,212</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 requirements to provide funding for the community college's facilities. In December 2012, the County borrowed \$3,198,130 from Bank of America to fund various HVAC and roofing projects at the Community College. In October 2014, the County borrowed \$3,000,000 from PNC Bank to reimburse the Community College for the purchase and renovation of a building to be used for the auto collision repair program. As a result of these two installment debt financings, the County has \$3,359,439 in debt outstanding at June 30, 2016 related to the Community College.

The County contributed \$10,104,516 and \$42,205 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2016. FY 2016 budgeted, but unspent capital funds in the amount of \$901,613 remain available for appropriation for capital purposes in future years. In addition, during the fiscal year, the County made debt service payments of \$1,293,701 on the Bank of America and PNC bank installment loans. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2016. 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, 2016**

**Note 12 - Benefit Payments Issued by the State**

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 294,172,577	\$ 158,457,706
TANF	2,990,476	(869)
Special Assistance for Adults	-	1,880,331
Health Choice	4,631,281	237,996
WIC Food Vouchers	9,301,791	-
Adoption Assistance	1,404,885	360,868
	<u>\$ 312,501,010</u>	<u>\$ 160,936,032</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:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2017	\$ 9,125
2018	9,125
	<u>\$ 18,250</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, 2016 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, 2016

Note 13 - Leases (continued)

A - Lessor Arrangements (continued)

Operating Leases (continued)

<u>Fiscal Year Ended</u>	<u>Amount</u>
2017	\$ 85,196
2018	85,196
2019	85,196
2020	85,196
2021	85,196
2022-2026	160,756
2027-2028	22,360
	<u>\$ 609,096</u>

Rental expense for leases was \$85,196 in 2016 and 2015.

The FCEDC leases its building from Fayetteville Technical Community College for \$1,500 per month for 3 years, ending February 28, 2019. The lease includes no provision for increases in rent.

Minimum future rental payments under this lease term in excess of one year as of June 30, 2016 for each of the next three years and in the aggregate are:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2017	\$ 18,000
2018	18,000
2019	12,000
	<u>\$ 48,000</u>

Rental expense was \$10,632 for the period ending June 30, 2016.

**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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**Note 13 - Leases (continued)**

**A - Lessor Arrangements (continued)**

**Management Leases (continued)**

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

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

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

<b>Fiscal Year</b>	<b>Health</b>
<b>End</b>	<b>System</b>
2017	\$ 3,065,000
2018	3,065,000
2019	3,065,000
2020	3,065,000
2021	3,065,000
2022-2026	15,325,000
2027-2028	6,130,000
	<u>\$36,780,000</u>

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**Note 13 - Leases (continued)**

**B - Lessee Arrangements**

The ABC Board leases real property for three store locations under operating leases expiring in various times through the year 2017. Total rent expense, including amounts for common area maintenance, under leases for the years ended June 30, 2016 and June 30, 2015 was \$134,447 and \$129,151, respectively.

At June 30, 2016, future minimum lease payments under all leases are as follows:

<u>Fiscal Year</u> <u>End</u>	<u>Amount</u>
2017	\$ 122,673
2018	125,044
2019	109,213
2020	86,147
2021	81,151
	<u>\$ 524,228</u>

**Note 14 - Contingent Liabilities**

**Federal and State Assisted Programs**

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

**Claims and judgments**

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

**Arbitrage**

The County's bond issues are subject to federal arbitrage regulations, and the County has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. At June 30, 2016, the County has no arbitrage liability. Although future amounts to be paid, if any, are not presently determinable, the County believes that arbitrage payables have been adequately provided for in the accompanying financial statements.

**Note 15 - Deferred Compensation Plan**

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**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**

As a result of disaster brought on by Hurricane Matthew, Cumberland County was declared a state of emergency from October 8, 2016 through October 31, 2016. Severe damage occurred throughout the County as a result of flooding, power outages and wind damage. The County is in the process of working with the Federal Emergency Management Agency and our insurance companies to maximize the recoupment of losses.

**Note 18 - Change in Accounting Principles/Restatement**

In accordance with Governmental Accounting Standards Board (GASB) Statement 73, the County reclassified the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund. As a result, net position for the governmental activities increased by \$2,095,864.

**Note 19 - GASB Pronouncements Implemented**

*GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68."* This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015.

*GASB Statement No. 72, "Fair Value Measurement and Application."* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

*GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments."* This statement supersedes *GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments."* The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2016

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**Note 20 - Stewardship, Compliance, and Accountability**

**Excess of Expenditures over Appropriations**

The following budget variances are not in compliance with legal budgetary control:

Expenditures for the Tourism Development Agency Fund exceeded budget by \$81,599. Appropriations for the TDA are based on occupancy tax collections which get distributed in accordance with legislated percentages. During fiscal year 2016, actual receipts exceeded the budgeted receipts amount and a budget revision was not completed to recognize these additional funds before June 30. However, contractual obligations had to be paid based on the revenues received by year-end.

Expenditures for the Health Insurance Fund exceeded budget by \$580,246. This internal service fund is budgeted based on recent trends of claims costs. The cost rose significantly during the fiscal year and budget adjustments were completed throughout the year. The County underestimated the final year-end projection of cost resulting in an over-expenditure of budget.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

<b>Calendar Year</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll (b-a/c)</b>
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%
2015	-	7,819,888	7,819,888	0.00%	16,343,167	47.85%

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
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%
2016	593,068	100.76%

**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	12/31/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar closed
Remaining amortization period	15 Years
Asset valuation method	Market value
Actuarial assumption	
Investment rate of return*	3.57%
Projected salary increase	3.50 to 7.35%
* 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 Three Fiscal Years \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.553%	1.520%	1.501%
County's proportionate share of the net pension liability (asset) \$	\$ 6,755,643	\$ (8,963,314)	\$ 18,087,992
County's covered-employee payroll	\$ 94,035,999	\$ 90,486,857	\$ 81,788,429
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.18%	-9.91%	22.12%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

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

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	3.456%	3.514%	3.500%
County's proportionate share of the net pension liability (asset) \$	\$ (800,785)	\$ (796,558)	\$ (747,653)
County's covered-employee payroll	\$ 130,670	\$ 128,378	\$ 128,378
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-612.83%	-620.48%	-582.38%
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 27,120	\$ 27,651	\$ 28,693
Contributions in relation to the contractually required contribution	27,120	27,651	28,693
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 130,670	\$ 128,378	\$ 128,378
Contributions as a percentage of covered-employee payroll	20.755%	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%
2015	-	231,398,326	231,398,326	0.00%	85,944,728	269.20%

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

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

**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	12/31/2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, 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	2022
* 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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 100,128,146	\$ 41,927,804
Investments	-	56,931,479
Taxes receivable, net	492,883	284,446
Sales tax receivable	14,106,753	13,427,605
Due from other governments	12,705,875	11,225,368
Patient receivables	-	296,285
Other receivables, net	1,019,792	926,651
Due from other funds	517,813	414,224
Due from component units	552,438	600,286
Inventories	191,535	172,503
Prepays	210	2,381,625
Restricted assets		
Cash and cash equivalents	-	343,510
<b>Total assets</b>	<b>\$ 129,715,445</b>	<b>\$ 128,931,786</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts and vouchers payable	\$ 5,916,571	\$ 7,617,668
Due to other governments	469,444	409,404
Accrued payroll	7,585,922	6,216,621
Other payables	141,757	120,546
<b>Total liabilities</b>	<b>14,113,694</b>	<b>14,364,239</b>
<b>Deferred inflows of resources</b>	<b>1,466,443</b>	<b>1,391,075</b>
<b>Fund balance</b>		
Nonspendable:		
Inventories	191,535	172,503
Prepays	210	2,381,625
Restricted:		
Stabilization by State statute	27,929,111	30,590,474
Register of Deeds	867,507	754,325
County school	8,294,625	6,529,769
Committed:		
Property revaluation	602,906	758,093
LEO special separation allowance	2,215,961	-
Assigned:		
Subsequent year's expenditures	16,337,899	14,523,875
Tax office software	4,500,000	4,500,000
Water & sewer industrial expansion	4,626,523	4,876,523
Economic development incentives	968,841	1,500,000
Mental health services	2,364,920	4,633,970
Public health	2,510,625	-
Renovations and maintenance	3,621,105	5,131,898
Special purposes	4,500,000	2,500,000
Technology upgrades	2,000,000	2,500,000
Unassigned	32,603,540	31,823,417
<b>Total fund balance</b>	<b>114,135,308</b>	<b>113,176,472</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 129,715,445</b>	<b>\$ 128,931,786</b>

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, 2016  
(With Comparative Totals for June 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
<b>Ad valorem taxes</b>				
Current year	\$ 152,104,412	\$ 153,904,343	\$ 1,799,931	\$ 152,193,575
Prior years	1,266,000	1,144,194	(121,806)	1,168,519
Penalties and interest	1,270,000	879,625	(390,375)	1,219,906
Motor vehicle - current	15,771,299	17,076,402	1,305,103	16,363,186
Motor vehicle - prior		142,125	142,125	801,579
Other	785,000	818,782	33,782	790,426
<b>Total ad valorem taxes</b>	<b>171,196,711</b>	<b>173,965,471</b>	<b>2,768,760</b>	<b>172,537,191</b>
<b>Other taxes</b>				
Dog registration fees	284,837	213,492	(71,345)	204,911
Real estate transfer	652,000	879,459	227,459	869,424
Beer and wine	359,300	381,333	22,033	420,124
Sales	39,702,971	41,038,421	1,335,450	39,752,574
Other	556,500	509,025	(47,475)	525,750
<b>Total other taxes</b>	<b>41,555,608</b>	<b>43,021,730</b>	<b>1,466,122</b>	<b>41,772,783</b>
<b>Unrestricted intergovernmental revenues</b>				
Federal	110,000	162,168	52,168	115,522
State government	157,192	129,167	(28,025)	142,432
Fayetteville	7,202,894	7,359,258	156,364	6,956,731
Municipalities	830,234	1,139,608	309,374	1,082,925
Other governmental	1,705,633	3,079,019	1,373,386	2,125,055
<b>Total unrestricted intergovernmental revenues</b>	<b>10,005,953</b>	<b>11,869,220</b>	<b>1,863,267</b>	<b>10,422,665</b>
<b>Restricted intergovernmental revenues</b>				
Federal	933,996	883,828	(50,168)	920,197
NC health programs	5,446,257	4,816,895	(629,362)	5,006,686
NC mental health programs	327,176	367,110	39,934	291,572
NC social services programs	50,297,475	47,830,740	(2,466,735)	46,682,524
NC library programs	534,391	533,075	(1,316)	468,152
NC other restricted revenue	4,612,788	5,157,094	544,306	5,632,584
Other restricted revenue	722,149	695,116	(27,033)	705,392
<b>Total restricted intergovernmental revenues</b>	<b>62,874,232</b>	<b>60,283,858</b>	<b>(2,590,374)</b>	<b>59,707,107</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues (continued)</b>				
<b>Licenses and permits</b>				
Inspection department permits	\$ 634,500	\$ 741,812	\$ 107,312	\$ 727,675
Marriage licenses	73,463	89,925	16,462	94,300
Register of Deeds fees	1,089,769	1,417,147	327,378	1,441,981
<b>Total licenses and permits</b>	<b>1,797,732</b>	<b>2,248,884</b>	<b>451,152</b>	<b>2,263,956</b>
<b>Sales and services</b>				
Health department fees	4,477,124	5,051,416	574,292	4,776,100
Library fees	226,500	206,028	(20,472)	196,460
Sheriff department fees	3,743,114	3,724,316	(18,798)	3,888,922
Social services fees	152,187	98,841	(53,346)	93,404
Other department fees	1,857,758	2,051,353	193,595	1,668,031
<b>Total sales and services</b>	<b>10,456,683</b>	<b>11,131,954</b>	<b>675,271</b>	<b>10,622,917</b>
<b>Interest earned on investments</b>	<b>228,693</b>	<b>296,786</b>	<b>68,093</b>	<b>182,437</b>
<b>Miscellaneous</b>				
Miscellaneous	1,102,926	1,171,024	68,098	601,634
Rent, land, and buildings	4,074,314	4,178,398	104,084	4,189,440
<b>Total miscellaneous</b>	<b>5,177,240</b>	<b>5,349,422</b>	<b>172,182</b>	<b>4,791,074</b>
<b>Total revenues</b>	<b>303,292,852</b>	<b>308,167,325</b>	<b>4,874,473</b>	<b>302,300,130</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Governing body	\$ 562,483	\$ 545,232	\$ 17,251	\$ 542,897
Administration	2,505,714	2,365,588	140,126	2,015,277
Court facilities	160,000	151,414	8,586	71,637
Information services	4,734,599	3,782,964	951,635	3,848,106
Elections	1,504,922	1,286,831	218,091	842,766
Finance	1,123,228	1,103,575	19,653	1,132,350
Legal	843,294	685,233	158,061	722,363
Register of Deeds	2,540,816	2,044,984	495,832	2,094,657
Tax Assessor	5,375,260	4,776,410	598,850	4,944,785
Print, mail & design	2,252,310	1,931,051	321,259	1,958,383
Public building	3,014,224	2,044,043	970,181	2,087,321
Carpenter shop	226,189	225,582	607	216,570
Public buildings - equipment maintenance	1,209,551	1,188,791	20,760	1,164,603
Public buildings - janitorial	738,041	667,412	70,629	698,535
Central maintenance	810,595	774,152	36,443	569,058
Landscaping and grounds	659,328	493,114	166,214	558,016
Property revaluation	606,258	395,406	210,852	307,666
General government - other	2,434,881	1,789,009	645,872	1,893,174
<b>Total general government</b>	<b>31,301,693</b>	<b>26,250,791</b>	<b>5,050,902</b>	<b>25,668,164</b>
<b>Public safety</b>				
Emergency services	3,330,188	3,083,328	246,860	2,848,285
Sheriff	26,937,208	25,655,970	1,281,238	24,495,969
Jail	18,241,106	17,484,921	756,185	16,920,792
School law enforcement-local	4,321,075	4,026,986	294,089	4,155,980
Sheriff's grants	347,722	252,699	95,023	376,208
Animal services	2,833,679	2,805,918	27,761	2,745,023
Public safety other	1,357,342	950,585	406,757	833,439
Criminal justice unit	409,309	392,572	16,737	375,415
Roxie crisis interventioin	327,056	288,307	38,749	159,951
<b>Total public safety</b>	<b>58,104,685</b>	<b>54,941,286</b>	<b>3,163,399</b>	<b>52,911,062</b>
<b>Economic and physical development</b>				
Planning and inspections department	3,273,511	3,017,441	256,070	2,928,405
Engineering	334,522	332,537	1,985	341,706
NC cooperative extension service	681,709	510,278	171,431	417,761
Soil conservation district	72,577	68,698	3,879	70,137
Soil conservation cost share	70,290	69,712	578	67,935
Economic physical development - other	227,750	227,650	100	451,421
Industrial park	2,500	930	1,570	852
Location services	456,305	386,338	69,967	389,471
Economic incentives	568,197	415,535	152,662	489,980
Water & sewer industrial expansion	230,597	-	230,597	365,076
Public utilities	100,939	69,288	31,651	65,875
<b>Total economic and physical development</b>	<b>6,018,897</b>	<b>5,098,407</b>	<b>920,490</b>	<b>5,588,619</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services</b>				
<b>Mental Health</b>				
Mental health other	\$ 5,448,367	\$ 5,133,031	\$ 315,336	\$ 5,971,175
Court ordered evaluations	165,000	138,832	26,168	147,121
Sobriety court	92,176	56,632	35,544	47,800
<b>Subtotal - mental health</b>	<b>5,705,543</b>	<b>5,328,495</b>	<b>377,048</b>	<b>6,166,096</b>
<b>Health</b>				
Health - administration	2,450,936	2,346,445	104,491	2,295,784
Laboratory	334,380	335,963	(1,583)	276,820
Pharmacy	672,441	648,771	23,670	612,888
C. C. Jail health program	3,150,493	3,136,433	14,060	2,516,497
Management support	295,153	286,724	8,429	287,135
NC environmental health	1,518,844	1,496,259	22,585	1,363,392
Immunization clinic	250,949	256,901	(5,952)	238,079
School health program	1,153,924	1,147,458	6,466	1,009,812
Child health clinic	800,312	819,008	(18,696)	732,685
Dental clinic	387,420	324,611	62,809	310,071
Health promotion	396,187	355,915	40,272	332,681
Maternal health clinic	691,397	647,369	44,028	616,892
Medical records	252,647	242,466	10,181	239,642
Breast/cervical cancer	153,227	145,757	7,470	131,827
Child service coordination	729,866	634,345	95,521	611,251
Child fatality prevention	4,033	4,010	23	3,478
Chest TB clinic	149,434	105,937	43,497	121,231
Family planning clinic	949,042	943,075	5,967	898,557
NC general communicable disease	198,714	177,188	21,526	182,076
CDC tuberculosis project	67,649	33,007	34,642	32,122
NC AIDS	156,690	138,301	18,389	98,359
Adult health clinic	973,898	904,278	69,620	969,571
School health	577,849	552,059	25,790	536,317
WIC - clinic services	2,817,565	2,149,815	667,750	2,435,886
Health - other	90,766	90,763	3	93,398
Smart start - Infants	26,440	17,372	9,068	-
Bioterrorism preparedness and response	94,064	70,551	23,513	50,069
STD clinic	1,253,836	1,272,226	(18,390)	1,129,315
Maternal care coordination	1,027,544	739,979	287,565	728,005
Health express	522,780	404,764	118,016	459,614
Community transformation grant	70,206	55,140	15,066	140,262
Health	217,023	214,601	2,422	208,605
<b>Subtotal - health</b>	<b>22,435,709</b>	<b>20,697,491</b>	<b>1,738,218</b>	<b>19,662,321</b>
<b>Welfare</b>				
Social services department	43,609,293	40,015,717	3,593,576	39,401,750
Social services - other	27,252,376	27,181,154	71,222	25,855,220
Grant - FV care center	524,218	467,958	56,260	422,799
Welfare - other	424,086	343,724	80,362	404,228
<b>Subtotal - welfare</b>	<b>71,809,973</b>	<b>68,008,553</b>	<b>3,801,420</b>	<b>66,083,997</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Other human services</b>				
Veterans' services	\$ 371,277	\$ 348,658	\$ 22,619	\$ 356,785
Spring Lake Resource Center	34,242	29,875	4,367	32,351
Child support enforcement	4,869,649	4,738,251	131,398	4,685,849
<b>Subtotal - other human services</b>	<b>5,275,168</b>	<b>5,116,784</b>	<b>158,384</b>	<b>5,074,985</b>
<b>Total human services</b>	<b>105,226,393</b>	<b>99,151,323</b>	<b>6,075,070</b>	<b>96,987,399</b>
<b>Cultural and recreational</b>				
Library	10,896,141	10,604,742	291,399	10,336,187
Law library	96,240	95,144	1,096	91,050
Stadium maintenance	160,313	98,321	61,992	151,354
Culture recreation other	305,816	305,816	-	305,816
Library - grants	260,554	133,599	126,955	172,198
Library - Smart Start - Raise a Reader	124,287	124,060	227	100,973
<b>Total cultural and recreational</b>	<b>11,843,351</b>	<b>11,361,682</b>	<b>481,669</b>	<b>11,157,578</b>
<b>Education</b>				
Public schools - current	79,436,070	79,463,525	(27,455)	78,066,624
Community colleges - current	10,104,516	10,104,516	-	9,647,928
Community colleges - capital outlay	949,010	42,205	906,805	2,989,303
<b>Total education</b>	<b>90,489,596</b>	<b>89,610,246</b>	<b>879,350</b>	<b>90,703,855</b>
<b>Debt service</b>				
Principal payments	19,910,971	19,310,871	600,100	18,838,421
Interest and fees	5,499,816	5,349,679	150,137	5,848,011
Debt issue costs	-	-	-	45,100
<b>Total debt service</b>	<b>25,410,787</b>	<b>24,660,550</b>	<b>750,237</b>	<b>24,731,532</b>
<b>Total expenditures</b>	<b>328,395,402</b>	<b>311,074,285</b>	<b>17,321,117</b>	<b>307,748,209</b>
<b>Revenues over (under) expenditures</b>	<b>(25,102,550)</b>	<b>(2,906,960)</b>	<b>22,195,590</b>	<b>(5,448,079)</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Other financing sources (uses)</b>				
Sale of capital assets	\$ 51,727	\$ 273,441	\$ 221,714	\$ 348,691
Proceeds from installment notes			-	3,000,000
Transfers in	6,796,728	6,786,974	(9,754)	5,677,009
Transfers out	(8,298,867)	(7,481,947)	816,920	(3,511,601)
Fund balance appropriated	26,552,962	-	(26,552,962)	-
<b>Total other financing sources (uses)</b>	<b>25,102,550</b>	<b>(421,532)</b>	<b>(25,524,082)</b>	<b>5,514,099</b>
<b>Revenues and other financing sources (uses) over expenditures</b>	<b>\$ -</b>	<b>(3,328,492)</b>	<b>\$ (3,328,492)</b>	<b>66,020</b>
<b>Fund balance</b>				
Beginning of year - July 1		104,394,661		104,093,146
Restatement - LEOSSA		2,095,864		-
Beginning of year - July 1, as restated		<u>106,490,525</u>		<u>104,093,146</u>
End of year - June 30		<u>\$ 103,162,033</u>		<u>\$ 104,159,166</u>
<b>Reconciliation to H-1:</b>				
General Fund - ending fund balance - June 30		\$ 103,162,033		\$ 104,159,166
County School Fund - ending fund balance - June 30 (H-8)		10,973,275		9,017,306
		<u>\$ 114,135,308</u>		<u>\$ 113,176,472</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, 2016  
(With Comparative Totals for June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Revenues</b>				
Other taxes	\$ 8,370,048	\$ 9,913,132	\$ 1,543,084	\$ 9,458,763
Unrestricted intergovernmental revenue	800,000	876,812	76,812	832,373
Restricted intergovernmental revenue	3,729,951	3,724,973	(4,978)	3,802,117
Interest earned on investments	-	19,338	19,338	767
Miscellaneous	-	73,421	73,421	77,657
<b>Total revenues</b>	<b>12,899,999</b>	<b>14,607,676</b>	<b>1,707,677</b>	<b>14,171,677</b>
<b>Expenditures</b>				
Education				
School capital outlay I	9,931,249	4,870,776	5,060,473	4,402,326
School capital outlay II	2,822,115	2,229,630	592,485	2,324,558
School capital outlay III	681,725	378,760	302,965	247,479
<b>Total expenditures</b>	<b>13,435,089</b>	<b>7,479,166</b>	<b>5,955,923</b>	<b>6,974,363</b>
<b>Revenues over expenditures</b>	<b>(535,090)</b>	<b>7,128,510</b>	<b>7,663,600</b>	<b>7,197,314</b>
<b>Other financing sources (uses)</b>				
Transfers in	313,330	313,330	-	-
Transfers (out)	(5,495,625)	(5,485,871)	9,754	(5,599,514)
Appropriated fund balance	5,717,385	-	(5,717,385)	
<b>Total other financing sources (uses)</b>	<b>535,090</b>	<b>(5,172,541)</b>	<b>(5,707,631)</b>	<b>(5,599,514)</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>1,955,969</b>	<b>\$ 1,955,969</b>	<b>1,597,800</b>
<b>Fund balances</b>				
Beginning of year - July 1		9,017,306		7,419,506
End of year - June 30		<u>\$ 10,973,275</u>		<u>\$ 9,017,306</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and investments	\$ 11,335,341	\$ -	\$ -	\$ 11,335,341
Taxes receivable, net	193,367	-	-	193,367
Sales tax receivable	32,529	3,780	-	36,309
Due from other governments	1,057,247	-	-	1,057,247
Other receivables, net	27,413	-	-	27,413
Restricted assets:				
Cash and investments	662,833	2,679,506	48,451	3,390,790
Accounts receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 13,308,730</b>	<b>\$ 2,683,286</b>	<b>\$ 48,451</b>	<b>\$ 16,040,467</b>
<b>Liabilities deferred inflows of resources and fund balances</b>				
Liabilities:				
Accounts and vouchers payable	\$ 1,574,062	110,296	-	\$ 1,684,358
Due to other governments	30,396	-	-	30,396
Accrued payroll	153,936	-	-	153,936
Other payables	1,300	-	-	1,300
Due to other funds	432,294	-	-	432,294
Total liabilities	<u>2,191,988</u>	<u>110,296</u>	<u>-</u>	<u>2,302,284</u>
<b>Deferred inflows of resources - taxes</b>	<u>193,364</u>	<u>-</u>	<u>-</u>	<u>193,364</u>
Fund balances:				
Restricted:				
Stabilization by State Statute	1,117,192	3,780	-	1,120,972
Inmates	638,782	-	-	638,782
Cemetery	-	-	48,451	48,451
Fire protection	180,022	-	-	180,022
Public safety	2,722,758	-	-	2,722,758
Economic and physical development	(109,558)	905,783	-	796,225
Human services	156,726	1,241,695	-	1,398,421
Cultural and recreational	4,713,105	421,732	-	5,134,837
Assigned:				
Subsequent year's expenditures	1,803,902	-	-	1,803,902
Unassigned	(299,551)	-	-	(299,551)
Total fund balances	<u>10,923,378</u>	<u>2,572,990</u>	<u>48,451</u>	<u>13,544,819</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 13,308,730</b>	<b>\$ 2,683,286</b>	<b>\$ 48,451</b>	<b>\$ 16,040,467</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2016**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 12,070,126	\$ -	\$ -	\$ 12,070,126
Other taxes	6,498,258	-	-	6,498,258
Restricted intergovernmental revenue	9,514,396	1,300,000	-	10,814,396
Sales and services	193,301	-	-	193,301
Interest earned on investments	22,392	4,594	128	27,114
Miscellaneous	388,462	-	2,400	390,862
<b>Total revenues</b>	<u>28,686,935</u>	<u>1,304,594</u>	<u>2,528</u>	<u>29,994,057</u>
<b>Expenditures</b>				
Current:				
Public safety	8,211,040	5	-	8,211,045
Economic and physical development	8,055,307	358,142	-	8,413,449
Human services	1,744,226	58,305	-	1,802,531
Cultural and recreational	4,157,446	-	-	4,157,446
Education	-	1,384	-	1,384
<b>Total expenditures</b>	<u>22,168,019</u>	<u>417,836</u>	<u>-</u>	<u>22,585,855</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>6,518,916</u>	<u>886,758</u>	<u>2,528</u>	<u>7,408,202</u>
<b>Other financing sources (uses)</b>				
Installment purchase proceeds	-	1,100,000	-	1,100,000
Debt issuance costs	-	(33,399)	-	(33,399)
Transfers in	767,557	1,100,000	-	1,867,557
Transfers out	(5,721,550)	(1,535,715)	-	(7,257,265)
<b>Total other financing sources (uses)</b>	<u>(4,953,993)</u>	<u>630,886</u>	<u>-</u>	<u>(4,323,107)</u>
<b>Net change in fund balances</b>	1,564,923	1,517,644	2,528	3,085,095
<b>Fund balance - beginning</b>	<u>9,358,455</u>	<u>1,055,346</u>	<u>45,923</u>	<u>10,459,724</u>
<b>Fund balance - ending</b>	<u>\$ 10,923,378</u>	<u>\$ 2,572,990</u>	<u>\$ 48,451</u>	<u>\$ 13,544,819</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2016

