



Cumberland County North Carolina

Comprehensive Annual
Financial Report
Fiscal Year Ended June 30, 2018



CUMBERLAND
COUNTY
NORTH CAROLINA

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

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FINANCE OFFICE

November 30, 2018

The Honorable Larry L. Lancaster, Chairman
The Honorable Dr. Jeannette M. Council, Vice Chairperson
The Honorable Glenn B. Adams
The Honorable Michael Boose
The Honorable Charles Evans
The Honorable W. Marshall Faircloth
The Honorable Jimmy Keefe
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, 2018. The basic financial statements contained herein have been audited by the independent certified public accounting firm of Cherry Bekaert LLP and that firm's unmodified opinion is included in the Financial Section of this report.

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

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

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

compliance reports on the basic financial statements and major federal and state programs; Schedule of Findings and Questioned Costs; Corrective Action Plan; Schedule of Prior Audit Findings; and Schedule of Expenditures of Federal and State Awards are presented in the compliance section of this report.

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

GENERAL INFORMATION

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

A devastating fire in 1831, and the invasion of General Sherman's army in 1865 during the American Civil War, delayed Fayetteville's growth. In 1918, land in northwest Cumberland County was purchased and developed by the U.S. Army to serve as an artillery training facility. Camp Bragg has evolved over the years into Fort Bragg, a permanent Army post. In 2018, Fort Bragg is celebrating its centennial.

Cumberland County is located in the southeast section of North Carolina, with a land area of approximately 652 square miles. The most recent population estimates from the Office of State Budget and Management (the "OSBM") rank the County as the fifth largest county in the State with a population estimate of 329,824. The City of Fayetteville (the "City" or "Fayetteville") is the sixth largest municipality in the State with a population estimate of 208,729.

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

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

Fort Bragg

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

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



ECONOMIC CONDITIONS AND OUTLOOK

Military

Fort Bragg is home to roughly 56,000 troops. More than 14,000 Department of Defense civilians work on the installation, along with more than 6,000 contract employees. In all, Fort Bragg supports a population of roughly 280,000, including military families, retirees and others. The total direct and indirect military impact provides approximately \$10.6 billion in local spending, especially from payroll which is illustrated in Tables 1 and 2. The military impact on the local economy fluctuates depending on a variety of factors, including the number of deployed military personnel, capital projects and appropriation levels. Commercial contracts awarded to local businesses for supplies and equipment through the Office of Directorate of Contracting has a direct effect on the economy.

Table 1
MILITARY PERSONNEL AND PAYROLL AT FORT BRAGG

| Year | Military Personnel | Payroll |
|------|--------------------|-----------------|
| 2017 | 56,062 | \$2,834,589,044 |
| 2016 | 53,050 | \$2,823,327,754 |
| 2015 | 53,663 | \$2,895,038,498 |
| 2014 | 54,806 | \$2,733,469,032 |
| 2013 | 59,978 | \$2,860,373,823 |

Source: XVIII Airborne Corps and Garrison Public Affairs Office

Table 2
CIVILIAN EMPLOYMENT AND PAYROLL AT FORT BRAGG

| Year | Number of Employees | Payroll |
|------|---------------------|---------------|
| 2017 | 14,036 | \$767,329,661 |
| 2016 | 14,190 | \$790,556,644 |
| 2015 | 14,629 | \$720,063,728 |
| 2014 | 14,469 | \$653,763,470 |
| 2013 | 20,628 | \$694,187,839 |

Source: XVIII Airborne Corps and Garrison Public Affairs Office

In terms of building space and population, Fort Bragg is the largest military installation in the world. The base is a significant source of construction spending in the region with approximately \$1 billion expected to be spent on ongoing and planned construction through 2020. Since the last round of base realignment and closures, Fort Bragg's buildings have grown from 20 million square feet to 52.4 million square feet and construction projects during that time are valued at more than \$860 million. The major construction for fiscal year 2017 totaled \$121 million; maintenance and repair construction for fiscal year 2017 totaled \$143.5 million; and, another \$100 million is the projected spending per year through fiscal year 2021.

Local

The Fayetteville Cumberland County Economic Development Corporation is the lead agency on developing strategies and initiatives for economic development in the County. The County's commitment to expanding and diversifying its economy includes maintaining a strong industrial base. Manufacturing and distribution services are diverse in the area. The County's workforce has a median age of 29.9, far below the national median, and has a much higher than average percentage of workers who have college degrees. Each year, the County's workforce increases by approximately 6,500 transitioning soldiers, who have high levels of technical skills and personal discipline. These skilled workers serve industries such as business and financial operations, food processing, defense support services, logistics/warehouse services and advanced manufacturing.

In October 2017, Advanced Computer Learning Company, a leader in training development and delivery, software programs, and technology systems integration, announced they are moving forward on a major expansion. The renovation project will base its headquarters in Fayetteville and will result in the creation of 75 full-time jobs with an average salary of \$58,400.

In February 2018, Cambridge-Lee Industries, LLC (CLI) announced its selection of Cumberland County for the location of a new facility. The project resulted in the immediate creation of 19 full-time jobs. CLI, headquartered in Reading, Pennsylvania, is one of the world's largest manufacturers and distributors of copper tubing. CLI chose the County for its improved logistics for customer service and production as well as a readily available workforce.

Logistics is one of the fastest growing industries in the area. In May 2018, the North Carolina Department of Transportation reported that 700 truck drivers have been hired in the County since January 1st. As announced in December 2017, Campbell Soup Supply Company, LLC in partnership with DHL Supply Chain will also create 195 distribution jobs as they are set to build a new, 627,000 square foot, \$40 million facility in the County's Cedar Creek Business Center. The facility will have the ability to expand by 50 percent in the future. Once all positions are filled, the annual payroll impact will total \$4.515 million. The companies chose Cumberland County for its skilled workforce, proximity to major transportation hubs, and favorable business climate.