(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
<b>Assets</b>								
Cash and investments	\$ 5,565,867	\$ 2,091,560	\$ 221,889	\$ 1,171,363	\$ 413,050	\$ 188,872	\$ 75,884	\$ 59,813
Taxes receivable, net	-	-	-	63,580	-	-	-	-
Sales tax receivable	-	3,025	1,021	13,540	464	369	-	14,110
Due from other governments	-	99,222	418,805	42,728	-	184,338	-	230,174
Other receivables, net	-	235	-	-	-	25,774	-	1,090
Restricted assets:								
Cash and investments	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 5,565,867</u>	<u>\$ 2,194,042</u>	<u>\$ 641,715</u>	<u>\$ 1,291,211</u>	<u>\$ 413,514</u>	<u>\$ 399,353</u>	<u>\$ 75,884</u>	<u>\$ 305,187</u>
<b>Liabilities:</b>								
Accounts and vouchers payable	\$ -	\$ 3,358	\$ 207,099	\$ 360,035	\$ 168,311	\$ 62,263	\$ -	\$ 105,481
Due to other governments	-	-	-	23	-	30,373	-	-
Accrued payroll	-	-	53,473	-	38,013	7,836	-	49,665
Other payables	-	-	-	-	-	-	-	1,300
Due to other funds	-	-	146,759	-	-	220,006	-	46,427
Total liabilities	<u>-</u>	<u>3,358</u>	<u>407,331</u>	<u>360,058</u>	<u>206,324</u>	<u>320,478</u>	<u>-</u>	<u>202,873</u>
<b>Deferred inflows of resources - taxes</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>								
Restricted:								
Stabilization by State Statute	-	102,482	419,826	56,268	464	210,481	-	245,374
Inmates	-	-	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-	-	-
Public safety	-	2,088,202	-	-	-	-	-	-
Economic and physical development	-	-	(185,442)	-	-	-	75,884	-
Human services	-	-	-	-	156,726	-	-	-
Cultural and recreational	3,901,800	-	-	811,305	-	-	-	-
Assigned:								
Subsequent year's expenditures	1,664,067	-	-	-	50,000	-	-	24,885
Unassigned	-	-	-	-	-	(131,606)	-	(167,945)
Total fund balances	<u>5,565,867</u>	<u>2,190,684</u>	<u>234,384</u>	<u>867,573</u>	<u>207,190</u>	<u>78,875</u>	<u>75,884</u>	<u>102,314</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 5,565,867</u>	<u>\$ 2,194,042</u>	<u>\$ 641,715</u>	<u>\$ 1,291,211</u>	<u>\$ 413,514</u>	<u>\$ 399,353</u>	<u>\$ 75,884</u>	<u>\$ 305,187</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2016**

(concluded)

	<b>Fire Protection Fund</b>	<b>Federal Drug Justice Fund</b>	<b>Federal Drug Forfeiture Fund</b>	<b>North Carolina Controlled Substance Fund</b>	<b>Injured Animal Stabilization Fund</b>	<b>Inmate Welfare Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets</b>							
Cash and investments	\$ 843,599	\$ 348,121	\$ 20,284	\$ 286,065	\$ 48,974	\$ -	\$ 11,335,341
Taxes receivable, net	129,787	-	-	-	-	-	193,367
Sales tax receivable	-	-	-	-	-	-	32,529
Due from other governments	81,357	-	-	372	251	-	1,057,247
Other receivables, net	-	314	-	-	-	-	27,413
Restricted assets:							
Cash and investments	-	-	-	-	-	662,833	662,833
<b>Total assets</b>	<b>\$ 1,054,743</b>	<b>\$ 348,435</b>	<b>\$ 20,284</b>	<b>\$ 286,437</b>	<b>\$ 49,225</b>	<b>\$ 662,833</b>	<b>\$ 13,308,730</b>
<b>Liabilities:</b>							
Accounts and vouchers payable	\$ 663,577	\$ 3,855	\$ -	\$ -	\$ 83	\$ -	\$ 1,574,062
Due to other governments	-	-	-	-	-	-	30,396
Accrued payroll	-	-	-	-	-	4,949	153,936
Other payables	-	-	-	-	-	-	1,300
Due to other funds	-	-	-	-	-	19,102	432,294
<b>Total liabilities</b>	<b>663,577</b>	<b>3,855</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>24,051</b>	<b>2,191,988</b>
<b>Deferred inflows of resources - taxes</b>	<b>129,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,364</b>
<b>Fund balances:</b>							
Restricted:							
Stabilization by State Statute	81,360	314	-	372	251	-	1,117,192
Inmates	-	-	-	-	-	638,782	638,782
Fire protection	180,022	-	-	-	-	-	180,022
Public safety	-	279,316	20,284	286,065	48,891	-	2,722,758
Economic and physical development	-	-	-	-	-	-	(109,558)
Human services	-	-	-	-	-	-	156,726
Cultural and recreational	-	-	-	-	-	-	4,713,105
Assigned:							
Subsequent year's expenditures	-	64,950	-	-	-	-	1,803,902
Unassigned	-	-	-	-	-	-	(299,551)
<b>Total fund balances</b>	<b>261,382</b>	<b>344,580</b>	<b>20,284</b>	<b>286,437</b>	<b>49,142</b>	<b>638,782</b>	<b>10,923,378</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,054,743</b>	<b>\$ 348,435</b>	<b>\$ 20,284</b>	<b>\$ 286,437</b>	<b>\$ 49,225</b>	<b>\$ 662,833</b>	<b>\$ 13,308,730</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 Year Ended June 30, 2016

(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
<b>Revenues</b>								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 4,162,692	\$ -	\$ -	\$ -	\$ -
Other taxes	6,498,258	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	1,180,957	3,335,801	7,602	1,154,356	908,070	-	2,741,420
Sales and services	-	-	9,248	-	159,432	24,621	-	-
Interest earned on investments	10,078	5,570	-	3,293	373	311	-	-
Miscellaneous	-	-	-	-	-	-	-	57,661
Total revenues	<u>6,508,336</u>	<u>1,186,527</u>	<u>3,345,049</u>	<u>4,173,587</u>	<u>1,314,161</u>	<u>933,002</u>	<u>-</u>	<u>2,799,081</u>
<b>Expenditures</b>								
Current:								
Public safety	-	-	-	-	-	-	-	-
Economic and physical development	-	752,664	3,411,654	-	-	1,015,834	-	2,875,155
Human services	-	-	-	-	1,744,226	-	-	-
Cultural and recreational	-	-	-	4,157,446	-	-	-	-
Total expenditures	<u>-</u>	<u>752,664</u>	<u>3,411,654</u>	<u>4,157,446</u>	<u>1,744,226</u>	<u>1,015,834</u>	<u>-</u>	<u>2,875,155</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>6,508,336</u>	<u>433,863</u>	<u>(66,605)</u>	<u>16,141</u>	<u>(430,065)</u>	<u>(82,832)</u>	<u>-</u>	<u>(76,074)</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	63,686	-	444,055	111,722	-	148,094
Transfers out	(5,697,550)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(5,697,550)</u>	<u>-</u>	<u>63,686</u>	<u>-</u>	<u>444,055</u>	<u>111,722</u>	<u>-</u>	<u>148,094</u>
<b>Net change in fund balances</b>	810,786	433,863	(2,919)	16,141	13,990	28,890	-	72,020
<b>Fund balance - beginning</b>	<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>
<b>Fund balance - ending</b>	<u>\$ 5,565,867</u>	<u>\$ 2,190,684</u>	<u>\$ 234,384</u>	<u>\$ 867,573</u>	<u>\$ 207,190</u>	<u>\$ 78,875</u>	<u>\$ 75,884</u>	<u>\$ 102,314</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2016**

(concluded)

	<b>Fire Protection Fund</b>	<b>Federal Drug Justice Fund</b>	<b>Federal Drug Forfeiture Fund</b>	<b>North Carolina Controlled Substance Fund</b>	<b>Injured Animal Stabilization Fund</b>	<b>Inmate Welfare Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues</b>							
Ad valorem taxes	\$ 7,907,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,070,126
Other taxes	-	-	-	-	-	-	6,498,258
Restricted intergovernmental revenue	-	135,113	-	36,083	14,994	-	9,514,396
Sales and services	-	-	-	-	-	-	193,301
Interest earned on investments	1,424	645	65	633	-	-	22,392
Miscellaneous	-	-	-	-	-	330,801	388,462
Total revenues	<u>7,908,858</u>	<u>135,758</u>	<u>65</u>	<u>36,716</u>	<u>14,994</u>	<u>330,801</u>	<u>28,686,935</u>
<b>Expenditures</b>							
Current:							
Public safety	7,916,802	93,412	-	32,496	7,708	160,622	8,211,040
Economic and physical development	-	-	-	-	-	-	8,055,307
Human services	-	-	-	-	-	-	1,744,226
Cultural and recreational	-	-	-	-	-	-	4,157,446
Total expenditures	<u>7,916,802</u>	<u>93,412</u>	<u>-</u>	<u>32,496</u>	<u>7,708</u>	<u>160,622</u>	<u>22,168,019</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(7,944)</u>	<u>42,346</u>	<u>65</u>	<u>4,220</u>	<u>7,286</u>	<u>170,179</u>	<u>6,518,916</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	767,557
Transfers out	(24,000)	-	-	-	-	-	(5,721,550)
Total other financing sources (uses)	<u>(24,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,953,993)</u>
<b>Net change in fund balances</b>	<u>(31,944)</u>	<u>42,346</u>	<u>65</u>	<u>4,220</u>	<u>7,286</u>	<u>170,179</u>	<u>1,564,923</u>
<b>Fund balance - beginning</b>	<u>293,326</u>	<u>302,234</u>	<u>20,219</u>	<u>282,217</u>	<u>41,856</u>	<u>468,603</u>	<u>9,358,455</u>
<b>Fund balance - ending</b>	<u>\$ 261,382</u>	<u>\$ 344,580</u>	<u>\$ 20,284</u>	<u>\$ 286,437</u>	<u>\$ 49,142</u>	<u>\$ 638,782</u>	<u>\$ 10,923,378</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Other taxes	\$ 5,607,413	\$ 6,498,258	\$ 890,845	\$ 6,270,473
Interest earned on investments	350	10,078	9,728	783
<b>Total revenues</b>	<u>5,607,763</u>	<u>6,508,336</u>	<u>900,573</u>	<u>6,271,256</u>
<b>Expenditures</b>				
<b>Current</b>				
Cultural and recreational		-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues over expenditures</b>	<u>5,607,763</u>	<u>6,508,336</u>	<u>900,573</u>	<u>6,271,256</u>
<b>Other financing sources (uses)</b>				
Transfers (out)	(8,042,543)	(5,697,550)	2,344,993	(5,385,347)
Appropriated fund balance	2,434,780	-	(2,434,780)	-
<b>Total other financing sources (uses)</b>	<u>(5,607,763)</u>	<u>(5,697,550)</u>	<u>(89,787)</u>	<u>(5,385,347)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>810,786</u>	<u>\$ 810,786</u>	<u>885,909</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>4,755,081</u>		<u>3,869,172</u>
End of year - June 30		<u>\$ 5,565,867</u>		<u>\$ 4,755,081</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,181,405	\$ 1,180,957	\$ (448)	\$ 917,914
Interest earned on investments	-	5,570	5,570	1,533
<b>Total revenues</b>	<u>1,181,405</u>	<u>1,186,527</u>	<u>5,122</u>	<u>919,447</u>
<b>Expenditures</b>				
Economic and physical development:				
Implemental functions	191,000	230,762	(39,762)	227,882
Telephone/furniture	330,385	235,544	94,841	229,067
Software	192,263	107,069	85,194	118,595
Hardware	118,817	145,732	(26,915)	84,927
Training	53,000	28,872	24,128	14,873
Capital outlay	125,132	-	125,132	-
Other	230,651	4,685	225,966	4,752
<b>Total expenditures</b>	<u>1,241,248</u>	<u>752,664</u>	<u>488,584</u>	<u>680,096</u>
<b>Revenues over expenditures</b>	<u>(59,843)</u>	<u>433,863</u>	<u>493,706</u>	<u>239,351</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	59,843	-	(59,843)	-
Transfers in	-	-	-	110,394
<b>Total other financing sources (uses)</b>	<u>59,843</u>	<u>-</u>	<u>(59,843)</u>	<u>110,394</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>433,863</u>	<u>\$ 433,863</u>	<u>349,745</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>1,756,821</u>		<u>1,407,076</u>
End of year - June 30		<u>\$ 2,190,684</u>		<u>\$ 1,756,821</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 4,024,809	\$ 3,335,801	\$ (689,008)	\$ 602,761
Sales and services	9,250	9,248	(2)	9,234
<b>Total revenues</b>	<u>4,034,059</u>	<u>3,345,049</u>	<u>(689,010)</u>	<u>611,995</u>
<b>Expenditures</b>				
Economic and physical development:				
WIA programs	3,416,831	2,730,967	685,864	
Senior Aides	684,899	680,687	4,212	659,192
<b>Total expenditures</b>	<u>4,101,730</u>	<u>3,411,654</u>	<u>690,076</u>	<u>659,192</u>
<b>Revenues over expenditures</b>	<u>(67,671)</u>	<u>(66,605)</u>	<u>1,066</u>	<u>(47,197)</u>
<b>Other financing sources (uses)</b>				
Transfers in	67,671	63,686	(3,985)	61,197
<b>Total other financing sources (uses)</b>	<u>67,671</u>	<u>63,686</u>	<u>(3,985)</u>	<u>61,197</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(2,919)</u>	<u>\$ (2,919)</u>	<u>14,000</u>
<b>Fund balances</b>				
Beginning of year - July 1		237,303		223,303
End of year - June 30		<u>\$ 234,384</u>		<u>\$ 237,303</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Recreation Fund  
Year Ended June 30, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Revenues</b>				
Ad valorem taxes	\$ 5,228,951	\$ 4,162,692	\$ (1,066,259)	\$ 4,109,698
Restricted intergovernmental revenue		7,602	7,602	14,950
Interest earned on investments		3,293	3,293	177
<b>Total revenues</b>	<u>5,228,951</u>	<u>4,173,587</u>	<u>(1,055,364)</u>	<u>4,124,825</u>
<b>Expenditures</b>				
Culture and recreational	3,858,951	3,759,855	99,096	4,072,513
Capital outlay	1,590,500	397,591	1,192,909	3,445
<b>Total expenditures</b>	<u>5,449,451</u>	<u>4,157,446</u>	<u>1,292,005</u>	<u>4,075,958</u>
<b>Revenues over expenditures</b>	<u>(220,500)</u>	<u>16,141</u>	<u>236,641</u>	<u>48,867</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	220,500	-	(220,500)	-
<b>Total other financing sources (uses)</b>	<u>220,500</u>	<u>-</u>	<u>(220,500)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>16,141</u>	<u>\$ 16,141</u>	<u>48,867</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>851,432</u>		<u>802,565</u>
End of year - June 30		<u>\$ 867,573</u>		<u>\$ 851,432</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,214,512	\$ 1,154,356	\$ (60,156)	\$ 1,150,662
Sales and services	160,351	159,432	(919)	151,924
Interest earned on investments	-	373	373	34
<b>Total revenues</b>	<u>1,374,863</u>	<u>1,314,161</u>	<u>(60,702)</u>	<u>1,302,620</u>
<b>Expenditures</b>				
Human services				
JCP programs	1,142,877	1,056,018	86,859	1,044,815
Residential group home	723,073	688,208	34,865	692,117
<b>Total expenditures</b>	<u>1,865,950</u>	<u>1,744,226</u>	<u>121,724</u>	<u>1,736,932</u>
<b>Revenues over expenditures</b>	<u>(491,087)</u>	<u>(430,065)</u>	<u>61,022</u>	<u>(434,312)</u>
<b>Other financing sources (uses)</b>				
Transfers in	407,108	444,055	36,947	409,744
Appropriated fund balance	83,979		(83,979)	-
<b>Total other financing sources (uses)</b>	<u>491,087</u>	<u>444,055</u>	<u>(47,032)</u>	<u>409,744</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>13,990</u>	<u>\$ 13,990</u>	<u>(24,568)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>193,200</u>		<u>217,768</u>
End of year - June 30		<u>\$ 207,190</u>		<u>\$ 193,200</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Transportation Fund  
Year Ended June 30, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,717,402	\$ 908,070	\$ (809,332)	\$ 1,154,772
Sales and services	48,997	24,621	(24,376)	9,708
Interest earned on investments	-	311	311	30
Miscellaneous	-	-	-	1
<b>Total revenues</b>	<u>1,766,399</u>	<u>933,002</u>	<u>(833,397)</u>	<u>1,164,511</u>
<b>Expenditures</b>				
Economic and physical development	<u>1,900,324</u>	<u>1,015,834</u>	<u>884,490</u>	<u>1,272,468</u>
<b>Total expenditures</b>	<u>1,900,324</u>	<u>1,015,834</u>	<u>884,490</u>	<u>1,272,468</u>
<b>Revenues over expenditures</b>	<u>(133,925)</u>	<u>(82,832)</u>	<u>51,093</u>	<u>(107,957)</u>
<b>Other financing sources (uses)</b>				
Transfers in	133,925	111,722	(22,203)	98,986
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>133,925</u>	<u>111,722</u>	<u>(22,203)</u>	<u>98,986</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>28,890</u>	<u>\$ 28,890</u>	<u>(8,971)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>49,985</u>		<u>58,956</u>
End of year - June 30		<u>\$ 78,875</u>		<u>\$ 49,985</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ -	\$ -	\$ 75
<b>Total revenues</b>	-	-	-	75
<b>Expenditures</b>				
<b>Total expenditures</b>	-	-	-	4,028
<b>Revenues over expenditures</b>	-	-	-	(3,953)
<b>Other financing sources (uses)</b>				
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	(3,953)
<b>Fund balances</b>				
Beginning of year - July 1		75,884		79,837
End of year - June 30		<u>\$ 75,884</u>		<u>\$ 75,884</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Community Development Fund  
Year Ended June 30, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 4,197,616	\$ 2,741,420	\$ (1,456,196)	\$ 2,211,229
Miscellaneous	55,402	57,661	2,259	69,372
<b>Total revenues</b>	<u>4,253,018</u>	<u>2,799,081</u>	<u>(1,453,937)</u>	<u>2,280,601</u>
<b>Expenditures</b>				
Economic and physical development				
Administration	407,053	312,637	94,416	299,421
Economic Development	1,107,053	714,072	392,981	1,028,452
Housing activities	1,376,772	592,675	784,097	425,112
Public facilities	500,000	498,987	1,013	
Public services	224,267	115,930	108,337	108,621
Program grants	880,112	372,257	507,855	272,241
Program grants	299,833	268,597	31,236	255,809
<b>Total expenditures</b>	<u>4,795,090</u>	<u>2,875,155</u>	<u>1,919,935</u>	<u>2,389,656</u>
<b>Revenues over (under) expenditures</b>	<u>(542,072)</u>	<u>(76,074)</u>	<u>465,998</u>	<u>(109,055)</u>
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	-	-	
Transfers in	501,370	148,094	(353,276)	49,570
Appropriated fund balance	40,702	-	(40,702)	-
<b>Total other financing sources (uses)</b>	<u>542,072</u>	<u>148,094</u>	<u>(393,978)</u>	<u>49,570</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>72,020</u>	<u>\$ 72,020</u>	<u>(59,485)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>30,294</u>		<u>89,779</u>
End of year - June 30		<u>\$ 102,314</u>		<u>\$ 30,294</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Revenues</b>				
Ad valorem taxes	\$ 8,054,333	\$ 7,907,434	\$ (146,899)	\$ 7,787,907
Interest earned on investments	2,350	1,424	(926)	105
<b>Total revenues</b>	<u>8,056,683</u>	<u>7,908,858</u>	<u>(147,825)</u>	<u>7,788,012</u>
<b>Expenditures</b>				
Public safety	<u>8,032,683</u>	<u>7,916,802</u>	<u>115,881</u>	<u>7,741,047</u>
<b>Total expenditures</b>	<u>8,032,683</u>	<u>7,916,802</u>	<u>115,881</u>	<u>7,741,047</u>
<b>Revenues over expenditures</b>	<u>24,000</u>	<u>(7,944)</u>	<u>(31,944)</u>	<u>46,965</u>
<b>Other financing sources (uses)</b>				
Transfers out	(24,000)	(24,000)	-	(24,000)
Appropriated fund balance		-	-	-
<b>Total other financing sources (uses)</b>	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>	<u>(24,000)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(31,944)</u>	<u>\$ (31,944)</u>	<u>22,965</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>293,326</u>		<u>270,361</u>
End of year - June 30		<u>\$ 261,382</u>		<u>\$ 293,326</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Federal Drug Justice Fund  
Year Ended June 30, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 70,000	\$ 135,113	\$ 65,113	\$ 26,271
Interest earned on investments	-	645	645	75
<b>Total revenues</b>	<u>70,000</u>	<u>135,758</u>	<u>65,758</u>	<u>26,346</u>
<b>Expenditures</b>				
Public safety	91,250	88,412	2,838	289,383
Capital outlay	5,000	5,000	-	215,394
<b>Total expenditures</b>	<u>96,250</u>	<u>93,412</u>	<u>2,838</u>	<u>504,777</u>
<b>Revenues over expenditures</b>	<u>(26,250)</u>	<u>42,346</u>	<u>68,596</u>	<u>(478,431)</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	26,250	-	(26,250)	
<b>Total other financing sources (uses)</b>	<u>26,250</u>	<u>-</u>	<u>(26,250)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>42,346</u>	<u>\$ 42,346</u>	<u>(478,431)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>302,234</u>		<u>780,665</u>
End of year - June 30		<u>\$ 344,580</u>		<u>\$ 302,234</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Interest income	-	65	65	2
<b>Total revenues</b>	-	65	65	2
<b>Total expenditures</b>	-	-	-	-
<b>Revenues over expenditures</b>	-	65	65	2
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>65</u>	<u>\$ 65</u>	<u>2</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>20,219</u>		<u>20,217</u>
End of year - June 30		<u>\$ 20,284</u>		<u>\$ 20,219</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 14,469	\$ 36,083	\$ 21,614	\$ 30,201
Interest earned on investments	-	633	633	48
<b>Total revenues</b>	<u>14,469</u>	<u>36,716</u>	<u>22,247</u>	<u>30,249</u>
<b>Expenditures</b>				
Public safety	<u>50,000</u>	<u>32,496</u>	<u>17,504</u>	<u>3,193</u>
<b>Total expenditures</b>	<u>50,000</u>	<u>32,496</u>	<u>17,504</u>	<u>3,193</u>
<b>Revenues over expenditures</b>	<u>(35,531)</u>	<u>4,220</u>	<u>39,751</u>	<u>27,056</u>
<b>Total other financing sources (uses)</b>	<u>35,531</u>	<u>-</u>	<u>(35,531)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>4,220</u>	<u>\$ 4,220</u>	<u>27,056</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>282,217</u>		<u>255,161</u>
End of year - June 30		<u>\$ 286,437</u>		<u>\$ 282,217</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 9,379	\$ 14,994	\$ 5,615	\$ 21,690
<b>Total revenues</b>	<u>9,379</u>	<u>14,994</u>	<u>5,615</u>	<u>21,690</u>
<b>Expenditures</b>				
Public safety	9,379	7,708	1,671	6,761
<b>Total expenditures</b>	<u>9,379</u>	<u>7,708</u>	<u>1,671</u>	<u>6,761</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>7,286</u>	<u>7,286</u>	<u>14,929</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance		-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>7,286</u>	<u>\$ 7,286</u>	<u>14,929</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>41,856</u>		<u>26,927</u>
End of year - June 30		<u>\$ 49,142</u>		<u>\$ 41,856</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, 2016  
(With Comparative Totals for Year Ended June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ -	\$ -	\$ -
Miscellaneous	630,000	330,801	(299,199)	462,361
<b>Total revenues</b>	<u>630,000</u>	<u>330,801</u>	<u>(299,199)</u>	<u>462,361</u>
<b>Expenditures</b>				
Public safety	630,000	160,622	469,378	370,461
<b>Total expenditures</b>	<u>630,000</u>	<u>160,622</u>	<u>469,378</u>	<u>370,461</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>170,179</u>	<u>170,179</u>	<u>91,900</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>170,179</u>	<u>\$ 170,179</u>	<u>91,900</u>
<b>Fund balances</b>				
Beginning of year - July 1		468,603		376,703
End of year - June 30		<u>\$ 638,782</u>		<u>\$ 468,603</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2016**