In terms of transportation, the County's location on Interstate-95, rail infrastructure, and proximity to shipping ports have made it a central hub for the transportation, warehousing, and wholesale industries. According to the North Carolina Department of Commerce, these segments provide more than 6,200 jobs and represent over \$371 million in earnings annually in Cumberland County. Doubling the number of lanes on I-95 in North Carolina begins next year as the Department of Transportation plans to award a contract next spring to a design and construction team that will widen I-95 from four to eight lanes within the northeastern sector of the County.

This project marks the first substantial upgrade of I-95 in North Carolina. The project is being partially funded by a \$147 million federal program known as Infrastructure for Rebuilding America. The Department was awarded this grant to improve highways and broadband service in Eastern North Carolina.

Booz Allen Hamilton, a management and technology consulting firm, announced its expansion of current operations in Cumberland County, creating 208 new jobs over five years. The company expects to invest more than \$5 million in the project by the end of 2020. Many of the jobs will be IT focused. There are two phases to the project. The first phase will be a footprint expansion in Fayetteville. In phase two, the company will expand or relocate within Cumberland County to accommodate the continued growth in the area. A Booz Allen Hamilton representative stated, "In addition to a strong business community, Fayetteville's proximity to Fort Bragg and Camp Lejeune provides an important access point to an exciting talent pipeline of military spouses with diverse skillsets, as well as veterans who are transitioning from the military and seeking high-impact, mission focused careers." Once all positions are filled, the annual payroll impact will be \$2.7 million.

The retail sector located in Fayetteville had one of its largest growth spurts in history during 2017. The growth was driven primarily by the opening of Freedom Town Center on Skibo and Cliffdale Roads. The Freedom Town Center provides 387,000 square feet of additional retail space to the area. Kinlaw's Supermarket, a locally owned and operated fresh produce and meat store, announced its renovation and expansion project at its headquarters in Fayetteville. The expansion will result in a total capital investment of \$515,000 and 11 full-time jobs paying an average of \$31,200 annually.

Downtown Fayetteville is also experiencing retail growth related to the development of a \$37.8 million, 4,786 seat baseball stadium, with a planned opening in 2019. The stadium will be home to a Houston Astros minor league team. Currently under construction, the stadium has already been selected to host the Big South Conference for its ESPN televised, baseball tournament championships for years 2019, 2020,

and 2021. Eight of the Big South’s ten baseball-playing universities will combine to play 13 – 15 games during May, in a double-elimination format. The championship game is scheduled for Saturday of Memorial Day weekend. The tournament is expected to generate at least \$1.5 million of economic activity in this area. In addition to baseball, a hotel, apartment complex, and renovations of the existing Prince Charles Hotel are all planned in the immediate area of the stadium. Additional business and restaurants are planning to open in the downtown area soon.

As shown in Taxable Sales, Table 3, fiscal year 2018 sales experienced a small percentage growth, showing an increase of .22% over the previous fiscal year taxable sales amount.

TAXABLE SALES
Table 3

| Year | Cumberland County | % Change |
|------|-------------------|----------|
| 2018 | \$4,049,332,514 | .22% |
| 2017 | \$4,040,268,838 | 4.97% |
| 2016 | \$3,848,869,911 | 4.22% |
| 2015 | \$3,693,046,187 | 5.24% |
| 2014 | \$3,509,005,624 | -1.39% |

Source: North Carolina Department of Revenue

As shown in Table 4, Cumberland County’s growth in population is showing small growth and that small growth is projected to continue through 2020. Overall County growth rates are below the state’s estimated and projected growth rates. Prior year projection rates showed a decline in projected 2025 population of the County. The improvement in the projections can be attributed to the slight increase in troop strength at Fort Bragg.

POPULATION
Table 4

| | 2010 | 2016 Certified | | 2020 Estimate | | 2025 Projected | |
|-------------------|------------|----------------|--------------------|---------------|--------------------|----------------|--------------------|
| | Population | Population | % Change from 2010 | Population | % Change from 2016 | Population | % Change from 2020 |
| Cumberland County | 327,309 | 329,824 | 0.76% | 329,709 | -0.03% | 329,752 | 0.01% |
| North Carolina | 9,574,344 | 10,155,942 | 5.73% | 10,619,432 | 4.36% | 11,192,454 | 5.12% |

Source: North Carolina Office of State Budget and Management

As shown in Table 5, between 2014 and June 2018, the County’s average unemployment rate decreased by 1.0%. The state’s average unemployment rate also decreased during the same timeframe by 0.8%. The trend of declining unemployment rates for the County mirrors that of the State for comparable periods.

EMPLOYMENT

Table 5

| Year | Total Civilian Labor Force | Number Employed | Number Unemployed | Cumberland County Unemployment Rate | State Unemployment Rate |
|--------------|-----------------------------------|------------------------|--------------------------|--|--------------------------------|
| 2018 (6 mo.) | 129,232 | 122,191 | 7,041 | 5.4% | 4.2% |
| 2017 | 127,387 | 120,687 | 6,700 | 5.3% | 4.2% |
| 2016 | 127,978 | 120,153 | 7,825 | 6.1% | 4.9% |
| 2015 | 126,231 | 117,774 | 8,457 | 6.7% | 5.3% |
| 2014 | 124,122 | 116,207 | 7,915 | 6.4% | 5.0% |

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 2017 to June 2018, there was an increase of 1.65% of total closed listings and the comparative value at closing increased by 4.32%.