	<u>Detention Facility Expansion Fund</u>	<u>School Fund</u>	<u>Cultural and Recreation Fund</u>	<u>Winding Creek Fund</u>	<u>Governmental Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Assets</b>						
Sales tax receivable	\$ -	\$ -	\$ -	\$ -	\$ 3,780	\$ 3,780
Restricted assets:						
Cash and investments	-	-	421,732	1,274,650	983,124	2,679,506
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,732</u>	<u>\$ 1,274,650</u>	<u>\$ 986,904</u>	<u>\$ 2,683,286</u>
<b>Liabilities and fund balances</b>						
Liabilities:						
Accounts and vouchers payable	\$ -	\$ -	\$ -	\$ 32,955	\$ 77,341	\$ 110,296
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,955</u>	<u>77,341</u>	<u>110,296</u>
Fund balances:						
Restricted:						
Stabilization by State Statute	-	-	-	-	3,780	3,780
Cultural and recreational	-	-	421,732	-	-	421,732
Economic and physical development	-	-	-	-	905,783	905,783
Human services	-	-	-	1,241,695	-	1,241,695
Total fund balances	<u>-</u>	<u>-</u>	<u>421,732</u>	<u>1,241,695</u>	<u>909,563</u>	<u>2,572,990</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,732</u>	<u>\$ 1,274,650</u>	<u>\$ 986,904</u>	<u>\$ 2,683,286</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Project Funds  
Year Ended June 30, 2016**

	<b>Detention Facility Expansion Fund</b>	<b>School Fund</b>	<b>Cultural and Recreation Fund</b>	<b>Winding Creek Fund</b>	<b>Governmental Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues</b>						
Interest earned on investments	\$ -	\$ -	\$ 814	\$ -	\$ 3,780	\$ 4,594
Intergovernmental revenue	-	-	-	1,300,000	-	1,300,000
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>814</u>	<u>1,300,000</u>	<u>3,780</u>	<u>1,304,594</u>
<b>Expenditures</b>						
<b>Capital outlay</b>						
Public safety	5	-	-	-	-	5
Economic and physical development	-	-	-	-	358,142	358,142
Education	-	1,384	-	-	-	1,384
Human services	-	-	-	58,305	-	58,305
<b>Total expenditures</b>	<u>5</u>	<u>1,384</u>	<u>-</u>	<u>58,305</u>	<u>358,142</u>	<u>417,836</u>
<b>Revenues over (under) expenditures</b>	<u>(5)</u>	<u>(1,384)</u>	<u>814</u>	<u>1,241,695</u>	<u>(354,362)</u>	<u>886,758</u>
<b>Other financing sources (uses)</b>						
Installment purchase proceeds	-	-	-	-	1,100,000	1,100,000
Debt issuance costs	-	-	-	-	(33,399)	(33,399)
Transfers in	-	-	-	-	1,100,000	1,100,000
Transfers (out)	(122,385)	(313,330)	-	-	(1,100,000)	(1,535,715)
<b>Other financing sources (uses)</b>	<u>(122,385)</u>	<u>(313,330)</u>	<u>-</u>	<u>-</u>	<u>1,066,601</u>	<u>630,886</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>(122,390)</u>	<u>(314,714)</u>	<u>814</u>	<u>1,241,695</u>	<u>712,239</u>	<u>1,517,644</u>
<b>Fund balance</b>						
Beginning of year - July 1	<u>122,390</u>	<u>314,714</u>	<u>420,918</u>	<u>-</u>	<u>197,324</u>	<u>1,055,346</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,732</u>	<u>\$ 1,241,695</u>	<u>\$ 909,563</u>	<u>\$ 2,572,990</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, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Ad valorem taxes	\$ 3,784,973	\$ 3,784,972	\$ 3,784,972	\$ -	\$ -
Miscellaneous	180,675	180,675	180,675	-	-
<b>Total revenues</b>	<u>3,965,648</u>	<u>3,965,647</u>	<u>3,965,647</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Public safety	15,053,991	14,931,600	14,931,605	5	-
<b>Total expenditures</b>	<u>15,053,991</u>	<u>14,931,600</u>	<u>14,931,605</u>	<u>5</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>(11,088,343)</u>	<u>(10,965,953)</u>	<u>(10,965,958)</u>	<u>(5)</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	11,088,343	11,088,343	11,088,343	-	-
Transfers out	(122,385)	-	(122,385)	(122,385)	-
Appropriated fund balance	122,385	-	-	-	-
<b>Total other financing sources</b>	<u>11,088,343</u>	<u>11,088,343</u>	<u>10,965,958</u>	<u>(122,385)</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 122,390</u>	<u>\$ -</u>	<u>(122,390)</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>122,390</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 - School Fund**

**From Inception and for Year Ended June 30, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ 288,324	\$ 288,323	\$ 288,323	\$ -	\$ -
Miscellaneous	553,004	553,003	553,003	-	-
<b>Total revenues</b>	<u>841,328</u>	<u>841,326</u>	<u>841,326</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Education	55,542,781	55,228,065	55,229,449	1,384	-
<b>Debt issuance costs</b>	<u>578,723</u>	<u>578,721</u>	<u>578,721</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>56,121,504</u>	<u>55,806,786</u>	<u>55,808,170</u>	<u>1,384</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>(55,280,176)</u>	<u>(54,965,460)</u>	<u>(54,966,844)</u>	<u>(1,384)</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Proceeds of debt issuance	51,944,835	51,944,835	51,944,835	-	-
Premium on debt issuance	99,693	99,692	99,692	-	-
Transfers out	3,235,648	3,235,647	3,235,647	-	-
Transfers out	-	-	(313,330)	(313,330)	-
Appropriated fund balance	-	-	-	-	-
<b>Total other financing sources</b>	<u>55,280,176</u>	<u>55,280,174</u>	<u>54,966,844</u>	<u>(313,330)</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 314,714</u>	<u>\$ -</u>	<u>(314,714)</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>314,714</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 - Cultural and Recreation Fund**

**From Inception and for Year Ended June 30, 2016**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Closed Projects</b>	<b>Current Year</b>	<b>Total</b>
<b>Revenues</b>					
Interest earned on investments	\$ -	\$ 20,739	\$ -	\$ 814	\$ 21,553
<b>Total revenues</b>	<u>-</u>	<u>20,739</u>	<u>-</u>	<u>814</u>	<u>21,553</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Cultural and recreation	399,726	4,837,490	-	-	4,837,490
<b>Debt issuance costs</b>	452	76,555	-	-	76,555
<b>Total expenditures</b>	<u>400,178</u>	<u>4,914,045</u>	<u>-</u>	<u>-</u>	<u>4,914,045</u>
<b>Revenues over (under) expenditures</b>	<u>(400,178)</u>	<u>(4,893,306)</u>	<u>-</u>	<u>814</u>	<u>(4,892,492)</u>
<b>Other financing sources (uses)</b>					
Bond proceeds	-	5,285,165	-	-	5,285,165
Premium on debt issuance	-	29,059	-	-	29,059
Transfers in	-	402,962	-	-	402,962
Transfers out	-	(402,962)	-	-	(402,962)
Appropriated fund balance	400,178	-	-	-	-
<b>Total other financing sources</b>	<u>400,178</u>	<u>5,314,224</u>	<u>-</u>	<u>-</u>	<u>5,314,224</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 420,918</u>	<u>\$ -</u>	<u>814</u>	<u>\$ 421,732</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>420,918</u>	
End of year - June 30				<u>\$ 421,732</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2016**

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

**From Inception and for Year Ended June 30, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Miscellaneous	\$ 69,535	\$ 2,564	\$ -	\$ 3,780	\$ 6,344
<b>Total revenues</b>	<u>69,535</u>	<u>2,564</u>	<u>-</u>	<u>3,780</u>	<u>6,344</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Economic development	6,871,260	74,643	-	358,142	432,785
<b>Total expenditures</b>	<u>6,871,260</u>	<u>74,643</u>	<u>-</u>	<u>358,142</u>	<u>432,785</u>
<b>Revenues over (under) expenditures</b>	<u>(6,801,725)</u>	<u>(72,079)</u>	<u>-</u>	<u>(354,362)</u>	<u>(426,441)</u>
<b>Other financing sources (uses)</b>					
Proceeds from installment purchase	6,650,365	-	-	1,100,000	1,100,000
Debt issuance costs	(43,400)	-	-	(33,399)	(33,399)
Transfers in	1,100,000	269,403	-	1,100,000	1,369,403
Transfers out	(1,100,000)	-	-	(1,100,000)	(1,100,000)
Appropriated fund balance	194,760	-	-	-	-
<b>Total other financing sources</b>	<u>6,801,725</u>	<u>269,403</u>	<u>-</u>	<u>1,066,601</u>	<u>1,336,004</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 197,324</u>	<u>\$ -</u>	<u>712,239</u>	<u>\$ 909,563</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>197,324</u>	
End of year - June 30				<u>\$ 909,563</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, 2016  
(With Comparative Totals for June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ 100	\$ 128	\$ 28	\$ 36
Burial Fees	2,700	2,400	(300)	600
<b>Total revenues</b>	<u>2,800</u>	<u>2,528</u>	<u>(272)</u>	<u>636</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Maintenance	2,800	-	2,800	300
<b>Total expenditures</b>	<u>2,800</u>	<u>-</u>	<u>2,800</u>	<u>300</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>2,528</u>	<u>2,528</u>	<u>336</u>
<b>Other financing sources (uses)</b>				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>2,528</u>	<u>\$ 2,528</u>	<u>336</u>
<b>Fund balance</b>				
Beginning of year - July 1		<u>45,923</u>		<u>45,587</u>
End of year - June 30		<u>\$ 48,451</u>		<u>\$ 45,923</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, 2016  
(With Comparative Totals for June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 2,782,379	\$ 3,936,708	\$ 1,154,329	\$ 3,396,252
Other operating revenue	11,388	11,388	-	11,388
Solid waste fees	4,963,622	4,958,018	(5,604)	4,972,177
Total operating revenues	<u>7,757,389</u>	<u>8,906,114</u>	<u>1,148,725</u>	<u>8,379,817</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	154,651	232,419	77,768	91,216
Miscellaneous	22,446	697,799	675,353	(2,623)
Grant revenue	494,421	493,139	(1,282)	621,463
Transfers in	628,414	37,190	(591,224)	-
Total Nonoperating revenues and other financing sources	<u>1,299,932</u>	<u>1,460,547</u>	<u>160,615</u>	<u>710,056</u>
Appropriated fund balance	<u>16,144,774</u>	<u>-</u>	<u>(16,144,774)</u>	<u>-</u>
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 25,202,095</u>	<u>\$ 10,366,661</u>	<u>\$ (14,835,434)</u>	<u>\$ 9,089,873</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 3,711,234	\$ 3,155,816	\$ 555,418	\$ 3,162,532
Repairs and maintenance	1,366,232	1,620,406	(254,174)	1,178,229
Utilities	135,813	124,904	10,909	106,245
Administrative costs	3,890,695	3,295,391	595,304	2,920,975
Landfill closure and postclosure care costs	1,005,000	444,469	560,531	459,256
Total operating expenditures	<u>10,108,974</u>	<u>8,640,986</u>	<u>1,467,988</u>	<u>7,827,237</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	15,093,121	2,327,953	12,765,168	285,749
Transfers out	-	-	-	-
Total other expenditures and financing uses	<u>15,093,121</u>	<u>2,327,953</u>	<u>12,765,168</u>	<u>285,749</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 25,202,095</u>	<u>\$ 10,968,939</u>	<u>\$ 14,233,156</u>	<u>\$ 8,112,986</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 10,366,661		
Total expenditures and other financing uses		10,968,939		
		(602,278)		
Capital outlay		2,327,953		
Depreciation		(741,553)		
Contributions made to the pension plan in the current year		134,509		
Pension expense		(134,509)		
<b>Change in net position</b>		<u>\$ 984,122</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, 2016**  
**(With Comparative Totals for June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ -	\$ 1,834,124	\$ 1,834,124	\$ 1,785,734
Total operating revenues	<u>-</u>	<u>1,834,124</u>	<u>1,834,124</u>	<u>1,785,734</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	-	31,314	(31,314)	32,681
Motel occupancy tax	1,190,340	1,370,356	(180,016)	1,377,564
Installment purchase proceeds	3,085,048	-	3,085,048	-
Transfers in	7,987,825	5,642,832	2,344,993	5,331,852
<b>Total Nonoperating revenues and other financing sources</b>	<u>12,263,213</u>	<u>7,044,502</u>	<u>5,218,711</u>	<u>6,742,097</u>
Appropriated fund balance	<u>115,979</u>	<u>-</u>	<u>115,979</u>	<u>231,958</u>
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 12,379,192</u>	<u>\$ 8,878,626</u>	<u>\$ 7,168,814</u>	<u>\$ 8,759,789</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 6,552	\$ 6,551	\$ 1	\$ 3,913
Repairs and maintenance	318,500	-	318,500	2,088
Administrative costs	439,741	2,053	437,688	39,443
Global Spectrum, LP	4,430,679	4,633,180	(202,501)	4,481,540
Total operating expenditures	<u>5,195,472</u>	<u>4,641,784</u>	<u>553,688</u>	<u>4,526,984</u>
Interest expense	<u>1,247,319</u>	<u>1,238,662</u>	<u>8,657</u>	<u>1,347,857</u>
<b>Nonoperating expenditures</b>	<u>1,247,319</u>	<u>1,238,662</u>	<u>8,657</u>	<u>1,347,857</u>
<b>Other expenditures and financing (sources) uses</b>				
Principal payments	2,763,141	2,613,761	149,380	2,523,761
Capital outlay	3,173,260	-	3,173,260	137,113
Total other expenditures and financing uses	<u>5,936,401</u>	<u>2,613,761</u>	<u>3,322,640</u>	<u>2,660,874</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 12,379,192</u>	<u>\$ 8,494,207</u>	<u>\$ 3,884,985</u>	<u>\$ 8,535,715</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 8,878,626		
Total expenditures and other financing uses		<u>8,494,207</u>		
		384,419		
Depreciation		(1,556,150)		
Principal payments		<u>2,613,761</u>		
<b>Change in net position</b>		<u>\$ 1,442,030</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, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ 64,550	\$ 5,903	\$ -	\$ 25,999	\$ 31,902
Miscellaneous		2,227	-	-	2,227
<b>Total revenues</b>	<u>64,550</u>	<u>8,130</u>	<u>-</u>	<u>25,999</u>	<u>34,129</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Other	8,459,215	374,215	-	-	374,215
<b>Total expenditures</b>	<u>8,459,215</u>	<u>374,215</u>	<u>-</u>	<u>-</u>	<u>374,215</u>
<b>Revenues over (under) expenditures</b>	<u>(8,394,665)</u>	<u>(366,085)</u>	<u>-</u>	<u>25,999</u>	<u>(340,086)</u>
<b>Other financing sources (uses)</b>					
Transfers in	8,394,665	7,803,441	-	-	7,803,441
<b>Total other financing sources</b>	<u>8,394,665</u>	<u>7,803,441</u>	<u>-</u>	<u>-</u>	<u>7,803,441</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 7,437,356</u>	<u>\$ -</u>	<u>\$ 25,999</u>	<u>\$ 7,463,355</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2016