Table 6 focuses on permits obtained for *new* construction, as new construction permits serve as a strong indicator of the economy. The total number and total value of new residential and non-residential building permits for 2017 exceeded the 2016 totals. New residential values increased by 15.23% and new non-residential values increased by 18.1%.

The first six months of 2018 are trending toward additional increases as well. The non-residential value within the first six months of 2018 is already greater than the calendar year 2017 total. The significant items contributing to the increase include property developments owned by the City of Fayetteville related to the baseball stadium and airport; Prince Charles Hotel development located in downtown Fayetteville; a Holiday Inn Express being developed in the Cedar Creek area; Campbell Soup Supply Company project development; and, a Mercedes Benz dealership on Glensford Drive in Fayetteville.

BUILDING PERMITS

Table 6

| Calendar Year | New Residential | | New Non-Residential | |
|----------------------|------------------------|---------------|----------------------------|---------------|
| | Number | Value | Number | Value |
| 2018 (6 mo.) | 336 | \$74,274,866 | 36 | \$117,726,625 |
| 2017 | 713 | \$113,810,321 | 112 | \$105,540,023 |
| 2016 | 586 | \$96,476,647 | 106 | \$86,432,613 |
| 2015 | 664 | \$190,410,991 | 107 | \$124,135,762 |
| 2014 | 851 | \$127,106,376 | 97 | \$128,359,992 |
| 2013 | 1,235 | \$170,894,335 | 93 | \$70,265,759 |

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 69.95% and 7.52% respectively, of the operating budget for the Cumberland County School Administrative Unit's 2017-2018 School Year. Fiscal year 2016 was the first year an adjustment to the original current expense appropriation was required in accordance with the Cumberland County School Funding Agreement of 2014. In accordance with the agreement, a final adjustment amount will be paid to the Board of Education no later than 30 days after the receipt of the comprehensive annual financial report. The current expense final total to be paid for the fiscal year ended June 30, 2018, is \$80,961,835 from General Fund revenues for school operations. For the fiscal year ending June 30, 2019, the County's original budgeted current expense appropriation was \$79,463,109. Shortly after the fiscal year began, a revised budget ordinance amended the annual budgeted amount to \$80,150,000. The Funding Agreement of 2014 expired on June 30, 2018.

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, 2018, those actual sales taxes totaled \$11,005,659. An additional \$938,179 was received as part of the inter-local Sales Tax Hold Harmless agreement with its municipalities. The County received \$3,592,098 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2018. As of June 30, 2018, the County has received \$55,034,547 from the North Carolina Education Lottery since its inception in 2007. The proceeds are primarily to be used for school construction and reduction of class size in the early grades.

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

COUNTY SCHOOLS AVERAGE DAILY MEMBERSHIP
Table 7

| School Year | Grades K-5 # Schools | Grades 6-8 # Schools | Grades 9-12 # Schools | Total Final ADM |
|-------------|-------------------------|-------------------------|--------------------------|-----------------------|
| 2017-2018 | 52 | 18 | 17 | 49,641 |
| 2016-2017 | 52 | 18 | 17 | 49,928 |
| 2015-2016 | 52 | 18 | 17 | 49,918 |
| 2014-2015 | 52 | 17 | 17 | 50,258 |
| 2013-2014 | 52 | 17 | 17 | 51,119 |

Number of schools excludes special schools and academies.

Source: North Carolina Department of Public Instruction, Information Analysis and Reporting

Non-Public Schools

There are 30 independent private and religious schools in the County. The enrollment for the 2017-2018 school year was 4,652. *Source: 2018 North Carolina Directory of Non-Public Schools, Conventional Schools Edition*

Colleges and Universities

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

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

FTCC, a two-year public institution, serves approximately 42,000 students annually, with more than 250 curriculum programs of study to meet the needs of the community and students. FTCC serves high school juniors and seniors through High School Connections, providing opportunities for high school students to earn college academic credits at no tuition expense to them. Some programs are one hundred percent online, adding convenient, flexible options for students.

FTCC’s commitment to the community was recognized by its selection to be listed in the *2018 Guide to Military Friendly Schools*. This list honors the top 20% of colleges, universities, and trade schools on their ability to recruit and retain America’s military service members and veterans as students. FTCC is the headquarters for the North Carolina Military Business Center (NCMBC) which is a state funded, business development organization that provides services to businesses across the state. The NCMBC leverages military and other federal business opportunities for economic development and job creation in the state.

The responsibility for financial support of FTCC is shared by the State and County governments. Appropriations from the County to FTCC for operating expenses for the fiscal year ended June 30, 2018 totaled \$11,172,379 and for capital outlay totaled \$422,125. For the fiscal year ending June 30, 2019, the appropriations from the County to FTCC are \$11,735,900, an increase of \$563,521 or 5.04%.

Fayetteville State University: Founded in 1867, Fayetteville State University (“FSU”), a constituent institution of the University of North Carolina, is the second oldest state-supported educational institution in North Carolina. FSU has 38 buildings on a 156-acre campus. Fayetteville State University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award baccalaureate, masters, and doctorate level degrees. Top majors include: criminal justice, business administration, psychology and sociology. Altogether FSU boasts 36 undergraduate programs, thirteen master’s degree programs, and one doctoral program in educational leadership. FSU Online offers degree completion programs in nine undergraduate majors, an MBA, and a graduate degree in criminal justice. FSU has off-site campuses at Fort Bragg and Seymour Johnson Air Force Base. Total undergraduate enrollment exceeded 5,000 in 2018 with 800 enrolled in graduate programs.

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.

Total undergraduate enrollment was 2,149 in 2018 with 342 additional students enrolled in graduate programs. 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, minors, and concentrations recently added include engineering, entrepreneurship, applied forensic science, graphic design, and applied communication. The University offers six graduate 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, special education or coaching and athletic administration, the Doctor of Physical Therapy, and will be enrolling its first doctoral level students in the Doctor of Occupational Therapy in the Fall of 2018. 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.

MAJOR INITIATIVES

Public Safety Task Force

The Public Safety Task Force was reactivated during fiscal year 2017 and met throughout the current year. The Task Force began by reviewing the prior report and recommendations of the Public Safety Task Force in 2010. The Task Force then identified the key elements to be accomplished: development of consistent standards of performance, update the fire contracts and creation of a sustainable and equitable funding mechanism to support the delivery of fire service in the County.

To address these key topics, the Task Force started with a Strengths, Weaknesses, Opportunities and Threats (SWOT) approach with the assistance of a facilitator. The next phase was to gather research on volunteerism, performance standards, different contract templates and various funding models utilized by other counties throughout the state. Fire contracts were discussed over a series of Task Force meetings. The Task Force then appointed a funding subcommittee to review and develop a funding model. The subcommittee will then make a recommendation to the full Task Force for consideration. The goal is for the Task Force to complete their review and submit their recommendations to the Board of Commissioners during fiscal year 2019.

Software Implementation to Improve Customer Service

Central Permits/Land Management Software: This software will replace multiple outdated systems to include Central Permits, Inspections, Code Enforcement, Land Use, Parcel/Address Management and Environmental Health software. The new software solution will provide a single integrated system with a streamlined process maximizing operational efficiency and greatly increasing the level of customer service. Funding was approved during the current fiscal year with implementation beginning in fiscal year 2019.

Tax Software: This software replacement will eliminate the final product hosted on the County Mainframe. Our goal is to select an Enterprise Resource Planning (ERP) solution to comprehensively address tax administration processing including appraisal, assessment, billing and collections and reporting providing operational efficiency and enhanced customer service. Through the assistance of a consultant, we are in the final phase of evaluating a software solution. A recommendation was forwarded to the Board in August 2018.

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.

During fiscal year 2018, the Board of Commissioners added a Capital Investment Fund policy which identifies a funding mechanism to address future County capital facilities needs. The policy was created based on the 2016 initiative to address financial sustainability in planning for future capital needs. Staff worked with financial advisors to develop a financial model that illustrates by funding source how future potential capital needs can be addressed. The model illustrates as debt is retired, funds that had been previously budgeted for debt repayment will be re-assigned for use for future capital needs. This concept of the policy and the model create a dedicated revenue stream that can be used for annual payments on future debt. The newly added policy includes: the budget process for establishing capital expenditure priorities; debt affordability elements; debt modes and pay/go debt ratios; and, establishes a minimum fund balance percentage of 25% of annual debt service on outstanding debt or debt projected to be issued in the model.

Ratings

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

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

Internal Control

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

Single Audit

As a recipient of Federal and State financial assistance, the County is also responsible for ensuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. As part of the County's single audit, tests are made to determine the adequacy of the internal control structure including that portion related to federal and state financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations.

Budgeting Controls

In government, more so than business, the budget is an integral part of a unit's accounting system and daily operations. An annual budget ordinance, as amended by the Board of County Commissioners, creates a legal limit on spending authorizations. For the County of Cumberland, annual budgets are adopted for the General, Special Revenue, Permanent, Proprietary, Capital Projects, Internal Service and Pension Trust Funds. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is at the department level for the General Fund, Special Revenue Funds, Permanent Funds and at the fund level for Proprietary and Pension Trust Funds. Expenditures for construction contracts are monitored at the project level for the Capital Project Funds. Any amendments or transfers of appropriation between departments or funds must be authorized by the County Manager's office and approved by the Board of County Commissioners. In addition, the County maintains budgetary controls. The objective of these controls is to ensure compliance with the legal provisions embodied in the annual budget ordinance adopted by the Board of Commissioners. An encumbrance accounting system is used to facilitate effective budgetary control. An encumbrance reserves a portion of an appropriation at the time a commitment is made to acquire goods or services. Open encumbrances are closed out at fiscal year-end and may be re-appropriated with approval of a budget ordinance revision as approved by the Board of Commissioners.

OTHER INFORMATION

Independent Audit

North Carolina General Statute 159-34 requires an annual audit by independent certified public accountants. The accounting firm of Cherry Bekaert LLP was selected by the Board of Commissioners. In addition to meeting the requirements set forth in the State Statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the State Single Audit Implementation Act. The auditor's unmodified report on the basic financial statements is included in the Financial Section of the Comprehensive Annual Financial Report. The auditor's reports relating specifically to the single audit are presented in the Compliance Section.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cumberland for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the twenty-eighth 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 Audit staff throughout the year, especially during the preparation of this CAFR. We would like to thank all members of the Department who contributed to its preparation and the County's independent certified public accountants, Cherry Bekaert LLP, for their assistance and guidance. The cooperation of each County Department is appreciated as we work together in conducting the County's financial operations. We also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance and advice in planning and conducting the financial activities of the County consistent with the County's mission of providing quality services to our citizens while being fiscally responsible.