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>					
<b>Capital outlay</b>					
Economic & Physical Development	3,173,260	-	-	-	-
<b>Total expenditures</b>	3,173,260	-	-	-	-
<b>Revenues over (under) expenditures</b>	(3,173,260)	-	-	-	-
<b>Other financing sources (uses)</b>					
Installment purchase revenue	3,085,048	-	-	-	-
Transfers in	88,212	-	-	88,212	88,212
<b>Total other financing sources</b>	3,173,260	-	-	88,212	88,212
<b>Revenues and other financing sources over (under) expenditures</b>	\$ -	\$ -	\$ -	88,212	\$ 88,212
<b>Fund balance</b>					
Beginning of year - July 1				-	
End of year - June 30				\$ 88,212	

**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, 2016  
(With Comparative Totals for June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 95,826	\$ 93,318	\$ (2,508)	\$ 2,856
Total operating revenues	95,826	93,318	(2,508)	2,856
<b>Nonoperating revenues and other financing sources</b>				
Transfers in	93,107	-	(93,107)	93,107
<b>Total Nonoperating revenues and other financing sources</b>	93,107	-	(93,107)	93,107
Appropriated fund balance	-	-	-	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 188,933</u>	<u>\$ 93,318</u>	<u>\$ (95,615)</u>	<u>\$ 95,963</u>
<b>Operating expenditures</b>				
Repairs and maintenance	\$ 92,549	\$ 50,415	\$ 42,134	\$ -
Other	96,384	2,320	94,064	857
Total operating expenditures	188,933	52,735	136,198	857
<b>Nonoperating expenditures</b>	-	-	-	-
<b>Other expenditures and financing uses</b>	-	-	-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 188,933</u>	<u>\$ 52,735</u>	<u>\$ 136,198</u>	<u>\$ 857</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 93,318		
Total expenditures and other financing uses		52,735		
		40,583		
Depreciation		(87,091)		
<b>Change in net position</b>		<u>\$ (46,508)</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, 2016  
 (With Comparative Totals for June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 484,745	\$ 397,195	\$ (87,550)	\$ 423,601
Total operating revenues	<u>484,745</u>	<u>397,195</u>	<u>(87,550)</u>	<u>423,601</u>
<b>Total Nonoperating revenues and other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriated fund balance</b>	<u>165,000</u>	<u>-</u>	<u>(165,000)</u>	<u>-</u>
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 649,745</u>	<u>\$ 397,195</u>	<u>\$ (252,550)</u>	<u>\$ 423,601</u>
<b>Operating expenditures</b>				
Repairs and maintenance	\$ 314,703	\$ 34,010	\$ 280,693	\$ 64,695
Utilities	261,280	241,453	19,827	221,141
Administrative costs	17,685	1,994	15,691	1,566
Total operating expenditures	<u>593,668</u>	<u>277,457</u>	<u>316,211</u>	<u>287,402</u>
<b>Nonoperating expenditures</b>				
Interest expense	<u>56,077</u>	<u>46,008</u>	<u>10,069</u>	<u>46,796</u>
Total nonoperating expenditures	<u>56,077</u>	<u>46,008</u>	<u>10,069</u>	<u>46,796</u>
<b>Other expenditures and financing uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 649,745</u>	<u>\$ 323,465</u>	<u>\$ 326,280</u>	<u>\$ 334,198</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 397,195		
Total expenditures and other financing uses		<u>323,465</u>		
		73,730		
Depreciation		<u>(549,092)</u>		
<b>Change in net position</b>		<u>\$ (475,362)</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, 2016  
(With Comparative Totals for June 30, 2015)**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 40,000	\$ 41,013	\$ 1,013	\$ 31,371
Total operating revenues	40,000	41,013	1,013	31,371
<b>Nonoperating revenues and other financing sources</b>				
Transfers in	-	-	-	29,883
Total Nonoperating revenues and other financing sources	-	-	-	29,883
<b>Appropriated fund balance</b>	-	-	-	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 40,000</u>	<u>\$ 41,013</u>	<u>\$ 1,013</u>	<u>\$ 61,254</u>
<b>Operating expenditures</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ 425
Administrative costs	35,004	14,752	20,252	18,464
Total operating expenditures	35,004	14,752	20,252	18,889
<b>Nonoperating expenditures</b>				
Total nonoperating expenditures	-	-	-	-
<b>Other expenditures</b>				
Principal payments	4,996	-	4,996	-
Transfers out	-	-	-	29,883
Total other expenditures	4,996	-	4,996	29,883
<b>Total expenditures and other financing uses</b>	<u>\$ 40,000</u>	<u>\$ 14,752</u>	<u>\$ 25,248</u>	<u>\$ 48,772</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 41,013		
Total expenditures and other financing uses		14,752		
		26,261		
Depreciation		(11,812)		
<b>Change in net position</b>		<u>\$ 14,449</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, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
USDA Rural Development grant	\$ 2,503,000	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>2,503,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Economic & Physical Development	3,285,989	86,711	-	63,597	150,308
<b>Total expenditures</b>	<u>3,285,989</u>	<u>86,711</u>	<u>-</u>	<u>63,597</u>	<u>150,308</u>
<b>Revenues over (under) expenditures</b>	<u>(782,989)</u>	<u>(86,711)</u>	<u>-</u>	<u>(63,597)</u>	<u>(150,308)</u>
<b>Other financing sources (uses)</b>					
Bond issuance proceeds	819,000	-	-	-	-
Transfers in	-	99,500	-	-	99,500
Transfers out	(48,800)	-	-	-	-
Appropriate fund balance	12,789	-	-	-	-
<b>Total other financing sources</b>	<u>782,989</u>	<u>99,500</u>	<u>-</u>	<u>-</u>	<u>99,500</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 12,789</u>	<u>\$ -</u>	<u>(63,597)</u>	<u>\$ (50,808)</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>12,789</u>	
End of year - June 30				<u>\$ (50,808)</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, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
USDA Rural Development grant	\$ 1,453,000	\$ -	\$ -	\$ -	\$ -
Interest earned on investments	-	-	-	-	-
<b>Total revenues</b>	<u>1,453,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Economic & Physical Development	<u>2,000,000</u>	<u>27,387</u>	<u>-</u>	<u>56,624</u>	<u>84,011</u>
<b>Total expenditures</b>	<u>2,000,000</u>	<u>27,387</u>	<u>-</u>	<u>56,624</u>	<u>84,011</u>
<b>Revenues over (under) expenditures</b>	<u>(547,000)</u>	<u>(27,387)</u>	<u>-</u>	<u>(56,624)</u>	<u>(84,011)</u>
<b>Other financing sources (uses)</b>					
Bond anticipation note proceeds	497,000	-			
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<b>Total other financing sources</b>	<u>547,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 22,613</u>	<u>\$ -</u>	<u>(56,624)</u>	<u>\$ (34,011)</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>22,613</u>	
End of year - June 30				<u>\$ (34,011)</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Net Position  
Internal Service Funds  
June 30, 2016**

	<b>Group Insurance Fund</b>	<b>Employee Flexible Benefit Fund</b>	<b>Workers' Compensation Fund</b>	<b>General Litigation Fund</b>	<b>Vehicle Insurance Fund</b>	<b>Total</b>
<b>Assets</b>						
Current assets						
Taxes receivable, net	\$ 183	\$ -	\$ -	\$ -	\$ -	\$ 183
Sales tax receivable	-	-	29	5	-	34
Other receivables, net	211,556	-	200,000	-	-	411,556
Inventories	214,378	-	-	-	-	214,378
Total current assets	<u>426,117</u>	<u>-</u>	<u>200,029</u>	<u>5</u>	<u>-</u>	<u>626,151</u>
Noncurrent assets						
Restricted:						
Cash and investments	3,749,010	210,802	2,538,907	409,175	329,586	7,237,480
Total noncurrent assets	<u>3,749,010</u>	<u>210,802</u>	<u>2,538,907</u>	<u>409,175</u>	<u>329,586</u>	<u>7,237,480</u>
<b>Total assets</b>	<u>4,175,127</u>	<u>210,802</u>	<u>2,738,936</u>	<u>409,180</u>	<u>329,586</u>	<u>7,863,631</u>
<b>Deferred outflows of resources</b>	<u>17,530</u>	<u>-</u>	<u>8,243</u>	<u>-</u>	<u>-</u>	<u>25,773</u>
<b>Liabilities and net position</b>						
Current liabilities						
Accounts and vouchers payable	297,583	-	361,898	234	-	659,715
Accrued payroll	25,280	-	10,069	-	-	35,349
Other payables	2,422,984	-	-	-	-	2,422,984
Current portion of long-term debt and accrued vacation	16,199	-	8,130	-	-	24,329
Total current liabilities	<u>2,762,046</u>	<u>-</u>	<u>380,097</u>	<u>234</u>	<u>-</u>	<u>3,142,377</u>
Noncurrent liabilities						
Accrued vacation	852	-	428	-	-	1,280
Net pension liability	15,501	-	(3,330)	-	-	12,171
Other postemployment benefits liability	124,952	-	206,790	-	-	331,742
Total noncurrent liabilities	<u>141,305</u>	<u>-</u>	<u>203,888</u>	<u>-</u>	<u>-</u>	<u>345,193</u>
<b>Total liabilities</b>	<u>2,903,351</u>	<u>-</u>	<u>583,985</u>	<u>234</u>	<u>-</u>	<u>3,487,570</u>
<b>Deferred inflows of resources</b>	<u>29,527</u>	<u>-</u>	<u>30,585</u>	<u>-</u>	<u>-</u>	<u>60,112</u>
Net position						
Restricted net position - claims	3,749,010	210,802	2,538,907	409,175	329,586	7,237,480
Unrestricted	(2,489,231)	-	(406,298)	(229)	-	(2,895,758)
<b>Total net position</b>	<u>\$ 1,259,779</u>	<u>\$ 210,802</u>	<u>\$ 2,132,609</u>	<u>\$ 408,946</u>	<u>\$ 329,586</u>	<u>\$ 4,341,722</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
Year Ended June 30, 2016**

	<u>Group Insurance Fund</u>	<u>Employee Flexible Benefit Fund</u>	<u>Workers' Compensation Fund</u>	<u>General Litigation Fund</u>	<u>Vehicle Insurance Fund</u>	<u>Total</u>
<b>Operating revenues</b>						
Contributions	\$ -	\$ 450,385	\$ 1,861,407	\$ -	\$ 631,090	\$ 2,942,882
Contributions - Group health insurance	19,813,170	-	-	-	-	19,813,170
Pharmacy services	2,063,919	-	-	-	-	2,063,919
Total operating revenues	<u>21,877,089</u>	<u>450,385</u>	<u>1,861,407</u>	<u>-</u>	<u>631,090</u>	<u>24,819,971</u>
<b>Operating expenses</b>						
Salaries and employee benefits	-	444,862	1,331,045	-	-	1,775,907
Administrative costs	-	-	47,126	60,855	632,397	740,378
Group health insurance	23,618,571	-	-	-	-	23,618,571
Employee pharmacy	2,579,038	-	-	-	-	2,579,038
Employee clinic	281,947	-	-	-	-	281,947
Employee wellness program	156,554	-	-	-	-	156,554
Total operating expenses	<u>26,636,110</u>	<u>444,862</u>	<u>1,378,171</u>	<u>60,855</u>	<u>632,397</u>	<u>29,152,395</u>
<b>Operating income (loss)</b>	<u>(4,759,021)</u>	<u>5,523</u>	<u>483,236</u>	<u>(60,855)</u>	<u>(1,307)</u>	<u>(4,332,424)</u>
<b>Nonoperating revenue (expense)</b>						
Interest earned on investments	634	-	6,254	753	-	7,641
Miscellaneous	(7,847)	-	-	-	-	(7,847)
Total nonoperating revenue (expense)	<u>(7,213)</u>	<u>-</u>	<u>6,254</u>	<u>753</u>	<u>-</u>	<u>(206)</u>
<b>Income (loss) before transfers</b>	<u>(4,766,234)</u>	<u>5,523</u>	<u>489,490</u>	<u>(60,102)</u>	<u>(1,307)</u>	<u>(4,332,630)</u>
Transfers in	5,430,000	-	-	147,200	-	5,577,200
<b>Change in net position</b>	<u>663,766</u>	<u>5,523</u>	<u>489,490</u>	<u>87,098</u>	<u>(1,307)</u>	<u>1,244,570</u>
<b>Total net position - beginning</b>	<u>596,013</u>	<u>205,279</u>	<u>1,643,119</u>	<u>321,848</u>	<u>330,893</u>	<u>3,097,152</u>
<b>Total net position - ending</b>	<u>\$ 1,259,779</u>	<u>\$ 210,802</u>	<u>\$ 2,132,609</u>	<u>\$ 408,946</u>	<u>\$ 329,586</u>	<u>\$ 4,341,722</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2016**

	<b>Group Insurance Fund</b>	<b>Employee Flexible Benefit Fund</b>	<b>Workers' Compensation Fund</b>	<b>General Litigation Fund</b>	<b>Vehicle Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>Operating activities</b>						
Contributions	\$ 19,814,167	\$ 450,385	\$ 1,694,644	\$ -	\$ 631,090	\$ 22,590,286
Cash paid to employees	68,120	(444,862)	78	-	-	(376,664)
Cash paid for goods and services	-	-	-	(61,102)	(635,776)	(696,878)
Cash received for goods and services	1,854,047	-	(36,561)	-	-	1,817,486
Cash paid for claims	(26,149,077)	-	(1,417,266)	-	-	(27,566,343)
<b>Net cash provided by (used in) operating activities</b>	<u>(4,412,743)</u>	<u>5,523</u>	<u>240,895</u>	<u>(61,102)</u>	<u>(4,686)</u>	<u>(4,232,113)</u>
<b>Noncapital financing activities</b>						
Transfers in	5,430,000	-	-	147,200	-	5,577,200
<b>Net cash provided (used) by noncapital financing activities</b>	<u>5,430,000</u>	<u>-</u>	<u>-</u>	<u>147,200</u>	<u>-</u>	<u>5,577,200</u>
<b>Capital and related financing activities</b>						
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Investing activities</b>						
Proceeds from sale of investments	-	-	262	-	-	262
Investment earnings	634	-	6,254	753	-	7,641
<b>Net cash provided (used) in investing activities</b>	<u>634</u>	<u>-</u>	<u>6,516</u>	<u>753</u>	<u>-</u>	<u>7,903</u>
<b>Net increase (decrease) in cash and cash equivalents/investments</b>	<u>1,017,891</u>	<u>5,523</u>	<u>247,411</u>	<u>86,851</u>	<u>(4,686)</u>	<u>1,352,990</u>
<b>Cash and cash equivalents/investments Beginning of year</b>	<u>2,731,119</u>	<u>205,279</u>	<u>2,291,496</u>	<u>322,324</u>	<u>334,272</u>	<u>5,884,490</u>
<b>End of year</b>	<u>\$ 3,749,010</u>	<u>\$ 210,802</u>	<u>\$ 2,538,907</u>	<u>\$ 409,175</u>	<u>\$ 329,586</u>	<u>\$ 7,237,480</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2016**

	<b>Group Insurance Fund</b>	<b>Employee Flexible Benefit Fund</b>	<b>Workers' Compensation Fund</b>	<b>General Litigation Fund</b>	<b>Vehicle Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>						
Operating income (loss)	\$ (4,759,021)	\$ 5,523	\$ 483,236	\$ (60,855)	\$ (1,307)	\$ (4,332,424)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Net pension expense	52,962	-	(2,942)	-	-	50,020
Change in assets and liabilities						
(Increase) decrease in accounts receivable	997	-	-	-	-	997
(Increase) decrease in other receivables	(121,717)	-	(166,763)	(5)	-	(288,485)
(Increase) decrease in inventories	(54,488)	-	-	-	-	(54,488)
(Increase) decrease in prepaids	7,034	-	2,780	-	-	9,814
Increase (decrease) in accounts payable and accrued liabilities	496,530	-	(75,427)	(242)	(3,379)	417,482
Increase (decrease) in compensated absences payable	6,486	-	78	-	-	6,564
Increase (decrease) in OPEB	14,587	-	-	-	-	14,587
Increase (decrease) in deferred outflows of resources - pensions	(56,113)	-	(67)	-	-	(56,180)
Total adjustments	<u>346,278</u>	<u>-</u>	<u>(242,341)</u>	<u>(247)</u>	<u>(3,379)</u>	<u>100,311</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (4,412,743)</u>	<u>\$ 5,523</u>	<u>\$ 240,895</u>	<u>\$ (61,102)</u>	<u>\$ (4,686)</u>	<u>\$ (4,232,113)</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions - Group health insurance	\$ 18,916,702	\$ 19,813,170	\$ 896,468	\$ 19,716,495
Pharmacy services	1,694,196	2,063,919	369,723	1,582,944
	<u>20,610,898</u>	<u>21,877,089</u>	<u>1,266,191</u>	<u>21,299,439</u>
Non-operating revenues				
Litigation settlement	-	(7,847)	(7,847)	1
Interest earned on investments	300	634	334	255
	<u>300</u>	<u>(7,213)</u>	<u>(7,513)</u>	<u>256</u>
<b>Other financing sources</b>				
Transfers in	5,430,000	5,430,000	-	2,300,000
<b>Appropriated fund balance</b>	14,666	-	(14,666)	-
<b>Total revenues and other financing sources</b>	<u>\$ 26,055,864</u>	<u>\$ 27,299,876</u>	<u>\$ 1,244,012</u>	<u>\$ 23,599,695</u>
<b>Operating expenditures</b>				
Employee pharmacy	\$ 3,015,395	\$ 2,579,038	\$ 436,357	\$ 2,050,248
Employee clinic	403,200	281,947	121,253	109,818
Group health insurance	22,435,888	23,618,571	(1,182,683)	21,344,879
Employee wellness program	201,381	156,554	44,827	160,541
	<u>26,055,864</u>	<u>26,636,110</u>	<u>(580,246)</u>	<u>23,665,486</u>
<b>Other financing uses</b>				
Transfers out			-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 26,055,864</u>	<u>\$ 26,636,110</u>	<u>\$ (580,246)</u>	<u>\$ 23,665,486</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 27,299,876		
Total expenditures		<u>26,636,110</u>		
<b>Subtotal</b>		<u>663,766</u>		
Contributions made to the pension plan in the current year		21,277		
Pension expense		<u>(21,277)</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ 663,766</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 600,000	\$ 450,385	\$ (149,615)	\$ 399,026
<b>Total revenues</b>	<u>\$ 600,000</u>	<u>\$ 450,385</u>	<u>\$ (149,615)</u>	<u>\$ 399,026</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 600,000	\$ 444,862	\$ 155,138	\$ 388,492
<b>Total expenditures</b>	<u>\$ 600,000</u>	<u>\$ 444,862</u>	<u>\$ 155,138</u>	<u>\$ 388,492</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 450,385		
Total expenditures		<u>444,862</u>		
<b>Subtotal</b>		<u>5,523</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ 5,523</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 1,653,840	\$ 1,861,407	\$ 207,567	\$ 1,606,754
Non-operating revenues				
Interest earned on investments	1,500	6,254	4,754	1,992
<b>Total revenues</b>	<u>\$ 1,655,340</u>	<u>\$ 1,867,661</u>	<u>\$ 212,321</u>	<u>\$ 1,608,746</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 51,900	\$ 47,126	\$ 4,774	\$ 49,229
Salaries and employee benefits	1,603,440	1,331,045	272,395	1,516,104
<b>Total expenditures</b>	<u>1,655,340</u>	<u>1,378,171</u>	<u>277,169</u>	<u>1,565,333</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 1,655,340</u>	<u>\$ 1,378,171</u>	<u>\$ 277,169</u>	<u>\$ 1,565,333</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 1,867,661		
Total expenditures		<u>1,378,171</u>		
<b>Subtotal</b>		<u>489,490</u>		
Contributions made to the pension plan in the current year		7,103		
Pension expense		<u>(7,103)</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ 489,490</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	800	753	(47)	52
<b>Other financing sources</b>				
Transfers in	147,200	147,200	-	102,200
<b>Appropriated fund balance</b>				
		-	-	-
<b>Total revenues and other financing sources</b>	<u>\$ 148,000</u>	<u>\$ 147,953</u>	<u>\$ (47)</u>	<u>\$ 102,252</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 148,000	\$ 60,855	\$ 87,145	\$ 31,915
<b>Other financing uses</b>				
Transfers out		-	-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 148,000</u>	<u>\$ 60,855</u>	<u>\$ 87,145</u>	<u>\$ 31,915</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 147,953		
Total expenditures		<u>60,855</u>		
<b>Subtotal</b>		<u>87,098</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ 87,098</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2016  
(With Comparative Totals for June 30, 2015)

	2016			2015
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 637,200	\$ 631,090	\$ (6,110)	\$ 542,000
Appropriated fund balance	12,050	-	(12,050)	-
	<u>\$ 649,250</u>	<u>\$ 631,090</u>	<u>\$ (18,160)</u>	<u>\$ 542,000</u>
<b>Operating expenditures</b>				
Administrative costs	<u>\$ 649,250</u>	<u>\$ 632,397</u>	<u>\$ 16,853</u>	<u>\$ 545,088</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 631,090		
Total expenditures		<u>632,397</u>		
<b>Subtotal</b>		<u>(1,307)</u>		
<b>Income (loss) per the Statement of Revenues, Expenses and Changes in net position</b>		<u>\$ (1,307)</u>		

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2016**

	<b>City Tax Fund</b>	<b>Payee Account Fund</b>	<b>Inmate Payee Fund</b>	<b>Inter- Governmental Custodial Fund</b>	<b>Stormwater Utility Fund</b>	<b>Vehicle Interest Fund</b>	<b>Totals</b>
<b>Assets</b>							
Taxes receivable	\$ 3,412,689	\$ -	\$ -	\$ -	\$ 24,935	\$ -	\$ 3,437,624
Due from other governments	783,974	-	-	85	-	-	784,059
Restricted cash and investments	112,089	367,900	71,009	58,590	73,882	-	683,470
<b>Total assets</b>	<b>\$ 4,308,752</b>	<b>\$ 367,900</b>	<b>\$ 71,009</b>	<b>\$ 58,675</b>	<b>\$ 98,817</b>	<b>\$ -</b>	<b>\$ 4,905,153</b>
<b>Liabilities</b>							
Accounts and vouchers payable	\$ 4,305,626	\$ 367,900	\$ 71,009	\$ 58,675	\$ 98,817	\$ -	\$ 4,902,027
Due to other governments	3,126	-	-	-	-	-	3,126
<b>Total liabilities</b>	<b>\$ 4,308,752</b>	<b>\$ 367,900</b>	<b>\$ 71,009</b>	<b>\$ 58,675</b>	<b>\$ 98,817</b>	<b>\$ -</b>	<b>\$ 4,905,153</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2016**

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
<b><u>City Tax Fund</u></b>				
<b>Assets</b>				
Taxes receivable	\$ 3,646,951	\$ 81,780,175	\$ 82,014,437	\$ 3,412,689
Due from other governments	746,197	783,974	746,197	783,974
Restricted cash and investments	109,099	99,659,007	99,656,017	112,089
<b>Total assets</b>	<u>\$ 4,502,247</u>	<u>\$ 182,223,156</u>	<u>\$ 182,416,651</u>	<u>\$ 4,308,752</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 4,498,808	\$ 182,220,030	\$ 182,413,212	\$ 4,305,626
Due to other governments	3,439	3,126	3,439	3,126
<b>Total liabilities</b>	<u>\$ 4,502,247</u>	<u>\$ 182,223,156</u>	<u>\$ 182,416,651</u>	<u>\$ 4,308,752</u>
<b><u>Payee Account Fund</u></b>				
<b>Assets</b>				
Restricted cash and investments	\$ 335,514	\$ 1,285,997	\$ 1,253,611	\$ 367,900
<b>Total assets</b>	<u>\$ 335,514</u>	<u>\$ 1,285,997</u>	<u>\$ 1,253,611</u>	<u>\$ 367,900</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 335,514	\$ 1,285,997	\$ 1,253,611	\$ 367,900
<b>Total liabilities</b>	<u>\$ 335,514</u>	<u>\$ 1,285,997</u>	<u>\$ 1,253,611</u>	<u>\$ 367,900</u>
<b><u>Inmate Payee Fund</u></b>				
<b>Assets</b>				
Restricted cash and investments	\$ 54,079	\$ 1,462,936	\$ 1,446,006	\$ 71,009
<b>Total assets</b>	<u>\$ 54,079</u>	<u>\$ 1,462,936</u>	<u>\$ 1,446,006</u>	<u>\$ 71,009</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 54,079	\$ 1,462,936	\$ 1,446,006	\$ 71,009
<b>Total liabilities</b>	<u>\$ 54,079</u>	<u>\$ 1,462,936</u>	<u>\$ 1,446,006</u>	<u>\$ 71,009</u>
<b><u>Intergovernmental Custodial Fund</u></b>				
<b>Assets</b>				
Due from other governments	\$ 390	\$ 85	\$ 390	\$ 85
Restricted cash and investments	71,025	1,423,637	1,436,072	58,590
<b>Total assets</b>	<u>\$ 71,415</u>	<u>\$ 1,423,722</u>	<u>\$ 1,436,462</u>	<u>\$ 58,675</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 71,415	\$ 1,423,722	\$ 1,436,462	\$ 58,675
<b>Total liabilities</b>	<u>\$ 71,415</u>	<u>\$ 1,423,722</u>	<u>\$ 1,436,462</u>	<u>\$ 58,675</u>
<b><u>Stormwater Utility Fund</u></b>				
<b>Assets</b>				
Taxes receivable	\$ 24,097	\$ 2,264,989	\$ 2,264,151	\$ 24,935
Restricted cash and investments	74,439	2,285,172	2,285,729	73,882
<b>Total assets</b>	<u>\$ 98,536</u>	<u>\$ 4,550,161</u>	<u>\$ 4,549,880</u>	<u>\$ 98,817</u>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 98,536	\$ 4,550,161	\$ 4,549,880	\$ 98,817
<b>Total liabilities</b>	<u>\$ 98,536</u>	<u>\$ 4,550,161</u>	<u>\$ 4,549,880</u>	<u>\$ 98,817</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2016**

**Vehicle Interest Fund**

**Assets**

Taxes receivable	\$ -			\$ -
Restricted cash and investments	\$ -	\$ 230	\$ 230	\$ -
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ 230</u>	<u>\$ -</u>

**Liabilities**

Due to other governments	\$ -	\$ 230	\$ 230	\$ -
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ 230</u>	<u>\$ -</u>

**TOTAL - ALL AGENCY FUNDS**

**Assets**

Taxes receivable	\$ 3,671,048	\$ 84,045,164	\$ 84,278,588	\$ 3,437,624
Due from other governments	746,587	784,059	746,587	784,059
Restricted cash and investments	644,156	106,116,979	106,077,665	683,470
<b>Total assets</b>	<u>\$ 5,061,791</u>	<u>\$ 190,946,202</u>	<u>\$ 191,102,840</u>	<u>\$ 4,905,153</u>

**Liabilities**

Accounts and vouchers payable	\$ 5,058,352	\$ 190,942,846	\$ 191,099,171	\$ 4,902,027
Due to other governments	3,439	3,356	3,669	3,126
<b>Total liabilities</b>	<u>\$ 5,061,791</u>	<u>\$ 190,946,202</u>	<u>\$ 191,102,840</u>	<u>\$ 4,905,153</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Fund - City Tax Fund**  
**June 30, 2016**

	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
<b>Assets</b>											
Taxes receivable	\$ 2,970,418	\$ 3,849	\$ 1,326	\$ 925	\$ 135,544	\$ 1,531	\$ 272,106	\$ 7,308	\$ 2,337	\$ 17,345	\$ 3,412,689
Due from other governments	690,248	302	224	321	52,758	257	26,877	4,469	1,220	7,298	783,974
Restricted cash and investments	51,120	-	-	147	18,989	1	37,469	542	631	3,190	112,089
<b>Total assets</b>	<b>\$ 3,711,786</b>	<b>\$ 4,151</b>	<b>\$ 1,550</b>	<b>\$ 1,393</b>	<b>\$ 207,291</b>	<b>\$ 1,789</b>	<b>\$ 336,452</b>	<b>\$ 12,319</b>	<b>\$ 4,188</b>	<b>\$ 27,833</b>	<b>\$ 4,308,752</b>
<b>Liabilities</b>											
Accounts and vouchers payable	\$ 3,711,786	\$ 1,032	\$ 1,543	\$ 1,393	\$ 207,291	\$ 1,789	\$ 336,452	\$ 12,319	\$ 4,188	\$ 27,833	\$ 4,305,626
Due to other governments	-	3,119	7	-	-	-	-	-	-	-	3,126
<b>Total liabilities</b>	<b>\$ 3,711,786</b>	<b>\$ 4,151</b>	<b>\$ 1,550</b>	<b>\$ 1,393</b>	<b>\$ 207,291</b>	<b>\$ 1,789</b>	<b>\$ 336,452</b>	<b>\$ 12,319</b>	<b>\$ 4,188</b>	<b>\$ 27,833</b>	<b>\$ 4,308,752</b>

**DISCRETELY PRESENTED COMPONENT UNIT  
EASTOVER SANITARY DISTRICT**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Eastover Sanitary District  
Statement of Net Position  
June 30, 2016

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**Assets**

Current assets

Cash and investments	\$	1,209,617
Accounts receivable, net		203,780
Sales tax receivable		2,646
Due from other governments		318
Total current assets		<u>1,416,361</u>

Noncurrent assets

Restricted:

Cash and investments		158,535
Capital assets, net of accumulated depreciation		<u>18,939,117</u>
Total noncurrent assets		<u>19,097,652</u>

**Total assets**

20,514,013

**Liabilities and net position**

Current liabilities

Accounts and vouchers payable		73,577
Accrued payroll		5,209
Accrued interest payable		38,866
Other payables		6,650
Current portion of long-term debt		<u>279,474</u>
Total current liabilities		<u>403,776</u>

Noncurrent liabilities

Long-term debt		<u>11,257,643</u>
Total noncurrent liabilities		<u>11,257,643</u>

**Total liabilities**

11,661,419

Net position

Net investment in capital assets		7,406,696
Restricted net position - debt service		158,535
Unrestricted		<u>1,287,363</u>

**Total net position**

\$ 8,852,594

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, 2016

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<b>Operating revenues</b>	
Charges for services	\$ 2,059,967
Total operating revenues	<u>2,059,967</u>
<b>Operating expenses</b>	
Salaries and employee benefits	148,014
Repairs and maintenance	22,965
Utilities	16,735
Administrative costs	170,661
Bulk water purchases	309,006
Sewer treatment	88,508
Contracted services	370,126
Depreciation	623,110
Total operating expenses	<u>1,749,125</u>
<b>Operating income (loss)</b>	<u>310,842</u>
<b>Nonoperating revenue (expense)</b>	
Interest earned on investments	3,532
Miscellaneous	1,102
Interest expense	(487,288)
Total nonoperating revenue (expense)	<u>(482,654)</u>
<b>Income (loss) before contributions</b>	<u>(171,812)</u>
Capital contributions	<u>616,146</u>
<b>Change in net position</b>	444,334
<b>Total net position - beginning</b>	<u>8,408,260</u>
<b>Total net position - ending</b>	<u>\$ 8,852,594</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
 Eastover Sanitary District  
 Statement of Cash Flows  
 Year Ended June 30, 2016

<b>Operating activities</b>	
Cash received from customers	\$ 2,059,201
Cash paid to employees	(151,692)
Cash paid for goods and services	<u>(978,327)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>929,182</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>
<b>Capital and related financing activities</b>	
Principal paid on long-term debt	(259,796)
Interest paid on debt	(488,475)
Capital contributions	-
Other miscellaneous transactions	<u>1,106</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(747,165)</u>
<b>Investing activities</b>	
Purchase of investments	3,619
Investment earnings	<u>3,532</u>
<b>Net cash provided (used) in investing activities</b>	<u>7,151</u>
<b>Net increase in cash and investments</b>	<u>189,168</u>
<b>Cash and investments</b>	
<b>Beginning of year</b>	<u>1,178,984</u>
<b>End of year</b>	<u>\$ 1,368,152</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 310,842
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	623,110
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(1,047)
(Increase) decrease in inventories	182
(Increase) decrease in prepaids	1,434
Increase (decrease) in accounts payable and accrued liabilities	(2,748)
Increase (decrease) in compensated absences payable	<u>(2,591)</u>
<b>Total adjustments</b>	<u>618,340</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 929,182</u>
Reconciliation to cash and cash equivalents	
Cash and investments - unrestricted	\$ 1,209,617
Cash and investments - restricted	<u>158,535</u>
	<u>\$ 1,368,152</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
 Eastover Sanitary District  
 Year Ended June 30, 2016  
 (With Comparative Totals for June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 1,917,300	\$ 2,059,967	\$ 142,667	\$ 2,028,855
Total operating revenues	1,917,300	2,059,967	142,667	2,028,855
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	100	3,532	3,432	224
Miscellaneous	2,000	1,102	(898)	20,572
Transfers in	784,672	784,670	(2)	784,580
Capital contributions	-	616,146	616,146	-
<b>Total Nonoperating revenues and other financing sources</b>	786,772	1,405,450	618,678	805,376
Appropriated fund balance	150,523	-	(150,523)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 2,854,595</u>	<u>\$ 3,465,417</u>	<u>\$ 610,822</u>	<u>\$ 2,834,231</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 149,728	\$ 148,014	\$ 1,714	\$ 139,860
Repairs and maintenance	59,375	22,965	36,410	41,916
Utilities	22,500	16,735	5,765	15,255
Administrative costs	244,241	170,661	73,580	120,690
Bulk water purchases	312,000	309,006	2,994	285,230
Sewer treatment	95,000	88,508	6,492	70,224
Contracted services	392,407	370,126	22,281	262,540
Miscellaneous	10,000	-	10,000	-
Total operating expenditures	1,285,251	1,126,015	159,236	935,715
<b>Nonoperating expenditures</b>				
Debt Service	784,672	487,288	297,384	497,594
Total nonoperating expenditures	784,672	487,288	297,384	497,594
<b>Other expenditures and financing uses</b>				
Transfers out	784,672	784,670	2	784,580
Capital outlay	-	-	-	100,930
Total other expenditures and financing uses	784,672	784,670	2	885,510
<b>Total expenditures and other financing uses</b>	<u>\$ 2,854,595</u>	<u>\$ 2,397,973</u>	<u>\$ 456,622</u>	<u>\$ 2,318,819</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 3,465,417		
Total expenditures and other financing uses		2,397,973		
		1,067,444		
Depreciation		(623,110)		
<b>Income (loss) per Statement of Revenue, Expenses and Changes in net position</b>		<u>\$ 444,334</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

From Inception and for Year Ended June 30, 2016

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

**DISCRETELY PRESENTED COMPONENT UNIT  
TOURISM DEVELOPMENT AUTHORITY**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Tourism Development Authority  
Statement of Net Position  
June 30, 2016

---

**Assets**

Current assets

Cash and investments

\$ 1,507,830

**Total assets**

1,507,830

**Liabilities and net position**

Current liabilities

Accounts and vouchers payable

593,083

**Total liabilities**

593,083

**Net position**

Unrestricted

914,747

**Total net position**

\$ 914,747

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, 2016

---

<b>Operating revenues</b>	
Occupancy taxes	\$ 5,639,495
<b>Operating expenses</b>	
Cultural and recreational	<u>5,631,472</u>
<b>Operating income (loss)</b>	<u>8,023</u>
<b>Nonoperating revenue (expense)</b>	<u>-</u>
<b>Income (loss) before transfers and contributions</b>	<u>8,023</u>
<b>Change in net position</b>	8,023
<b>Total net position - beginning</b>	<u>906,724</u>
<b>Total net position - ending</b>	<u>\$ 914,747</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Tourism Development Authority  
Statement of Cash Flows  
Year Ended June 30, 2016

---

<b>Operating activities</b>	
Cash received from operations	\$ 5,639,495
Cash paid for goods and services	<u>(5,647,611)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(8,116)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>
<b>Net cash provided (used) in investing activities</b>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>(8,116)</u>
<b>Cash and cash equivalents</b>	
<b>Beginning of year</b>	<u>1,515,946</u>
<b>End of year</b>	<u>\$ 1,507,830</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 8,023
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	<u>(16,139)</u>
Total adjustments	<u>(16,139)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (8,116)</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
 Tourism Development Authority  
 Year Ended June 30, 2016  
 (With Comparative Totals for June 30, 2015)**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 5,500,000	\$ 5,639,495	\$ 139,495	\$ 5,632,475
<b>Nonoperating revenues and other financing sources</b>				
Total Nonoperating revenues and other financing sources	-	-	-	-
	5,500,000	5,639,495	139,495	5,632,475
Appropriated fund balance	49,873	-	(49,873)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 5,549,873</u>	<u>\$ 5,639,495</u>	<u>\$ 89,622</u>	<u>\$ 5,632,475</u>
<b>Operating expenditures</b>				
Cultural and recreational	\$ 5,549,873	\$ 5,631,472	\$ (81,599)	\$ 5,546,935
<b>Nonoperating expenditures</b>				
Total nonoperating expenditures	-	-	-	-
<b>Other expenditures and financing uses</b>				
Total other expenditures and financing uses	-	-	-	-
<b>Total expenditures and other financing uses</b>	<u>\$ 5,549,873</u>	<u>\$ 5,631,472</u>	<u>\$ (81,599)</u>	<u>\$ 5,546,935</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 5,639,495		
Total expenditures and other financing uses		5,631,472		
		<u>8,023</u>		
<b>Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Net Position</b>		<u>\$ 8,023</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Current Tax Levy  
Year Ended June 30, 2016

	County-wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy</b>					
County-wide	\$ 23,201,568,882	0.00740	\$ 171,755,418		
Late listing penalties		0.10000	91,394	\$ 152,704,844	\$ 19,141,968
Discoveries					
County-wide	71,182,682	0.00740	526,752		
Late listing penalties		0.10000	100,822	607,053	20,521
Abatements					
County wide	(18,128,799)	0.00740	(134,153)		
Late listing penalties		0.10000	(32,884)	(166,673)	(364)
	<u>\$ 23,254,622,765</u>				
Adjusted tax levy				172,307,349	19,162,125
Uncollected taxes at June 30, 2015				(1,308,130)	(2,249)
Current year's taxes collected				<u>\$ 170,999,219</u>	<u>\$ 19,159,876</u>
Percent of current year's taxes collected				<u>99.24%</u>	<u>99.99%</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Ad Valorem Taxes Receivable  
June 30, 2016**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2015</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2014-2015	\$ -	\$ 172,307,349	\$ 170,999,219	\$ 1,308,130
Prior years	<u>7,117,510</u>	<u>-</u>	<u>1,474,789</u>	<u>5,642,721</u>
	<u>\$ 7,117,510</u>	<u>\$ 172,307,349</u>	<u>\$ 172,474,008</u>	6,950,851
Less allowance for uncollectible ad valorem taxes receivable				<u>(6,457,968)</u>
				<u>\$ 492,883</u>

**RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES**

Collections and credits per above	\$ 172,474,008
Interest	560,904
Processing fees	176,516
Rental Car/Equipment Taxes	819,020
Releases from prior years	<u>(64,977)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 173,965,471</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Emergency Telephone System Unspent Balance  
PSAP Reconciliation  
June 30, 2016**

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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	\$	433,863
Market adjustment on investments after PSAP report submitted		262
Eligible 911 expenditures - Included in FY2017 Actual		133
Beginning Balance, PSAP Revenue-Expenditure Report***		<u>1,747,634</u>
Ending Balance, PSAP Revenue-Expenditure Report	\$	<u><u>2,181,892</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 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	\$ 161,376,329
Restricted	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	54,946,069
Unrestricted	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)	(112,796,933)
Prior period adjustment	-	-	-	-	-	(1,464,823)	-	-	-	-
Total governmental activities net position	<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>	<u>\$ 103,525,465</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 33,490,377
Restricted	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	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	39,387,855
Prior period adjustment	-	-	-	-	-	(254,826)	-	-	-	-
Total business-type activities net position	<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>	<u>\$ 72,878,232</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 194,866,706
Restricted	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	54,946,069
Unrestricted	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)	(73,409,078)
Prior period adjustment	-	-	-	-	-	(1,719,649)	-	-	-	-
Total primary government net position	<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>	<u>\$ 176,403,697</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
General government	\$ 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	\$ 29,528,752
Public safety	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	68,675,832
Economic & physical development	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	13,667,168
Human services	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	107,291,125
Cultural & recreational	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	17,100,127
Education	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	97,089,412
Interest on long-term debt	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	4,684,877
Total governmental activities expenses	\$ 297,581,520	\$ 326,052,605	\$ 334,495,658	\$ 334,993,707	\$ 332,533,729	\$ 333,074,856	\$ 331,508,830	\$ 332,403,381	\$ 325,951,294	\$ 338,037,293
Business type activities										
Solid Waste	\$ 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	\$ 9,382,539
Crown Center	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	7,436,566
Kelly Hills water and sewer district	-	602	66,862	66,845	66,855	72,569	75,337	68,661	67,709	139,826
NORCRESS water and sewer district	437,476	475,019	469,528	531,425	560,100	667,009	517,050	576,691	572,121	872,557
Southpoint Water District	-	-	-	-	-	-	3,529	24,674	30,673	26,564
Total business-type activities	\$ 17,178,790	\$ 19,627,552	\$ 18,687,344	\$ 19,033,599	\$ 20,607,261	\$ 20,329,522	\$ 19,447,579	\$ 16,948,483	\$ 16,867,507	\$ 17,858,082
Total primary government expenses	\$ 314,760,310	\$ 345,680,157	\$ 353,183,002	\$ 354,027,306	\$ 353,140,990	\$ 353,404,378	\$ 350,956,409	\$ 349,351,864	\$ 342,818,801	\$ 355,895,375
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 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	\$ 2,277,018
Public safety	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	3,571,955
Economic & physical development	1,000,137	918,059	907,184	969,652	1,660,379	1,509,164	1,440,607	1,387,921	1,330,020	1,394,180
Human services	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	6,144,958
Cultural & recreational	314,225	262,982	316,123	364,878	347,121	325,891	290,288	227,669	196,460	206,028
Operating grants and contributions										
General government	672,243	722,308	766,005	752,384	1,362,164	1,343,499	1,273,932	1,210,508	1,210,223	1,290,179
Public safety	938,285	1,258,882	3,000,993	1,274,393	1,251,625	924,305	572,249	553,242	646,878	948,585
Economic & physical development	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	7,193,042
Human services	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	59,695,265
Cultural & recreational	980,287	1,038,876	1,148,277	886,957	859,040	739,037	690,144	940,764	629,495	644,904
Capital grants and contributions										
General government	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	3,724,973
Public safety	606,687	1,545,270	752,035	746,372	228,701	293,661	467,535	774,769	56,472	171,196
Economic & physical development	598,137	973,716	1,349,603	1,336,432	1,153,621	929,630	935,972	1,165,423	917,914	1,180,957
Human services	386,076	630,824	497,549	348,341	-	-	-	-	-	-
Cultural & recreational	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Total governmental activities programs revenues	\$ 92,931,741	\$ 99,713,827	\$ 93,278,759	\$ 103,503,403	\$ 106,594,184	\$ 95,601,704	\$ 91,115,187	\$ 79,131,032	\$ 82,770,304	\$ 88,443,240

## COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Business-type activities:</b>										
Charges for services										
Solid Waste	\$ 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	\$ 3,948,096
Crown Center	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	1,834,124
Kelly Hills water and sewer district	1,054	-	-	-	1,951	2,082	6,097	5,641	2,856	93,318
NORCRESS water and sewer district	327,926	231,570	250,755	294,027	370,612	391,357	385,599	392,137	423,601	397,195
Southpoint Water District	-	-	-	-	-	-	4,700	32,009	31,371	41,013
Operating grants and contributions										
Solid Waste	-	-	10,472	518,723	591,983	456,766	729,269	589,023	621,463	493,139
Capital grants and contributions										
Kelly Hills water and sewer district	2,910	-	-	-	-	-	-	-	-	-
NORCRESS water and sewer district	254,122	-	-	-	-	-	-	-	-	-
Southpoint water and sewer district	-	-	-	-	-	-	361,239	40,053	-	-
<b>Total business-type activities program revenues</b>	<b>\$ 7,009,993</b>	<b>\$ 6,956,477</b>	<b>\$ 6,568,286</b>	<b>\$ 6,584,512</b>	<b>\$ 7,205,908</b>	<b>\$ 6,840,401</b>	<b>\$ 6,777,200</b>	<b>\$ 5,978,771</b>	<b>\$ 6,272,665</b>	<b>\$ 6,806,885</b>
<b>Total primary government program revenues</b>	<b>\$ 99,941,734</b>	<b>\$ 106,670,304</b>	<b>\$ 99,847,045</b>	<b>\$ 110,087,915</b>	<b>\$ 113,800,092</b>	<b>\$ 102,442,105</b>	<b>\$ 97,892,387</b>	<b>\$ 85,109,803</b>	<b>\$ 89,042,969</b>	<b>\$ 95,250,125</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (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)	\$ (249,594,053)
Business-type activities	(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)	(11,051,197)
<b>Total primary government net expense</b>	<b>\$ (214,818,576)</b>	<b>\$ (239,009,853)</b>	<b>\$ (253,335,957)</b>	<b>\$ (243,939,391)</b>	<b>\$ (239,340,898)</b>	<b>\$ (250,962,273)</b>	<b>\$ (253,064,022)</b>	<b>\$ (264,242,061)</b>	<b>\$ (253,775,832)</b>	<b>\$ (260,645,250)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Ad valorem taxes	\$ 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	\$ 185,971,389
Other taxes	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	59,433,120
Unrestricted grants and contributions	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	12,746,032
Investment earnings	7,779,579	5,932,341	2,237,751	423,070	307,459	212,121	204,969	187,033	188,401	350,879
Miscellaneous	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	6,033,427
Transfers	(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)	(5,680,022)
<b>Total governmental activities</b>	<b>\$ 221,448,730</b>	<b>\$ 229,968,968</b>	<b>\$ 231,266,796</b>	<b>\$ 229,178,590</b>	<b>\$ 226,242,606</b>	<b>\$ 234,874,660</b>	<b>\$ 240,588,885</b>	<b>\$ 251,836,700</b>	<b>\$ 251,669,954</b>	<b>\$ 258,854,825</b>
Business-type activities:										
Other taxes	\$ 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	\$ 6,328,374
Investment earnings	1,953,383	2,045,131	1,336,681	190,657	193,799	73,141	123,773	123,409	123,897	263,733
Miscellaneous	6,344	28,779	290,162	19,503	153,030	97,828	79,548	36,592	-	697,799
Transfers	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	5,680,022
<b>Total business-type activities</b>	<b>\$ 14,892,293</b>	<b>\$ 15,241,294</b>	<b>\$ 14,731,599</b>	<b>\$ 13,370,173</b>	<b>\$ 14,460,288</b>	<b>\$ 12,566,631</b>	<b>\$ 12,096,221</b>	<b>\$ 11,491,159</b>	<b>\$ 11,915,597</b>	<b>\$ 12,969,928</b>
<b>Total primary government</b>	<b>\$ 236,341,023</b>	<b>\$ 245,210,262</b>	<b>\$ 245,998,395</b>	<b>\$ 242,548,763</b>	<b>\$ 240,702,894</b>	<b>\$ 247,441,291</b>	<b>\$ 252,685,106</b>	<b>\$ 263,327,859</b>	<b>\$ 263,585,551</b>	<b>\$ 271,824,753</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 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	\$ 9,260,772
Business-type activities	4,723,496	2,570,219	2,612,541	921,086	1,058,935	(922,490)	(574,158)	521,447	1,320,755	1,918,731
<b>Total primary government</b>	<b>\$ 21,522,447</b>	<b>\$ 6,200,409</b>	<b>\$ (7,337,562)</b>	<b>\$ (1,390,628)</b>	<b>\$ 1,361,996</b>	<b>\$ (3,520,982)</b>	<b>\$ (378,916)</b>	<b>\$ (914,202)</b>	<b>\$ 9,809,719</b>	<b>\$ 11,179,503</b>

## COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Nonspendable:										
Inventories	\$ 250,613	\$ 230,328	\$ 194,096	\$ 156,802	\$ 179,164	\$ 144,603	\$ 139,885	\$ 161,583	\$ 172,503	\$ 191,535
Prepays	-	-	-	-	-	-	-	2,387,765	2,381,625	210
Restricted:										
Mental Health programs	-	-	-	-	14,331,047	-	-	-	-	-
Stabilization by state statute	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	27,929,111
Register of Deeds	254,065	463,139	461,343	498,743	498,743	623,297	820,471	714,243	754,325	867,507
County Schools	-	-	-	-	5,796,008	4,746,081	5,439,575	4,996,993	6,529,769	8,294,625
Committed:										
Property revaluation	-	-	-	-	416,927	443,426	494,773	631,503	758,093	602,906
LEO special separation allowance	-	-	-	-	-	-	-	-	-	2,215,961
Hope VI project	3,120,000	3,375,000	3,375,000	3,375,000	-	-	-	-	-	-
Assigned										
Subsequent year's expenditures	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	16,337,899
Property revaluation	150,000	175,000	-	-	-	-	-	-	-	-
Finance & tax office software	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	4,500,000
Water and sewer industrial expansion	-	-	-	-	5,897,670	6,236,961	5,845,409	4,421,513	4,876,523	4,626,523
Economic development incentives	-	-	-	-	2,531,854	1,500,448	1,500,448	695,665	1,500,000	968,841
Mental Health services	-	-	-	-	-	14,364,212	10,448,756	7,849,970	4,633,970	2,364,920
Public Health	-	-	-	-	-	-	-	-	-	2,510,625
Renovations and maintenance	454,516	3,258,222	3,536,479	2,265,121	2,258,117	1,641,942	3,472,205	-	5,131,898	3,621,105
Jail expansion	-	-	-	-	6,274,760	6,274,760	-	-	-	-
Potential medicaid increase	1,500,000	-	-	-	-	-	-	-	-	-
Backup E911 system	73,004	-	-	-	-	-	-	-	-	-
Health department renovations	1,606,150	-	5,682,892	3,882,892	-	-	-	-	-	-
Courthouse/plaza renovations	2,622,136	262,793	-	-	-	-	-	-	-	-
Special purposes	1,351,235	876,004	-	-	-	9,025,135	267,719	-	2,500,000	4,500,000
Current year's expenditures	-	-	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-	2,500,000	2,000,000
School buses	-	-	-	-	-	-	-	-	-	-
Unassigned	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	32,603,540
<b>Total general fund</b>	<b>\$ 98,111,884</b>	<b>\$ 97,716,760</b>	<b>\$ 96,085,532</b>	<b>\$ 96,263,043</b>	<b>\$ 111,501,350</b>	<b>\$ 112,185,007</b>	<b>\$ 109,900,651</b>	<b>\$ 111,512,652</b>	<b>\$ 113,176,472</b>	<b>\$ 114,135,308</b>

## COUNTY OF CUMBERLAND, NORTH CAROLINA

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>All other governmental funds</b>										
Nonspendable:										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,334	\$ 35,715	\$ -
Restricted:										
Stabilization by state statute	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	1,120,972
Inmates	180,841	54,648	23,566	23,566	125,212	135,440	264,683	374,799	466,736	638,782
Cemetery	36,553	39,125	41,139	42,296	42,540	42,565	44,980	45,587	45,923	48,451
School capital	-	-	-	-	19,091,481	6,158,810	1,744,183	344,806	314,714	-
Fire protection	-	-	-	-	299,841	403,678	227,257	201,946	195,046	180,022
Public safety	-	-	-	-	1,846,688	2,026,803	1,168,645	1,968,231	2,253,584	2,722,758
Economic and physical development	-	-	-	-	315,108	315,276	583,024	468,277	682,412	796,225
Human services	-	-	-	-	1,826,613	1,878,210	119,324	81,672	94,776	1,398,421
Cultural and recreational	-	-	-	-	4,354,582	3,281,232	3,689,809	4,998,917	2,893,538	5,134,837
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	1,803,902
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	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	17,289,218	17,234,733	14,664,366	13,022,215	(978,187)	(773,963)	(743,450)	(573,862)	(582,116)	(299,551)
Capital projects	2,608,563	987,936	20,229,259	14,942,491	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 36,436,973</b>	<b>\$ 80,026,909</b>	<b>\$ 60,697,224</b>	<b>\$ 48,066,933</b>	<b>\$ 34,571,346</b>	<b>\$ 20,338,398</b>	<b>\$ 16,164,682</b>	<b>\$ 9,796,633</b>	<b>\$ 10,695,219</b>	<b>\$ 13,544,819</b>
Change in fund classification							\$ (99,500)			
<b>Total all governmental funds</b>	<b>\$ 134,548,857</b>	<b>\$ 177,743,669</b>	<b>\$ 156,782,756</b>	<b>\$ 144,329,976</b>	<b>\$ 146,072,696</b>	<b>\$ 132,523,405</b>	<b>\$ 125,965,833</b>	<b>\$ 121,309,285</b>	<b>\$ 123,871,691</b>	<b>\$ 127,680,127</b>

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Ad valorem taxes	\$ 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	\$ 186,035,597
Other taxes	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	59,433,120
Unrestricted Intergovernmental	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	12,746,032
Restricted Intergovernmental	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	74,823,227
Licenses and permits	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	2,248,884
Sales and services	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	11,325,255
Investment earnings	7,528,255	5,694,409	2,253,863	411,269	323,232	323,148	204,317	184,759	186,167	343,238
Other general revenues	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	5,813,705
<b>Total revenues</b>	<b>322,676,101</b>	<b>337,476,807</b>	<b>330,004,974</b>	<b>341,131,195</b>	<b>340,753,867</b>	<b>336,949,840</b>	<b>338,178,039</b>	<b>338,205,893</b>	<b>341,484,128</b>	<b>352,769,058</b>
<b>Expenditures</b>										
General government	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	26,250,791
Public safety	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	63,152,331
Economic and physical development	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	13,511,856
Human services	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	100,953,854
Cultural and recreational	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	15,519,128
Education	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	97,090,796
Capital outlay	10,517,733	6,499,102	24,897,478	30,506,601	-	-	-	-	-	-
Debt service										
Principal	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	19,310,871
Interest and fees	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	5,349,679
<b>Total expenditures</b>	<b>316,441,597</b>	<b>332,511,089</b>	<b>367,199,965</b>	<b>361,967,468</b>	<b>345,416,959</b>	<b>344,425,394</b>	<b>340,826,317</b>	<b>337,126,298</b>	<b>334,381,154</b>	<b>341,139,306</b>
Revenues over (under) expenditures	6,234,504	4,965,718	(37,194,991)	(20,836,273)	(4,663,092)	(7,475,554)	(2,648,278)	1,079,595	7,102,974	11,629,752
<b>Other financing sources (uses)</b>										
Debt issuance	-	46,500,000	74,656,315	51,862,540	14,805,000	50,490,000	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	5,528,808	-	15,070,000	-	-
Premium on debt issuance	-	-	3,331,681	-	-	-	-	-	-	-
Discount on issuance of bonds	-	-	(29,238)	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	(55,622,909)	(36,414,948)	-	(55,560,424)	-	(15,204,915)	-	-
Sale of capital assets	189,243	172,355	547,666	174,040	172,674	239,985	221,680	215,878	348,691	273,441
Proceeds from issuance of debt	-	-	-	-	-	-	3,198,130	-	3,000,000	1,100,000
Debt issuance costs	-	-	846,413	320,367	(300,027)	(371,354)	-	(73,607)	(45,100)	(33,399)
Transfers in	8,714,304	8,220,078	11,226,447	9,379,386	5,138,793	1,165,227	10,672,931	1,016,060	1,076,789	3,481,990
Transfers out	(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)	(14,739,212)
Payment from/to component unit	-	-	-	-	-	-	(425,520)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(7,421,820)</b>	<b>38,229,094</b>	<b>16,234,078</b>	<b>8,383,493</b>	<b>6,405,812</b>	<b>(6,073,737)</b>	<b>(3,819,595)</b>	<b>(5,736,143)</b>	<b>(4,540,568)</b>	<b>(9,917,180)</b>
<b>Net change in fund balances</b>	<b>\$ (1,187,316)</b>	<b>\$ 43,194,812</b>	<b>\$ (20,960,913)</b>	<b>\$ (12,452,780)</b>	<b>\$ 1,742,720</b>	<b>\$ (13,549,291)</b>	<b>\$ (6,467,873)</b>	<b>\$ (4,656,548)</b>	<b>\$ 2,562,406</b>	<b>\$ 1,712,572</b>
Debt service as a percentage of noncapital expenditures	7.24%	6.77%	7.69%	7.44%	7.62%	7.97%	7.92%	7.75%	7.45%	7.30%

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**

<b>Sources of Governmental Funds Tax Revenues</b>									
<b>Fiscal Year</b>	<b>Ad Valorem Tax</b>	<b>Sales Tax</b>	<b>Video Sales Tax<sup>1</sup></b>	<b>Beer and Wine Tax</b>	<b>Other Tax</b>	<b>Real Estate Transfer Tax</b>	<b>Dog and Cat Registration Tax</b>	<b>Prepared Food and Beverage Tax</b>	<b>Total Tax</b>
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
2016	186,035,597	50,951,553	509,025	381,333	-	879,459	213,492	6,498,258	245,468,717

<sup>1</sup> Sales Tax on Video Programming Services was implemented in FY2007.

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

Fiscal Year Ended June 30	Real Property	Public Service <sup>1</sup>	Personal Property		Less: Tax Exempt Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>2</sup>	Assessed Value as a Percentage of Actual Value <sup>3</sup>
			Motor Vehicle	Other					
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%
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%
<sup>4</sup> 2011	21,827,755	348,880	2,050,229	1,239,005	4,463,684	21,002,185	0.9025	21,035,842	99.84%
2012	22,414,175	369,870	2,132,938	1,310,970	4,670,700	21,557,253	0.9025	21,542,173	100.07%
2013	21,274,270	375,488	2,233,690	1,369,721	3,104,069	22,149,100	0.9025	22,115,926	100.15%
2014	21,692,891	367,912	2,813,072	1,430,381	3,157,526	23,146,730	0.9025	22,368,904	103.48%
2015	22,096,679	365,032	2,203,857	1,504,336	3,225,523	22,944,381	0.9025	22,064,505	103.99%
2016	22,340,806	429,285	2,296,048	1,461,372	3,272,888	23,254,623	0.9025	22,241,399	104.56%

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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
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
2016	0.740	0.050	0.100	0.0125	0.9025	0.486	0.100	0.460	0.700	0.205	0.150	0.240	0.250	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 2016			Fiscal Year 2007		
	2015 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2006 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 326,895	1	1.41%	\$ 155,881	1	0.99%
Cross Creek Mall, LLC	150,848	2	0.65%	85,159	4	0.54%
Wal-Mart Stores, Inc.	126,546	3	0.54%	112,705	3	0.72%
Duke Energy Progress, Inc.	100,049	5	0.43%			
DAK Americas, LLC	64,185	4	0.28%	52,217	8	0.33%
Purolator Filters, NA LLC	63,380	9	0.27%	54,981	6	0.35%
Piedmont Natural Gas Co., Inc.	60,169	6	0.26%	54,140	7	0.34%
Carolina Telephone	55,910	7	0.24%	124,316	2	0.79%
South River EMC	50,144	8	0.22%			
Cargill	46,998	10	0.20%			
Carolina Power & Light Co.				66,963	5	0.43%
Black & Decker				35,022	10	0.22%
Centurion Aviation Service				50,833	9	0.32%
	<u>\$ 1,045,124</u>		<u>4.50%</u>	<u>\$ 792,217</u>		<u>5.03%</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	<sup>2</sup> Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Net Levy
2007	\$ 138,486,845	\$ 133,857,005	96.66%	\$ 3,678,828	\$ 137,535,833	99.31%
2008	144,435,397	140,172,406	97.05%	3,384,361	143,556,767	99.39%
2009	144,914,639	140,776,733	97.14%	3,324,082	144,100,815	99.44%
2010 <sup>1</sup>	158,424,003	154,634,400	97.61%	3,029,501	157,663,901	99.52%
2011	155,671,269	151,707,302	97.45%	3,147,763	154,855,065	99.48%
2012	159,824,747	155,867,130	97.52%	3,116,393	158,983,523	99.47%
2013	164,274,193	160,024,057	97.41%	3,217,034	163,241,091	99.37%
2014	171,641,426	169,217,802	98.59%	1,735,271	170,953,073	99.60%
2015	170,223,065	168,914,935	99.23%	852,634	169,767,569	99.73%
2016	172,307,349	171,119,929	99.31%	NA	171,119,929	99.31%

Source: Cumberland County Tax Department

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

<sup>2</sup> Collections for FY2007 include all collections through 9th prior year.  
Collections for FY2008 include all collections through 8th prior year.  
Collections for FY2009 include all collections through 7th prior year.  
Collections for FY2010 include all collections through 6th prior year.  
Collections for FY2011 include all collections through 5th prior year.  
Collections for FY2012 include all collections through 4th prior year.  
Collections for FY2013 include all collections through 3rd prior year.  
Collections for FY2014 include all collections through 2nd prior year.  
Collections for FY2015 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 <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	General Obligation Bonds	COPS and Limited Obligation Bonds	Capital Leases	Installment Purchase	General Obligation Bonds	COPS and Limited Obligation Bonds	Capital Leases	Installment Purchase			
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
2016	27,189,102	86,685,373	717,492	4,459,439	1,097,000	25,407,754	-	1,332,124	146,888,284	NA	447

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**

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<b>Fiscal Year</b>	<b>Total General Obligation Bonds</b>	<b>Percentage of Personal Income (1)</b>	<b>Percentage of Actual Taxable Value of Property (2)</b>	<b>Per Capita (1)</b>
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
2016	28,286,102	NA	0.13%	86

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

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

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

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

NA: Information not available

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 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	\$ 2,122,201
Total net debt applicable to limit	98,230	90,235	82,295	73,815	65,845	56,830	49,115	42,711	34,857	27,207
Legal debt margin	<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>	<u>\$ 2,094,994</u>
Total net debt applicable to the limit as a percentage of debt limit	7.01%	6.19%	5.45%	3.93%	3.23%	2.71%	2.43%	2.03%	1.66%	1.28%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed Property Value	\$ 23,254,623
Plus : Exempt Property	<u>3,272,888</u>
Total Assessed Value	<u>\$ 26,527,511</u>
Debt Limit (8% of total assessed value)	2,122,201
Debt applicable to limit:	
Total Bonded debt	27,207
Authorized and unissued debt	<u>20,126</u>
	47,333
Less: Statutory deductions	
Authorized and unissued debt	20,126
Revenue bonds	<u>-</u>
	20,126
Total amount of debt applicable to debt limit	<u>27,207</u>
Legal debt margin	<u>\$ 2,094,994</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Demographic and Economic Statistics**

**Last Ten Fiscal Years**

**Unaudited**

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<b>Fiscal Year Ended June 30</b>	<b>Population <sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Income <sup>2</sup></b>	<b>Median Age <sup>1</sup></b>	<b>School Enrollment <sup>3</sup></b>	<b>Unemployment Rate <sup>4/5</sup></b>
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%
2016	328,860	NA	NA	32.53	51,846	7.4%

Sources:

1. North Carolina State Office of Demographics
2. Bureau of Economic Analysis
3. Cumberland County Schools
4. US Bureau of Labor Statistics for employment and unemployment
5. NC Commerce, Labor and Economic Analysis Division

NA: Information not available

## COUNTY OF CUMBERLAND, NORTH CAROLINA

Principal Employers  
Current Year and Nine Years Ago  
Unaudited

Employer	Fiscal Year 2016			Fiscal Year 2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Department of Defense-Civilians	9,500	1	8.12%	8,857	1	6.27%
Cumberland County Schools	6,314	2	5.39%	6,700	2	4.74%
Cape Fear Valley Health System	6,167	3	5.27%	5,000	3	3.54%
Cumberland County Government	2,947	4	2.52%	2,788	4	1.97%
Wal-Mart Associates Inc.	2,860	5	2.44%			
Goodyear Tire & Rubber Co.	2,500 +	6	2.14%	2,650	5	1.87%
City of Fayetteville	1,770	7	1.51%	1,429	7	1.01%
Veterans Administration	1,000 +	8	0.85%			
Fayetteville Technical Community College	1,000 +	9	0.85%	1,250	10	0.88%
Food Lion	1,000 +	10	0.85%			
State of North Carolina				1,530	6	1.08%
U.S. Postal Service				1,312	8	0.93%
Methodist University				1,300	9	0.92%
Total Employment (Ten Largest Civilian Employers)	<u>35,058</u>		<u>29.94%</u>	<u>32,816</u>		<u>23.22%</u>
Total Employment	117,059					

## Sources:

Cumberland County Chamber of Commerce

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

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	239	245	245	238	239	232	250	248	247	245
Public Safety										
Sheriff	381	381	385	378	377	377	378	395	395	398
Detention Facility	187	188	187	190	188	200	254	266	266	251
Other	66	57	73	91	96	101	97	97	101	55
Human Services										
Public Health	240	233	239	247	251	289	280	276	274	242
Mental Health	373	215	218	208	145	72	5	4	4	
Social Services	616	635	635	652	643	636	636	636	655	608
Other	22	7	7	73	76	77	77	77	80	75
Cultural & Recreation										
Library	176	176	175	195	191	188	188	188	186	153
Economic and Physical Development	108	116	105	106	102	102	80	80	86	79
Crown Center	41	41	41	40	40	40	40	0	0	0
Solid Waste	64	60	60	68	68	68	68	68	68	59
<b>Total</b>	<b>2,513</b>	<b>2,354</b>	<b>2,370</b>	<b>2,486</b>	<b>2,416</b>	<b>2,382</b>	<b>2,353</b>	<b>2,335</b>	<b>2,362</b>	<b>2,165</b>