Respectfully submitted,



Amy H. Cannon
County Manager



Melissa C. Cardinali
Assistant County Manager
General Government & Stewardship



Vicki Evans
Finance Director
General Manager Financial Services



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, 2017

Christopher P. Morrill

Executive Director/CEO

COUNTY OF CUMBERLAND
NORTH CAROLINA

Board of County Commissioners



Larry L. Lancaster, Chairman

Dr. Jeannette M. Council, Vice Chairman

Michael Boose

W. Marshall Faircloth

Jimmy Keefe

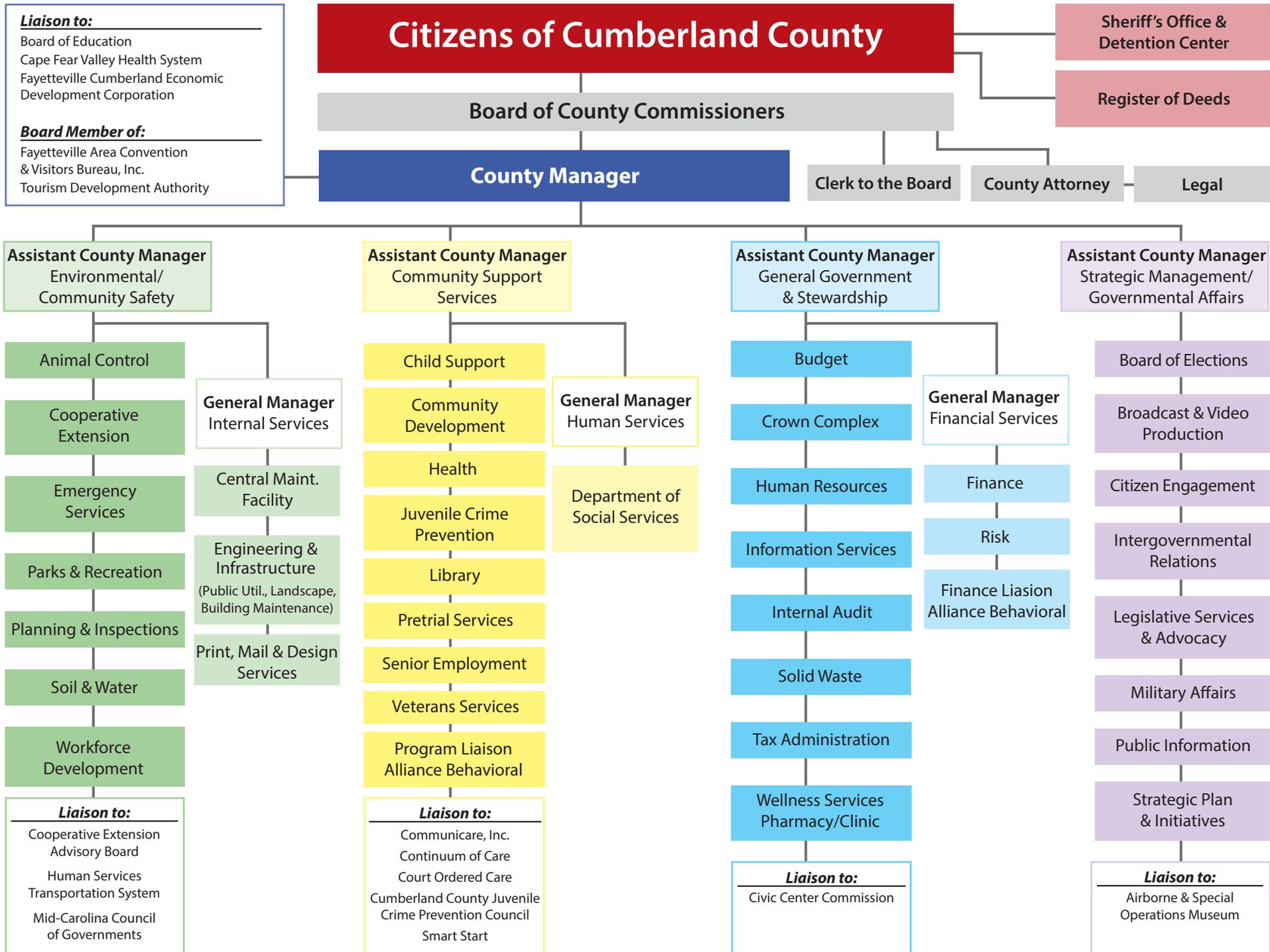
Glenn Adams

Charles Evans

County Officials

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

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



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, 2018 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, 2018, 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

Change in Accounting Principles

As discussed in Note 17 to the financial statements, the County adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the fiscal year ended June 30, 2018. As a result, net position as of June 30, 2017 has been restated. Our opinion is not modified with respect to this matter.

Restatements

As discussed in Note 18 to the financial statements, the County recorded a restatement to reclassify amounts between two governmental funds. As a result, fund balance as of June 30, 2017 for those funds have been restated. The County also recorded a restatement related to the workers' compensation liability based on an actuarial study. As a result, net position as of June 30, 2017 has been restated. Our opinion is not modified with respect to these matters.

OTHER MATTERS

Required Supplementary Information

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

Supplemental and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 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.

Cheryl Bekaert LLP

Fayetteville, North Carolina
November 30, 2018

COUNTY OF CUMBERLAND, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

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, 2018. We encourage readers to read the information presented here in conjunction with the transmittal letter and the County's financial statements, which follow this narrative.