Source: County Budget System (BRASS)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Government</b>										
Number of persons voting in elections	35,785	18,385	128,873	53,454	69,644	53,878	134,566	63,062	76,615	90,038
Number of registered voters *	139,350	177,718	208,513	194,383	195,242	199,194	215,084	202,486	204,462	202,770
Number of birth certificates processed	8,242	8,046	8,800	8,547	8,502	8,401	8,865	8,973	8,206	8,035
Number of death certificates processed	2,511	2,790	2,715	2,657	2,862	2,842	2,985	3,015	3,101	2,976
Number of land record instruments	61,396	49,243	47,970	45,072	43,487	46,217	49,619	41,770	39,515	39,206
Number of marriage licenses issued	3,898	4,003	4,676	3,967	4,407	3,946	3,964	3,751	3,772	3,591
Number of pieces of mail handled	639,434	725,028	709,172	676,736	674,100	837,402	683,304	502,486	626,820	613,235
* List Maintenance every 4 years (non-voters removed)										
<b>Public Safety</b>										
Number of fire calls answered	9,459	11,056	11,585	18,135	15,113	30,632	14,968	14,080	15,327	15,753
Number fire permits issued	232	274	381	324	161	122	223	243	193	220
Number of emergency calls dispatched	57,320	60,116	190,041*	221,147	367,109	326,410	309,872	303,011	322,475	341,488
Number of sheriff calls answered	137,576	144,689	152,069	145,879	189,149	190,335	174,953	172,367	189,184	213,486
Number of civil court papers handled	40,767	57,872	62,574	47,723	50,363	47,142	47,419	47,893	45,368	44,119
Average daily inmate population	532	536	541	563	586	601	658	721	740	714
Number of inmates admitted	9,833	11,257	12,044	12,128	12,280	12,537	11,359	11,253	11,643	12,065
Number of animals impounded (dogs and cats)	17,895	18,590	12,162	17,786	15,691	14,111	14,143	12,987	12,208	11,085
Number of animal investigations	16,014	14,240	17,223	19,555	15,093	21,121	33,424	43,075	41,518	37,745
*2009 consolidated emergency service and sheriff dispatchers										
<b>Human Services</b>										
Number of health dept. clinical services	29,399	31,282	33,515	47,721	32,918	34,724	36,701	40,739	44,039	45,275
Number of health dept. lab tests processed	28,286	59,007	67,919	28,279	33,339	36,179	35,233	39,506	49,047	47,433
Number of health dept. prescriptions filled	35,252	36,619	35,635	39,856	40,566	16,146	40,574	42,799	40,521	40,689
Amount of health care provided with no compensation	\$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	\$3,354,545
Number of WIC Clients	142,916	150,370	168,342	168,114	171,260	147,977	170,450	167,541	159,461	156,032
Number of food stamp ave monthly households	16,167	18,972	20,926	24,071	28,644	31,491	32,011	32,731	34,201	33,302
Average active Medicaid *	26,910	30,010	34,555	34,784	36,546	36,980	36,983	34,115	60,048	67,199
Average TANF active cases	2,967	1,647	1,423	1,343	1,324	1,297	1,219	1,025	965	436
Number of protective services referrals	4,977	5,735	5,784	5,319	5,502	6,105	5,413	5,427	5,242	5,984
Number of veterans claims processed **	5,233	2,377	5,882	3,978	2,454	4,040	4,122	2,405	5,028	2,309
Number of veterans served in office	7,568	7,379	9,241	8,753	8,553	10,014	8,517	10,803	10,821	9,061
*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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Human Services (continued)</b>										
Number of veterans served by telephone	16,848	18,070	26,410	35,151	19,695	24,247	24,040	27,696	29,962	24,656
Number of mental health days of service (24 hrs)	48,481	45,092	31,795	46,620	69,943	42,339	32,758	NA	NA	NA
Number of mental health outpatients served	6,337	6,410	6,785	5,785	6,265	6,508	5,538	NA	NA	NA
Number of mental health inpatients served**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Number of workforce development applicants***	683	1,331	2,095	2,189	1,046	NA	NA	NA	NA	5,278
**clients no longer contracted with hospital										
***Workforce Development not part of County FY12-15										
<b>Economic and Physical Development</b>										
Number of inspections performed	27,891	20,164	19,353	22,159	20,702	19,988	16,700	16,291	16,146	14,688
Number of building permits issued	1,760	1,273	1,300	1,105	1,081	1,037	1,046	1,038	955	786
<b>Culture and Recreation</b>										
Number of library books	592,536	558,713	587,093	591,357	592,186	485,469	490,528	549,798	478,071	472,567
Number of materials circulated	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 *	1,689,681 *
Number of public visits	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	1,262,216
Number of E-audio and video collections										23,243
* includes books and audio visual materials										
<b>Business Activities</b>										
Number of civic center event days	309	348	326	316	291	320	266	190	227	166
Number in attendance	521,088	554,792	576,673	533,092	567,936	518,103	519,485	485,290	486,951	479,606
Number of solid waste tonnages processed	305,915	261,389	262,427	263,996	263,410	261,952	235,295	270,571	260,194	291,643

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Fire</b>										
Number of volunteer stations	20	20	20	20	20	20	20	20	21	21
<b>Sheriff</b>										
Number of stations	4	6	5	5	5	4	4	5	5	5
Number of patrol vehicles	326	323	324	324	333	342	344	355	375	382
Detention facility beds	568	568	568	568	568	568	592	884	884	884
<b>Culture and Recreation</b>										
Number of libraries	8	8	8	8	9	9	9	9	9	9
Library collections	592,536	605,911	637,731	639,119	558,186 *	546,909	555,557	611,496	536,145	537,235
E-book collections**					10,384	9,503	16,551	53,045	218,420	61,095
Number of parks	3	3	3	3	3	3	3	3	3	4
Park acreage	185	185	185	170	170	170	170	170	170	177
Number of ball fields	64	63	63	65	65	65	65	65	65	65
Number of tennis courts	28	28	32	32	32	32	32	32	32	32
*Discarded outdated materials and foreign language collection										
**Includes local ebooks, NC Digital Library ebooks and NC Live ebooks										
<b>Facilities and services not included in primary government</b>										
<b>Education:</b>										
Number of schools	87	87	87	87	85	86	87	87	87	87
Number of students	53,078	52,912	53,162	52,187	52,400	53,063	52,729	52,725	52,740	51,846
Colleges & universities	2	2	2	2	2	2	2	2	2	2
Community colleges	1	1	1	1	1	1	1	1	1	1
<b>Hospitals:</b>										
Number of county hospitals	2	2	2	2	2	2	2	2	2	2
Number of patient beds	546	546	546	546	546	546	546	606	606	606

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

NA: Information not available.

**CONTINUING DISCLOSURE INFORMATION**  
**(Unaudited)**

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2016**

**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, 2016 were \$308,167,325. The major sources of General Fund revenues include property taxes (56.5%), sales taxes (13.3%), and intergovernmental revenues (23.4%). The County's property tax rate is \$0.74 per \$100 of assessed value. The value of one penny on the tax rate is \$2,331,465. The State Constitution permits counties to impose property taxes of up to \$1.50 per \$100 of assessed value without the requirement of a voter referendum.

Based upon the N.C. General Statutes, the net debt for any county may not exceed 8 percent of the total assessed value of real and personal property. General obligation debt principal (excluding unamortized premium of \$1,079,102) at June 30, 2015 is \$27,207,000 and is significantly less than the legal limit of approximately \$2 billion. Debt service payments represent 6.41% of total budgeted expenditures for FY2016 and 6.81% of total adopted budget expenditures for FY2017.

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, 2016 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2021:

<u>Fiscal Year Ended June 30 (1)</u>	<u>Historical Receipts (2)</u>
2012	\$ 5,563,994
2013	5,758,211
2014	5,843,580
2015	6,216,979
2016	6,443,541
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (3)</u>
2017	\$ 6,637,394
2018	6,837,074
2019	7,042,756
2020	7,254,619
2021	7,472,850

- (1) The Food and Beverage Tax became effective on January 1, 1994.
- (2) Historical receipts from the Food and Beverage Tax are audited amounts less collection costs ranging from \$50,434 to \$54,718 per year.
- (3) Forecasted receipts assume 3.0% annual growth in tax revenue and 2.0% annual growth in the cost of collection.

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

The Civic Center Commission may use the proceeds of the Occupancy Tax received by it only to finance renovations and expansions of the Cumberland County Crown (Civic) Center, and, with the permission of the Board of County Commissioners, to finance construction of new convention-oriented or multipurpose facilities. Set forth below are the historical receipts of the Civic Center Commission from the Occupancy Tax, net of administrative expenses, for the five fiscal years ended June 30, 2016 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2021:

<u>Fiscal Year Ended June 30</u>	<u>Historical Receipts (1)</u>
2012	\$ 1,190,047
2013	1,236,654
2014	1,214,817
2015	1,336,237
2016	1,329,245
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (2)</u>
2017	\$ 1,349,184
2018	1,369,422
2019	1,389,963
2020	1,410,813
2021	1,431,975

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee.  
(2) Forecasted receipts assume 1.5% annual growth rate less fixed 3% collection fee.

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

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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 FY2016, 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, 2016, all prior year defeased general obligation debt has been fully paid by the various escrow agents.

**OUTSTANDING GENERAL OBLIGATION DEBT**

	<b>Principal Outstanding as of</b>			
	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
General Obligation Bonds				
School	\$ 46,795,000	\$ 40,119,720	\$ 32,518,415	\$ 25,084,931
Community College Facilities	-	-	-	-
Library Facilities	2,320,000	1,455,280	1,221,585	1,025,069
NORCRESS Sewer	<u>1,154,000</u>	<u>1,136,000</u>	<u>1,117,000</u>	<u>1,097,000</u>
Total G.O. Principal	50,269,000	42,711,000	34,857,000	27,207,000
Premium	<u>3,325,072</u>	<u>1,853,866</u>	<u>1,466,484</u>	<u>1,079,102</u>
G.O. Debt Carrying Value	<u>\$ 53,594,072</u>	<u>\$ 44,564,866</u>	<u>\$ 36,323,484</u>	<u>\$ 28,286,102</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 (\$3,252,000), a discretely presented component unit.

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In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County has the statutory capacity to incur additional net debt in the amount of \$2,094,994,000 as of June 30, 2016.

**GENERAL OBLIGATION DEBT RATIOS**

At July 1	Total G.O. Debt (1)	Assessed Valuation	Ratio of G.O. Debt To Assessed Valuation	Population (2)	Total G.O. Debt Per Capita
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
2016	27,207,000	23,254,623,000	0.12%	323,838	84.01

(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**

<b>Cumberland County</b>							
FY Ending June 30	Schools (Including Related 2014 Refunding)		Libraries (Including Related 2014 Refunding)		NORCRESS Sanitary Sewer (Blended Component Unit)		
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest	
	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	-	-	-	-	30,000	66,218	
2027-31	-	-	-	-	168,000	329,576	
2032-36	-	-	-	-	206,000	329,999	
2037-41	-	-	-	-	250,000	327,962	
2042-46	-	-	-	-	224,000	247,100	
	<u>\$ 25,084,931</u>	<u>\$ 27,196,078</u>	<u>\$ 1,025,069</u>	<u>\$ 1,056,412</u>	<u>\$ 1,097,000</u>	<u>\$ 1,893,332</u>	

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**GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED**

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u> <sup>(1)</sup>
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, 2016**

Please refer to the report "Analysis of Debt of North Carolina Counties, Municipalities and Districts at June 30, 2016" 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 &amp; Interest Repayment/Requirements</u>	<u>FY2017 Principal And Interest Requirements</u>	<u>Balance June 30, 2016</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.	\$ 1,836,375	\$ 15,340,000
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.	8,789,988	45,675,000

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<b>Purpose</b>	<b>Original Amount/Costs</b>	<b>Principal &amp; Interest Repayment/Requirements</b>	<b>FY2017 Principal and Interest Requirements</b>	<b>Balance June 30, 2016</b>
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	9,937,500
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	9,870,000
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.	237,046	792,000
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.	136,241	455,200

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<b>Purpose</b>	<b>Original Amount/Costs</b>	<b>Principal &amp; Interest Repayment/Requirements</b>	<b>FY2017 Principal and Interest Requirements</b>	<b>Balance June 30, 2016</b>
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	717,492
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.	3,380,688	26,360,000
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	4,996	84,924
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.	648,501	959,439
Installment Financing - Fayetteville Technical Community College - Purchase building for Auto Body Repair Facility	3,000,000	Annual payments of principal and interest in arrears beginning November 9, 2015 and ending November 9, 2019. Annual payments include interest at the rate of 1.27% and range from \$607,726 to \$641,910; payable from the General Fund.	630,988	2,400,000
Installment Financing - Governmental Capital Improvement Projects	<u>1,100,000</u>	Interest only payments for two years, then principal of \$183,333 plus interest of 1.84% for six years; payable from General Fund.	<u>20,240</u>	<u>1,100,000</u>
<b>Total:</b>	<b><u>\$ 195,428,533</u></b>		<b><u>\$ 19,264,989</u></b>	<b><u>\$ 113,691,555</u></b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
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The County's payment obligations (principal & interest) at June 30, 2016 for the non-general obligation installment financing arrangements described in the preceding table are as follows:

<u>Fiscal Year Ending June 30</u>	<u>2009A Certificates Debt Service</u>	<u>2009B Refunding Certificates Debt Service</u>	<u>2011B Refunding LOBS Debt Service</u>	<u>Other Agreements Debt Service</u>	<u>Total Non-General Obligation Debt Service</u>
2017	\$ 1,836,375	\$ 8,789,988	\$ 3,380,688	\$ 5,257,938	\$ 19,264,989
2018	1,794,338	8,684,063	3,284,062	4,659,181	18,421,644
2019	1,750,088	5,797,262	3,177,563	4,249,170	14,974,083
2020	1,703,625	5,689,762	3,080,812	4,222,696	14,696,895
2021	1,654,950	5,563,138	2,978,688	3,284,427	13,481,203
2022	1,604,062	5,447,387	2,876,312	3,281,053	13,208,814
2023	1,551,700	5,330,356	2,778,563	3,277,681	12,938,300
2024	1,498,600	5,213,600	2,680,312	3,274,308	12,666,820
2025	1,444,025	3,269,750	2,576,688	3,087,601	10,378,064
2026	1,387,237	-	2,477,687	2,536,673	6,401,597
2027	1,328,975	-	2,373,313	4,996	3,707,284
2028	1,269,975	-	2,273,562	4,995	3,548,532
2029	1,210,238	-	459,281	4,996	1,674,515
2030	-	-	-	4,995	4,995
2031	-	-	-	4,996	4,996
2032	-	-	-	4,995	4,995
2033	-	-	-	4,996	4,996
	<u>20,034,188</u>	<u>53,785,306</u>	<u>34,397,531</u>	<u>37,165,697</u>	<u>145,382,722</u>
Premium	81,286	2,394,059	2,435,282	-	4,910,627
Carrying Value	<u>\$ 20,115,474</u>	<u>\$ 56,179,365</u>	<u>\$ 36,832,813</u>	<u>\$ 37,165,697</u>	<u>\$ 150,293,349</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 (\$8,280,424) and the ABC Board (\$270,661).

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 FY2016, 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**  
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the debt had been considered defeased and therefore removed from the County's liabilities. As of June 30, 2016, 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 various governmental and enterprise capital improvements.

**TAX INFORMATION**

**GENERAL TAX INFORMATION**

	<u>Fiscal Year Ended or Ending June 30,</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u> <sup>(3)</sup>
	(Amounts in thousands)		
Assessment Ratio <sup>(1)</sup>	100%	100%	100%
Real Property	\$ 18,874,858	\$ 19,071,710	\$ 19,204,310
Personal Property	1,500,634	1,457,580	1,699,239
Vehicles	2,203,857	2,296,048	2,393,314
Public Service Companies <sup>(2)</sup>	<u>365,032</u>	<u>429,285</u>	<u>429,243</u>
Total Assessed Valuation	22,944,381	23,254,623	23,726,106
Assessed Valuation Per Capita	69.65	71.81	73.27
Rate per \$100	.740	.740	.740
County-wide Levy	\$ 169,788	\$ 172,084	\$ 175,573

(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 December 15, 2016 for the fiscal year ending June 30, 2017. Population used for FY2016 assessed valuation per capita is 323,838 and was obtained from the Demographics Section of the NC Office of State Budget and Management. FY2017 population estimate assumes no growth and is held steady at 323,838.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
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**June 30, 2016**

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>2015</u>	<u>2016</u>	<u>2017</u> <sup>(1)</sup>
County-wide	\$ 169,788,419	\$ 172,084,210	\$ 175,573,184
Recreation District	3,244,380	3,112,104	3,122,031
Special Fire Districts	<u>7,299,854</u>	<u>7,002,233</u>	<u>7,024,570</u>
Total Levy	<u>\$ 180,332,653</u>	<u>\$ 182,198,547</u>	<u>\$ 185,719,785</u>

(1) Valuation estimates as of December 15, 2016 for the fiscal year ending June 30, 2017.

**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>
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%
2016	1,474,789	170,999,219	99.99%

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

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

**TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2016 (TAX YEAR 2015)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2015 Taxable Assessed Valuation*</u>	<u>% of Total Taxable Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 326,895	1.41%
Cross Creek Mall, LLC	Retail Mall	150,848	0.65
Wal-Mart Stores, Inc.	Retail/Distribution	126,546	0.54
Duke Energy Progress, Inc.	Electric Utility	100,049	0.43
DAK Americas, LLC	Textiles	64,185	0.28
Purolator Filters, NA LLC	Auto Filter Manufacturer	63,380	0.27
Piedmont Natural Gas Co.	Gas Utility	60,169	0.26
Carolina Telephone	Telephone Utility	55,910	0.24
South River EMC	Electric Utility	50,144	0.22
Cargill	Soybean Processor	<u>46,998</u>	<u>0.20</u>
		<u>\$ 1,045,124</u>	<u>4.50%</u>

\* Amounts expressed in thousands.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Compiled Budget - Annually Budgeted Funds**  
**Year Ended June 30, 2016**  
**(Unaudited)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
<b>Estimated revenues:</b>			
Ad valorem taxes	\$ 171,196,711	\$ 13,335,384	\$ 22,000
Other taxes	49,925,656	5,557,413	6,153,962
Unrestricted intergovernmental	10,811,453	5,000	-
Restricted intergovernmental	66,622,336	12,468,713	644,525
Licenses and permits	1,797,732	-	11,388
Sales and services	10,498,300	206,098	3,707,381
Interest earned on investments	228,693	600	74,004
Miscellaneous	5,111,970	653,781	4,500
Total estimated revenues	<u>316,192,851</u>	<u>32,226,989</u>	<u>10,617,760</u>
<b>Appropriations:</b>			
General government	31,301,693	-	-
Public safety	58,104,685	8,818,312	-
Economic and physical development	6,018,897	12,038,392	-
Human services	105,226,393	1,865,950	-
Cultural and recreation	11,843,351	5,449,451	-
Education	103,924,685	-	-
Salaries and employee benefits	-	-	3,792,076
Repairs and maintenance	-	-	1,365,956
Utilities	-	-	135,813
Administrative costs	-	-	4,237,593
Landfill closure and postclosure	-	-	1,005,000
Other operating - crown center	-	-	5,195,472
Capital outlay	-	-	7,095,458
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>341,830,491</u>	<u>28,172,105</u>	<u>27,633,399</u>
Estimated revenues over (under) appropriations	<u>(25,637,640)</u>	<u>4,054,884</u>	<u>(17,015,639)</u>
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
General fund	-	1,110,074	37,190
Special revenue funds	78,718	-	7,987,825
Capital projects	1,535,715	-	-
Internal service funds	-	-	-
Enterprise funds with multi-year budgets	-	-	-
Transfers to other funds:			
General fund	-	(78,718)	-
Special revenue funds	(1,110,074)	-	-
Capital projects	(1,369,403)	-	-
Internal service funds	(5,577,200)	-	-
Enterprise funds	(37,190)	(7,987,825)	-
Enterprise funds - discrete component unit	(205,000)	-	-
Proceeds of general long term debt	-	-	-
County contribution	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	51,727	-	-
Appropriated fund balances	32,270,347	2,901,585	8,990,624
Total other financing sources	<u>25,637,640</u>	<u>(4,054,884)</u>	<u>17,015,639</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 budget at June 30, 2016.

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, 2017**  
**(Unaudited)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
<b>Estimated revenues:</b>			
Ad valorem taxes	\$ 172,541,154	\$ 12,913,387	\$ 24,143
Other taxes	52,250,754	5,868,385	6,270,632
Unrestricted intergovernmental	11,305,025	5,000	-
Restricted intergovernmental	66,238,979	10,338,104	640,762
Licenses and permits	1,951,875	-	8,541
Sales and services	9,940,878	216,744	5,546,052
Interest earned on investments	224,741	900	75,000
Miscellaneous	5,387,867	362,970	9,601
Total estimated revenues	<u>319,841,273</u>	<u>29,705,490</u>	<u>12,574,731</u>
<b>Appropriations:</b>			
General government	30,924,845	-	-
Public safety	58,422,788	8,677,646	-
Economic and physical development	6,013,044	9,574,653	-
Human services	102,751,843	1,686,453	-
Cultural and recreation	11,903,554	4,630,211	-
Education	98,917,571	-	-
Salaries and employee benefits	-	-	3,100,257
Repairs and maintenance	-	-	1,437,500
Utilities	-	-	131,233
Administrative costs	-	-	4,390,833
Landfill closure and postclosure	-	-	700,000
Other operating - crown center	-	-	4,839,531
Capital outlay	-	-	1,125,000
Water and sewer	-	-	525,724
Debt service:			
Principal retirement	19,749,117	-	2,874,137
Interest and fees	4,911,900	-	1,192,662
Issuance costs	-	-	-
Total appropriations	<u>333,594,662</u>	<u>24,568,963</u>	<u>20,316,877</u>
Estimated revenues over (under) appropriations	<u>(13,753,389)</u>	<u>5,136,527</u>	<u>(7,742,146)</u>
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
General fund	-	731,323	-
Special revenue funds	80,406	-	7,526,396
Capital projects	-	-	-
Internal service funds	-	-	-
Enterprise funds	48,753	-	-
Transfers to other funds:			
General fund	-	(80,406)	(48,753)
Special revenue funds	(731,323)	-	-
Capital projects	(1,496,146)	-	-
Internal service funds	(102,200)	-	-
Enterprise funds	-	(7,526,396)	-
Enterprise funds - discrete component unit	(384,000)	-	-
Proceeds of general long term debt	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	-	-	-
Appropriated fund balances	16,337,899	1,738,952	264,503
Total other financing sources	<u>13,753,389</u>	<u>(5,136,527)</u>	<u>7,742,146</u>
Estimated revenues and other sources over appropriations and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Compiled for the Primary Government by the Cumberland County finance department from the FY2017 adopted budget ordinance at July 1, 2016.

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2016. Our report includes a reference to other auditors who audited the financial statements of the Cumberland County ABC Board, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Fayetteville Area Convention and Visitors Bureau and the Cumberland County ABC Board were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

**County's Response to Finding**

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



Fayetteville, North Carolina  
December 21, 2016

**Report of Independent Auditor on Compliance for Each Major Federal Program  
and on Internal Control over Compliance Required by OMB Uniform Guidance  
and the State Single Audit Implementation Act**

Board of Commissioners  
County of Cumberland, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the County of Cumberland, North Carolina (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002, 2016-003, 2016-004, and 2016-005. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Fayetteville, North Carolina  
December 21, 2016

**Report of Independent Auditor on Compliance for Each Major State Program  
and on Internal Control over Compliance in Accordance With the OMB Uniform  
Guidance and the State Single Audit Implementation Act**

Board of Commissioners  
County of Cumberland, North Carolina

**Report on Compliance for Each Major State Program**

We have audited the County of Cumberland, North Carolina (the “County”) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the County’s major State programs for the year ended June 30, 2016. The County’s major State programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the County’s major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Government Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the County’s compliance.

**Opinion on Each Major State Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2016.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance, as described in the *Audit Manual for Governmental Auditors in North Carolina*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002, 2016-004, and 2016-005. 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Fayetteville, North Carolina  
December 21, 2016

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

YEAR ENDED JUNE 30, 2016

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**Section I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: **Unmodified**

Internal Control over Financial Reporting:

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

Noncompliance material to financial  
statements noted       Yes     No

Federal Awards

Internal Control over Major Federal Programs:

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

Noncompliance material to federal  
awards       Yes     No

Type of Auditor's Report Issued on Compliance for Major Federal Programs: **Unmodified**

Any audit findings disclosed that are  
required to be reported in accordance  
with 2 CFR 200.516(a)?     Yes     No

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

YEAR ENDED JUNE 30, 2016

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

Identification of Major Federal Programs:

<u>CFDA#</u>	<u>Program Name</u>
	WorkForce Innovation & Opportunity Act Cluster:
17.258	WIA/WIOA Adult Program
17.259	WIA/WIOA Youth Activities
17.278	WIA/WIOA Dislocated Workers Formula Grants
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
93.645	Child Welfare Services State Grants – Permanency Planning
93.563	Child Support Enforcement
	TANF Cluster:
93.558	Temporary Assistance for Needy Families (TANF) / Work First
93.558	TANF / Work First - Direct Benefit Payments

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Uniform Guidance §200.518 but were tested as a major program because the State awards met the threshold for a major State program or were required to be tested as major by the State are included in the list of major federal programs.

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

YEAR ENDED JUNE 30, 2016

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**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

Juvenile Crime Prevention

State match on federal programs, included in the list of major federal programs above for NC Health Choice Program, Medicaid Cluster and TANF/Work First Cluster.

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

*YEAR ENDED JUNE 30, 2016*

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**Section II. Financial Statement Findings**

**Finding 2016-001**

**Nonmaterial noncompliance with laws and regulations**

Criteria: North Carolina General Statutes require that fund deficits be “fully appropriated” when adopting the budget ordinance for the subsequent year. For General Statute purposes, “fully appropriated” means a transfer that affects fund balance rather than a loan. North Carolina General Statutes require that actual expenditures do not exceed appropriated expenditures at the legal level of budgetary control.

Condition: For the fiscal year ended June 30, 2016, expenditures exceeded authorized appropriations in the following: Tourism Development Agency Fund expenditures by \$81,599; and Health Insurance Fund expenditures by \$580,246.

Effect: Noncompliance with regulations.

Questioned Costs: Not applicable.

Context: Not applicable.

Recommendation: Management needs to, on a periodic basis, evaluate the budgets and appropriate the funds if necessary.

Views of Responsible Officials: Management acknowledges the finding.

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

*YEAR ENDED JUNE 30, 2016*

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**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

**Nonmaterial noncompliance – Eligibility**  
**Finding 2016-002**

- 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. All clients were deemed eligible for assistance via review of alternative documentation.
- Context: A total of 60 Medical Assistance client files were selected from the OSA population report for the period July 2015 through June 2016. Of the 60 client files tested, we noted one instance where documentation of Form 5046 (Medical Transportation) was not in the client file at the time of the 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 (CONTINUED)**

*YEAR ENDED JUNE 30, 2016*

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**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  
Child Support Enforcement  
CFDA: 93.563

**Nonmaterial noncompliance – Eligibility**

**Finding 2016-003**

Criteria: Supporting documentation work performed on a case must be maintained in the case file.

Condition: We noted three instances where required documentation could not be located in the client file.

Questioned Costs: None. All clients were deemed eligible for assistance via review of alternative documentation.

Context: 40 child support enforcement cases were selected from the listing of applicants for the months of October 2015 and March 2016. Three of the case files tested did not contain DSS-7072 CSS Initial Interview Checklist.

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 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 documentation is maintained in the case files.

Views of Responsible Officials: Management acknowledges the finding.

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

*YEAR ENDED JUNE 30, 2016*

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U. S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services (NC DHHS) Division of Social Services  
TANF/Work First Cluster  
CFDA # 93.558

**Nonmaterial noncompliance – Eligibility**

**Finding 2016-004**

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 nine instances for the TANF/Work First Cluster where required documentation could not be located in the client file.

Questioned Costs: None. All clients were deemed eligible for assistance via review of alternative documentation.

Context: 60 participant files were selected from NC DHHS TANF Eligibility Population Report. Of the 60 client files tested, we noted nine of the files had missing documentation as follows:

- Seven instances where the online verification was not performed at the time of application or recertification, as applicable.
- Two instances were noted where Mutual Responsibility Agreement was not obtained at the time of application or recertification, as applicable.

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 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 (CONTINUED)**

*YEAR ENDED JUNE 30, 2016*

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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

**Nonmaterial noncompliance – Eligibility**  
**Finding 2016-005 (repeat 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 two 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 2015 through June 2016. Of the 60 client files tested, we noted two instances 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, 2016*

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**Section IV. State Award Findings and Questioned Costs**

None reported.

For State findings on federal programs, refer to 2016-002, 2016-004 and 2016-005.

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

*YEAR ENDED JUNE 30, 2016*

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**Finding #: 2016-001**

Name of Contact Person: Vicki Evans, Finance Director

Corrective Action Plan: Management will monitor budget to actual expenditures more closely especially toward fiscal year-end. Budget amendments will be completed timely and according to policy to ensure no further violations occur in the future.

Proposed Completion Date: Immediately

**Finding #: 2016-002**

Name of Contact Person: Patricia Crouch, Program Manager

Corrective Action Plan: Refresher training has been given during unit meetings and reminders were sent via email to reiterate the requirement of Medical Transportation assessment (Form 5046) at the time of application and recertification, and ensuring that the document is properly scanned into the customer's case file. We believe that this additional training and guidance on policy through unit supervisors, our internal staff development and quality assurance teams will produce the desired improvement.

Proposed Completion Date: Immediately

**Finding #: 2016-003**

Name of Contact Person: Harry Austin Keating III, Child Support Director

Corrective Action Plan: When the Director was made aware during the audit that these three records were missing the DSS-7072, the Director met individually with the department's eligibility specialist who complete the intake process for new applicants. The Director reiterated that the DSS-7072 must be completed and retained in each physical file. In addition, the department trainer will conduct a training class with all staff who may have contact with initial applicants. This will reinforce completion and retention of the DSS-7072 in each physical file.

Proposed Completion Date: Immediately

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

*YEAR ENDED JUNE 30, 2016*

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**Finding #: 2016-004**

Name of Contact Person: Patricia Crouch, Program Manager

Corrective Action Plan: TANF training cycle conducted Aug 15 - Sept 30, 2016 and Oct 12 thru Nov 29, 2016 addressing the TANF program and policy with the focus being on the processing of applications and redeterminations to include documentation, budget units, income and budgeting as well as stressing the importance of completing all application and recertification requirements. Refresher training was given on 8/29/16 during a TANF team meeting and reminders were given to reiterate the requirement to verify kinship, completion of OLV checks and the MRA. In addition, continued training will be held in team meetings to address the proper processing of applications/recertifications including documentation and requesting appropriate verifications. Workers understand that all actions must be documented and processed in accordance with TANF policy. We believe that additional training and guidance on policy through unit supervisors, our internal staff development and quality assurance teams will produce the necessary improvement

Proposed Completion Date: Immediately

**Finding #: 2016-005**

Name of Contact Person: Patricia Crouch, Program Manager

Corrective Action Plan: FCH Medicaid training cycles conducted Aug 15 - Sept 30, 2016 and Oct 12 thru Nov 29, 2016 addressing the FCH Medicaid program and policy with the focus being on the processing of applications and redeterminations to include documentation, budget units, income and budgeting as well as stressing the importance of verifying the status of 3rd party insurance. In addition, continued training will be held in team meetings to address the proper processing of reviews including documentation and requesting appropriate verifications. Workers understand that all actions must be documented and processed in accordance with FCH Medicaid policy. We believe that additional training and guidance on policy through unit supervisors, our internal staff development and quality assurance teams will produce the necessary improvement.

Proposed Completion Date: Immediately

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

*YEAR ENDED JUNE 30, 2016*

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

**Finding #: 2014-002**

Status: Corrected

**Finding #: 2014-006**

Status: Corrected

**Finding #: 2015-001**

Status: Similar finding from prior year was noted in the current year as 2016-005.

**Finding #: 2015-002**

Status: Corrected

**Finding #: 2015-003**

Status: Corrected

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

YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients	Local Expenditures
<b>Federal Awards:</b>						
<u>U.S. Dept. of Agriculture Food and Consumer Services:</u>						
Passed-through N.C. Dept. of Agriculture: Food Distribution	10.550		\$ 4,884	\$ -	\$ -	\$ -
<u>Passed-Through the N.C. Dept. of Health and Human Services:</u>						
Division of Social Services: Administration: <u>Food Stamp Cluster:</u> Food Stamp Incentive Retention	10.551		53,363	-	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		3,326,275	-	-	3,326,275
Total Food Stamp Cluster			<u>3,379,638</u>	-	-	<u>3,326,275</u>
<u>Passed-through the N.C. Dept. of Health and Human Services:</u>						
Division of Public Health: Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		2,132,235	-	-	-
AGRI-SFP Food Program Meal	10.559		5,858	-	-	-
Direct Benefit Payments: Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		9,301,791	-	-	-
Total U.S. Dept. of Agriculture			<u>14,824,406.00</u>	-	-	<u>3,326,275</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		225,473	6,556	-	-
Direct Program: Community Development Block Grants/Entitlement Grants	14.218		1,795,009	-	-	-
Supportive Housing Program	14.235		286,963	-	-	-
HOME Investment Partnerships Program	14.239		952,453	-	-	-
Total U.S. Dept. of Housing and Urban Development			<u>3,259,898</u>	<u>6,556</u>	-	-
<u>U.S. Dept. of Justice Bureau of Justice Assistance:</u>						
Direct Program: Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		174,640	-	-	-
Passed-through the N.C. Dept. of Crime Control and Public Safety: Direct Program: Edward Byrne Memorial Justice Assistance Grant	16.579		125,355	-	-	-
Federal Drug Forfeiture Program	16.600		135,113	-	-	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		163,592	-	-	-
Total U.S. Dept. of Justice			<u>598,700</u>	-	-	-

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

YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients	Local Expenditures
<b>U.S. Dept. of Labor Employment and Training Administration:</b>						
Passed-through Senior Service America, Inc.:						
Senior Community Service Employment Program	17.235		605,530	-	-	-
<b>WorkForce Innovation &amp; Opportunity Act Cluster:</b>						
Passed-through the N.C. Department of Commerce:						
Division of WorkForce Solutions						
WIA/WIOA Adult Program	17.258		1,171,512	-	871,703	-
WIA/WIOA Youth Activities	17.259		953,384	-	707,129	-
WIA/WIOA Dislocated Workers Formula Grants	17.278		605,374	-	422,402	-
Total WorkForce Innovation & Opportunity Act Cluster			2,730,270	-	2,001,234	-
Total U.S. Dept. of Labor			3,335,800	-	2,001,234	-
<b>U.S. Dept. of Transportation Federal Highway Administration:</b>						
Passed-through the N.C. Department of Transportation:						
Highway Planning and Construction Cluster:						
Highway Planning and Construction Grants	20.205		285,344	-	-	-
National Highway Traffic Safety Administration						
Passed-through the N.C. Department of Public Safety:						
Division of Emergency Management:						
Hazardous Materials Emergency Preparedness Grants	20.703		8,085	-	-	-
<b>Federal Transit Administration:</b>						
Passed-through the N.C. Department of Transportation:						
Federal Transit - Metropolitan Planning Grants	20.505		53,226	-	-	-
Formula Grants for Other Than Urbanized Areas	20.509		49,504	-	-	-
Alcohol Impaired Driving Countermeasures Incentive	20.601		15,914	-	-	-
Alcohol Open Container Requirements	20.607		32,696	-	-	-
Total U.S. Dept. of Transportation			444,769	-	-	-
<b>Institute of Museum and Library Services:</b>						
Passed-through the State Library of NC						
Grants to States	45.310		45,703	-	-	-
<b>Administration for Children and Families</b>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
WorkFirst/Temporary Assistance for Needy Families ("TANF")	93.558		5,399,925	-	-	5,895,220
WorkFirst/TANF - Direct						
Benefit Payments	93.558		2,990,476	(869)	-	1,063
Special Children Adoption	93.558		223,800	-	-	-
N.C. Child Support Enforcement Section	93.563		4,126,733	-	-	-
Refugee Assistance	93.566		7,845	-	-	-
Low-Income Home Energy Assistance Block Grant:						
Administration	93.568		244,030	-	-	-
Crisis Intervention Program	93.568		2,479,328	-	-	-
Child Welfare Services - State Grants:						
Permanency Planning - Families for Kids	93.645		69,674	961,465	-	715,048
SSBG - Other Services and Training	93.667		1,508,206	120,195	-	2,916,881
LINKS (formerly Independent Living Grant)	93.674		160,582	30,181	-	-

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

YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients	Local Expenditures
<b>Foster Care and Adoption Cluster:</b>						
Family Preservation	93.556		217,953	-	-	824,504
Title IV-E Foster Care	93.658		2,768,796	1,116,794	-	1,348,404
Adoption Assistance - Direct Benefit Payments	93.659		1,404,885	360,868	-	360,868
Total Foster Care and Adoption Cluster			4,391,634	1,477,662	-	2,533,776
<b>Division of Aging:</b>						
Division of Social Services:						
SSBG-Adult Day Care	93.667		75,068	73,494	-	21,223
<b>Division of Child Development:</b>						
Subsidized Child Care (Note 4)						
<b>Child Care Development Fund Cluster:</b>						
Division of Social Services:						
Child Care and Development Fund-Administration	93.596		586,619	-	-	66,224
Division of Child Development:						
Child Care and Development Fund - Discretionary	93.575		5,919,809	-	-	-
Child Care and Development Fund - Mandatory	93.596		2,038,439	-	-	-
Child Care and Development Fund - Match	93.596		2,352,929	850,545	-	-
Total Child Care Development Fund Cluster			10,897,796	850,545	-	66,224
Temporary Assistance for Needy Families	93.558		2,197,630	-	-	-
Foster Care Title IV-E	93.658		126,764	55,696	-	-
TANF - MOE			-	718,044	-	-
State Appropriations			-	2,100,937	-	-
Total Subsidized Child Care Cluster			13,222,190	3,725,222	-	66,224
<b>Substance Abuse and Mental Health Administration:</b>						
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		201,172	-	-	-
<b>Health Care Financing Administration:</b>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Medical Assistance:						
Direct Benefit Payments:						
Medical Assistance Program	93.778		294,172,577	158,457,706	-	-

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

YEAR ENDED JUNE 30, 2016

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u> 1(a)	Federal CFDA Number	State/ Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients	Local Expenditures
Division of Social Services:						
Medical Assistance Program Administration	93.778		8,372,008	761,564	-	2,380,825
Health Choice	93.767		129,691	3,082	-	846
Direct Benefit Payments:						
Health Choice	93.767		4,631,281	237,996	-	-
Centers for Disease Control and Prevention passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Public Health Emergency Preparedness	93.069		64,308	-	-	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		7,723	-	-	-
Well-Integrated Screening & Evaluation for Women Across the Nation	93.094		26,013	-	-	-
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116	4552	29,146	-	-	-
Injury Prevention and Control Research and State and and Community Based Programs	93.136		3,284	-	-	-
Immunization Program/Aid to County Funding	93.268	5715	104,176	-	-	-
Centers for Disease Control And Prevention Investigations And Technical Assistance	93.283		55,121	-	-	-
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		45,178	-	-	-
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PHF)	93.757		12,284	-	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		30,991	-	-	-
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		80,337	-	-	-
Assistance programs for Chronic Disease Prevention and Control	93.945		71,962	-	-	-
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977		510	-	-	-
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		306,628	229,998	-	-
Office of Population Affairs passed-through the N.C. Dept. of Health and Human Services:						
Office of Population Affairs						
Family Planning Services	93.217		158,123	-	-	-
Total U.S. Dept. of Health and Human Services			343,402,004	166,077,696	-	14,531,106
<u>Department of Homeland Security</u>						
<u>Passed-through N.C. Dept. of Crime Control and Public Safety:</u>						
Division of Emergency Management:						
Emergency Management Performance Grants	97.042		81,336	-	-	-
Pre-Disaster Mitigation Program	97.047		37,656	-	-	-
Homeland Security Grant Program	97.067		11,799	-	-	-
Total Homeland Security			130,791	-	-	-
Total Federal awards			366,042,071	166,084,252	2,001,234	17,857,381

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

YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients	Local Expenditures
<b>State Awards:</b>						
<u>N.C. Dept. of Health and Human Services:</u>						
Division of Social Services:						
State/County Special Assistance for Adults - Direct Benefit						
Payments			-	1,880,331	-	1,888,056
State Foster Care Benefits Program			-	2,507,411	-	2,507,402
Energy Assistance - CP&L Energy Program			-	24,289	-	-
State CPS Caseload Reduction			-	314,569	-	107,923
CPS State			-	152,157	-	60,213
Child Welfare State In-Home Expansion			-	117,843	-	-
Temporary Assistance for Needy Families Incentives			-	1,305	-	-
Special Links			-	39,858	-	-
AFDC Incentives			-	455	-	-
Adult Protective Services			-	51,775	-	310,408
Smart Start Administration			-	225,980	-	157,611
Family Violence Prevention Grant			-	26,100	-	-
Division of Child Development:						
Smart Start Raising a Reader						
			-	117,201	-	-
Division of Public Health:						
General		4110	-	233,180	-	-
School Nurse Funding Initiative			-	197,271	-	-
Food and Lodging Fees			-	34,402	-	-
Public Health Pest Management			-	1,324	-	-
Public Health Nursing			-	8,256	-	-
Breast & Cervical Cancer Program			-	32,087	-	-
General Communicable Disease Control			-	25,762	-	-
Tuberculosis			-	85,122	-	-
Women's Health Service Fund			-	5,995	-	-
Child Health			-	9,150	-	-
HMHC-Family Planning			-	20,673	-	-
Maternal Health (HMHC)			-	35,780	-	-
HIV/STD SSBG Aid			-	25,000	-	-
Sexually Transmitted Diseases			-	11,303	-	-
TB Medical Services		4536	-	4,969	-	-
Total N. C. Department of Health and Human Services			-	6,189,548	-	5,031,613
<u>N.C. Dept. of Environment &amp; Natural Resources:</u>						
Division of Water and Soil Conservation:						
Agriculture Cost Share Program						
			-	3,600	-	-
Soil and Water District Projects						
			-	26,442	-	-
Total N.C. Department of Environment & Natural Resources			-	30,042	-	-

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

YEAR ENDED JUNE 30, 2016

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u> 1(a)	Federal CFDA Number	State/ Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients	Local Expenditures
<u>Department of Public Safety:</u> Juvenile Crime Prevention Program			-	992,788	992,788	-
<u>N.C. Dept. of Cultural Resources:</u> State Aid to Public Libraries			-	311,976	-	-
<u>N.C. Dept. of Transportation:</u> Rural Operating Assistance Program Cluster: Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	139,776	-	-
Rural General Program			-	67,237	-	-
Work First Transitional/Employment Trans. Assistance			-	76,051	-	-
Total Rural Operating Assistance Program Cluster			-	283,064	-	-
Total N.C. Department of Transportation			-	283,064	-	-
<u>Governor's Crime Commission:</u> Crimes Against Children Conference			-	3,196	-	-
<u>N.C. Dept. of Administration:</u> Domestic Violence Program			-	86,934	-	-
Total State awards			-	7,897,548	992,788	5,031,613
Total Federal and State awards	\$ 366,042,071		\$ 173,981,800	\$ 2,994,022	\$ 22,888,994	

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

YEAR ENDED JUNE 30, 2016

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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 Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the *State Single Audit Implementation Act*. 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. The County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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	\$ 285,344	\$ -
Supportive Housing Program	14.235	286,963	-
Juvenile Crime Prevention Program		-	992,788
WIA/WIOA Adult Program	17.258	871,703	
WIA/WIOA Youth Activities	17.259	707,129	
WIA/WIOA Dislocated Workers Formula Grants	17.278	422,402	

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.