Financial Highlights

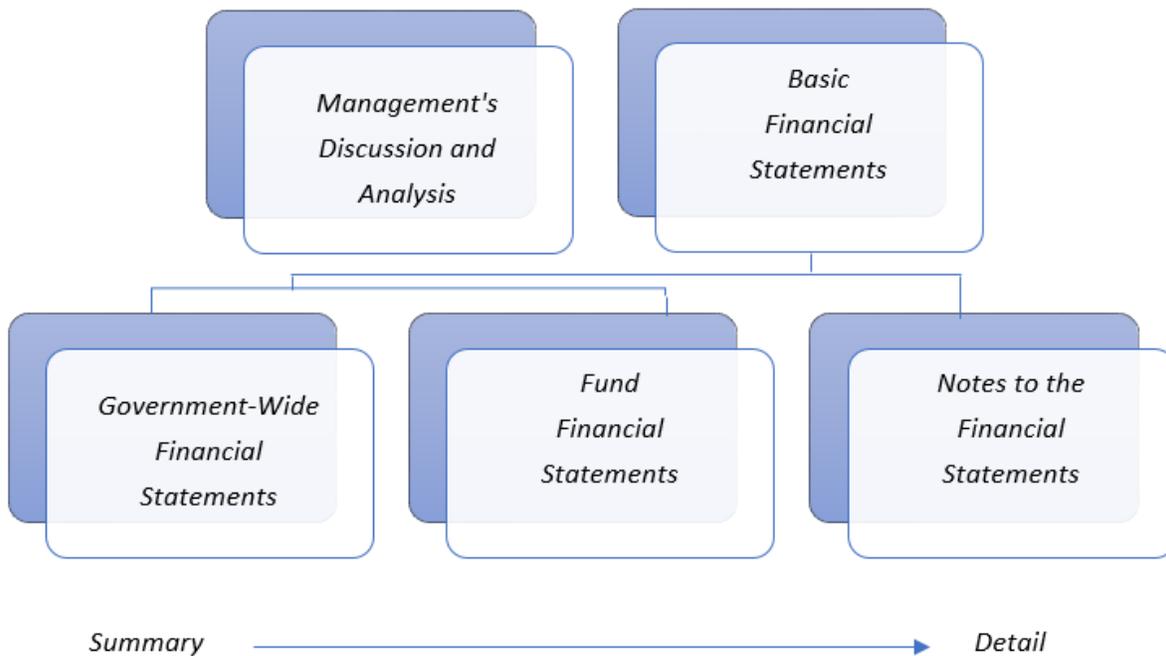
- Assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$30,729,272 (*net position*).
- In accordance with North Carolina law, liabilities of the County include approximately \$11,526,346 in long-term debt associated with assets belonging to the Cumberland County Board of Education (general obligation bonds). Also, the County has one installment financing agreement with a total balance of \$1,200,000 to pay for the purchase and renovation of a building 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 position.
- The County's net position decreased by \$156,960,567 or 83.63% from the previous year. The net position decrease is primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and the resulting OPEB Liability, \$178,633,092 and the restatement of net position for incurred but not reported claims (IBNR) resulted from a Loss Reserve analysis for fiscal year 2018 in the amount of \$3,328,532.
- During fiscal year 2018, the County implemented an employee reduction in force; the Law Library was closed; and other measures were taken to deliver services in a more cost-effective manner.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$154,659,941 an increase of \$17,601,444 or 12.84% from the prior year. Approximately \$72,168,835 of this total amount is restricted, committed or non-spendable.
- During fiscal year 2018 the Board of Commissioners adopted the Capital Investment Fund Policy. The Capital Investment Fund (CIF) is the primary fund/mechanism for investment in County capital facilities. The CIF will fund the current debt service on capital assets previously acquired by debt issuance and will project future resources for facility acquisition. The future acquisition will include debt and pay go funded capital assets. The General Fund will continue to contain operational-oriented capital investments needed for cost effective County operations (as example, computers, communication device and similar capital assets).
- In fiscal year 2018 the County issued \$23,005,000 Limited Obligation Refunding Bonds Series 2017 to provide funds, together with other available funds to advance refund \$24,150,000 of non-general obligation debt.
- In July 2017, Standard and Poor's Rating Group affirmed the County's AA+ General Obligation Bond Rating and AA appropriation rating on debt outstanding. The affirmations are a result of the County's very strong budgetary flexibility with available reserves, strong budgetary performance in fiscal year 2016 with slight operating surpluses to the General Fund, very strong liquidity, strong management with good financial policies, and a very strong debt and contingent liabilities profile. Moody's Investor Service affirmed the Aa1 rating of the County's General Obligation Bond debt and the Aa2 rating of outstanding Limited Obligation Bonds and Certificates of Participation. The Aa2 rating reflects the satisfactory legal structure, the essential nature of the pledged assets, and the long-term credit characteristics of the County. The Aa1 General Obligation rating reflects the County's robust tax base with an average socioeconomic profile, anchored by Fort Bragg. The rating reflects the County's strong financial performance, including the maintenance of General Fund balance levels consistently more than 35% of revenues and adopted financial and debt policies which demonstrate prudent and conservative management.

COUNTY OF CUMBERLAND, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

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-12) 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's financial position.

Government-wide Financial Statements

The 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

COUNTY OF CUMBERLAND, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

statements provide short and long-term information about the County's financial status as a whole. The government-wide financial statements are on pages D-1 and D-2.

1. The *Statement of Net position* presents information on all of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources, with the difference between the two reported as net position. Measuring net position is one way to gauge the County's financial condition.
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 and Overhills Park Water and Sewer District.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements provide more detailed information about the County's most significant activities.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable

COUNTY OF CUMBERLAND, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 20 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 19 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 information reported in the notes to the financial statements provides additional information that is essential to a complete 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 Financial Information

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

**COUNTY OF CUMBERLAND, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Government-Wide Financial Analysis

The following summarizes Net Position (Deficit) at June 30, 2018 and 2017.

**NET POSITION
Table 1**

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|------------------------|--------------------------|----------------------|-----------------------|----------------------|
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| ASSETS | | | | | | |
| Current and other assets | \$ 167,385,280 | \$ 190,438,314 | \$ 61,611,098 | \$ 55,409,858 | \$ 228,996,378 | \$ 245,848,172 |
| Capital assets | 200,139,303 | 194,037,900 | 62,097,812 | 69,956,865 | 262,237,115 | 263,994,765 |
| Total Assets | <u>367,524,583</u> | <u>384,476,214</u> | <u>123,708,910</u> | <u>125,366,723</u> | <u>491,233,493</u> | <u>509,842,937</u> |
| Deferred outflows of resources | 29,365,766 | 26,893,264 | 2,145,305 | 1,888,255 | 31,511,071 | 28,781,519 |
| LIABILITIES | | | | | | |
| Long-term liabilities outstanding | 268,340,236 | 406,767,936 | 44,241,651 | 46,862,544 | 312,581,887 | 453,630,480 |
| Other liabilities | 17,279,992 | 22,935,452 | 3,115,814 | 2,406,637 | 20,395,806 | 25,342,089 |
| Total Liabilities | <u>285,620,228</u> | <u>429,703,388</u> | <u>47,357,465</u> | <u>49,269,181</u> | <u>332,977,693</u> | <u>478,972,569</u> |
| Deferred inflows of resources | 1,916,309 | 28,057,570 | 160,723 | 865,045 | 2,077,032 | 28,922,615 |
| NET POSITION | | | | | | |
| Net investments in capital assets | 163,004,686 | 161,369,905 | 37,152,240 | 46,331,906 | 200,156,926 | 207,701,811 |
| Restricted | 66,301,394 | 75,001,538 | 10,374,109 | 3,759,889 | 76,675,503 | 78,761,427 |
| Unrestricted | (119,952,268) | (282,762,923) | 30,809,678 | 27,028,957 | (89,142,590) | (255,733,966) |
| Total Net Position (Deficit) | <u>\$ 109,353,812</u> | <u>\$ (46,391,480)</u> | <u>\$ 78,336,027</u> | <u>\$ 77,120,752</u> | <u>\$ 187,689,839</u> | <u>\$ 30,729,272</u> |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County, Table 1, exceeded liabilities and deferred inflows of resources by \$30,729,272 as of June 30, 2018. The County's net position decreased by \$156,960,567 for the year ending June 30, 2018 compared with the prior year. The total liabilities increased by \$145,994,876. The implementation of GASB statement No. 75 required the County to adjust beginning total OPEB liability and record the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period. The impact was an increased liability of \$178,633,092. Of total net position, one of the largest portions, \$207,701,811, 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, \$78,761,427, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position results from debt financing related to school assets.

Consistent with many other counties in the State of North Carolina, the County's *unrestricted net position* deficit is primarily due 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

**COUNTY OF CUMBERLAND, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 and non 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 \$13,270,104 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, a portion of the school system 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.

(continued on next page)

**COUNTY OF CUMBERLAND, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CHANGES IN NET POSITION
Table 2**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|------------------------|--------------------------|----------------------|-----------------------|----------------------|
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| REVENUES | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13,864,827 | \$ 13,796,936 | \$ 6,944,867 | \$ 6,587,995 | \$ 20,809,694 | \$ 20,384,931 |
| Operating grants and contributions | 71,820,421 | 59,598,392 | 4,924,806 | 2,202,760 | 76,745,227 | 61,801,152 |
| Capital grants and contributions | 4,934,148 | 4,435,762 | - | - | 4,934,148 | 4,435,762 |
| General revenues: | | | | | | |
| Property taxes | 189,961,506 | 197,423,713 | - | - | 189,961,506 | 197,423,713 |
| Other taxes | 60,818,546 | 61,690,570 | 6,505,637 | 7,338,720 | 67,324,183 | 69,029,290 |
| Grants and contributions not restricted to specific programs | 12,493,334 | 13,609,843 | - | - | 12,493,334 | 13,609,843 |
| Unrestricted investment earnings | 499,798 | 1,283,268 | 218,310 | 490,373 | 718,108 | 1,773,641 |
| Gain on sale of assets | 230,165 | 1,230,515 | 196,183 | 69,987 | 426,348 | 1,300,502 |
| Miscellaneous | 6,879,504 | 5,303,051 | 28,384 | 28,564 | 6,907,888 | 5,331,615 |
| Total revenues | 361,502,249 | 358,372,050 | 18,818,187 | 16,718,399 | 380,320,436 | 375,090,449 |
| EXPENSES | | | | | | |
| General government | 30,128,456 | 29,507,515 | - | - | 30,128,456 | 29,507,515 |
| Public safety | 70,034,152 | 68,374,946 | - | - | 70,034,152 | 68,374,946 |
| Economic and physical development | 13,008,901 | 13,777,811 | - | - | 13,008,901 | 13,777,811 |
| Human services | 110,361,150 | 95,495,386 | - | - | 110,361,150 | 95,495,386 |
| Culture and recreation | 17,527,672 | 15,818,615 | - | - | 17,527,672 | 15,818,615 |
| Education | 97,230,388 | 104,859,935 | - | - | 97,230,388 | 104,859,935 |
| Interest on long-term debt | 4,010,962 | 2,380,138 | - | - | 4,010,962 | 2,380,138 |
| Solid Waste | - | - | 10,189,981 | 11,055,063 | 10,189,981 | 11,055,063 |
| Crown Center | - | - | 7,745,790 | 8,081,185 | 7,745,790 | 8,081,185 |
| Kelly Hills Water and Sewer District | - | - | 118,113 | 108,803 | 118,113 | 108,803 |
| Norcross Water and Sewer District | - | - | 803,787 | 601,087 | 803,787 | 601,087 |
| Southpoint Water | - | - | 25,936 | 21,418 | 25,936 | 21,418 |
| Overhills | - | - | 29,118 | 7,490 | 29,118 | 7,490 |
| Total expenses | 342,301,681 | 330,214,346 | 18,912,725 | 19,875,046 | 361,159,352 | 350,089,392 |
| Increase in net position before transfers | 19,200,568 | 28,157,704 | (94,538) | (3,156,647) | 19,106,030 | 25,001,057 |
| Transfers | (5,552,333) | (5,784,863) | 5,552,333 | 5,784,863 | - | - |
| Change in net position | 13,648,235 | 22,372,841 | 5,457,795 | 2,628,216 | 19,106,030 | 25,001,057 |
| Net position - beginning | 103,525,465 | 109,353,812 | 72,878,232 | 78,336,027 | 176,403,697 | 187,689,839 |
| Restatement IBNR | - | (3,328,532) | - | - | - | (3,328,532) |
| Restatement LEOSSA | (7,819,888) | - | - | - | (7,819,888) | - |
| Restatement OPEB | - | (174,789,601) | - | (3,843,491) | - | (178,633,092) |
| Net position - beginning as restated | 95,705,577 | (68,764,321) | 72,878,232 | 74,492,536 | 176,403,697 | 5,728,215 |
| Net position - ending | \$ 109,353,812 | \$ (46,391,480) | \$ 78,336,027 | \$ 77,120,752 | \$ 187,689,839 | \$ 30,729,272 |

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 99.19% for real and personal property.
- The County continues to exercise fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year. The County's unassigned fund balance level provides a financial cushion to accommodate unforeseen expenses that may occur for any reason during the fiscal year.

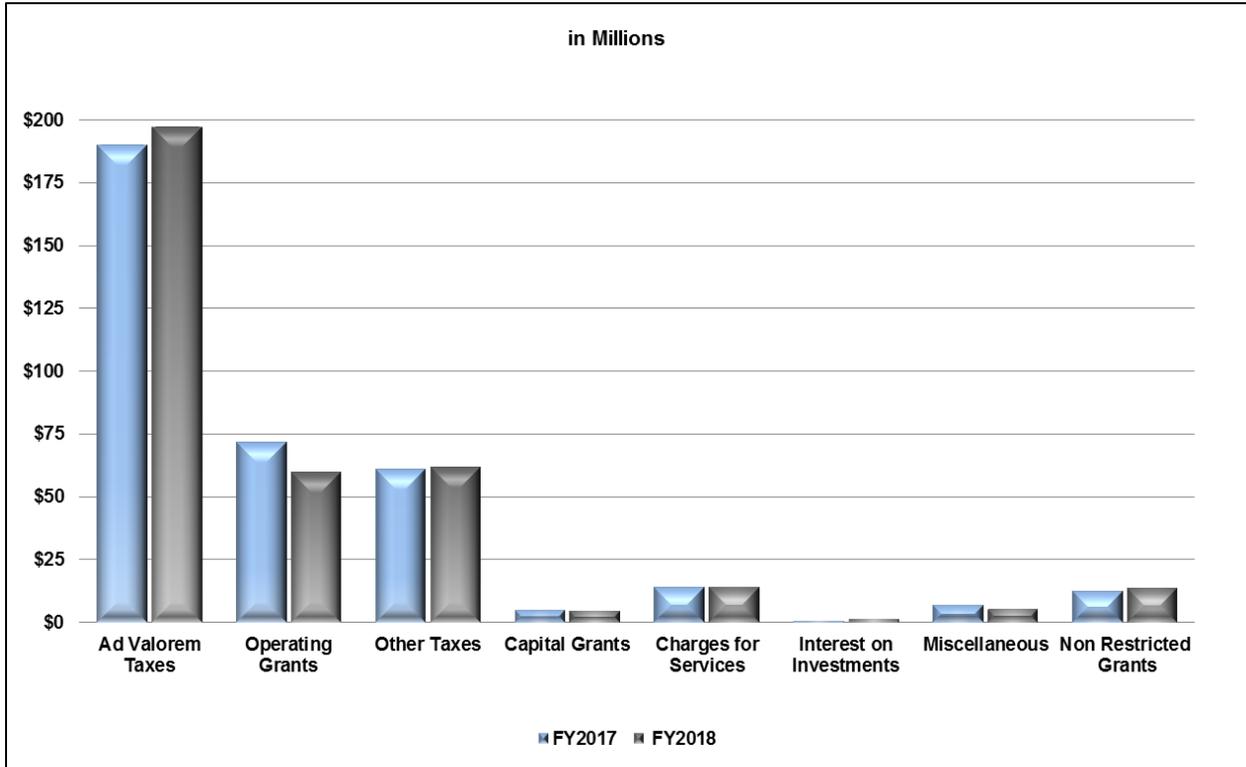
**COUNTY OF CUMBERLAND, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- Operating grants and contributions decreased by \$12,222,029 to \$59,598,392 from the previous year. This decrease is primarily due the implementation of Direct Subsidized Child payments through NC Fast during the fiscal year.
- Gain on sale of assets increased primarily due to sale of four (4) pieces of property sold in Cedar Creek Industrial Park for the amount of \$1,083,825.
- Expenses were \$12,387,335 less in fiscal year 2018 than in the previous fiscal year. There was a direct correlation between the reduction in revenue and expenditures and the reduction in the State or Federal matching for the programs.

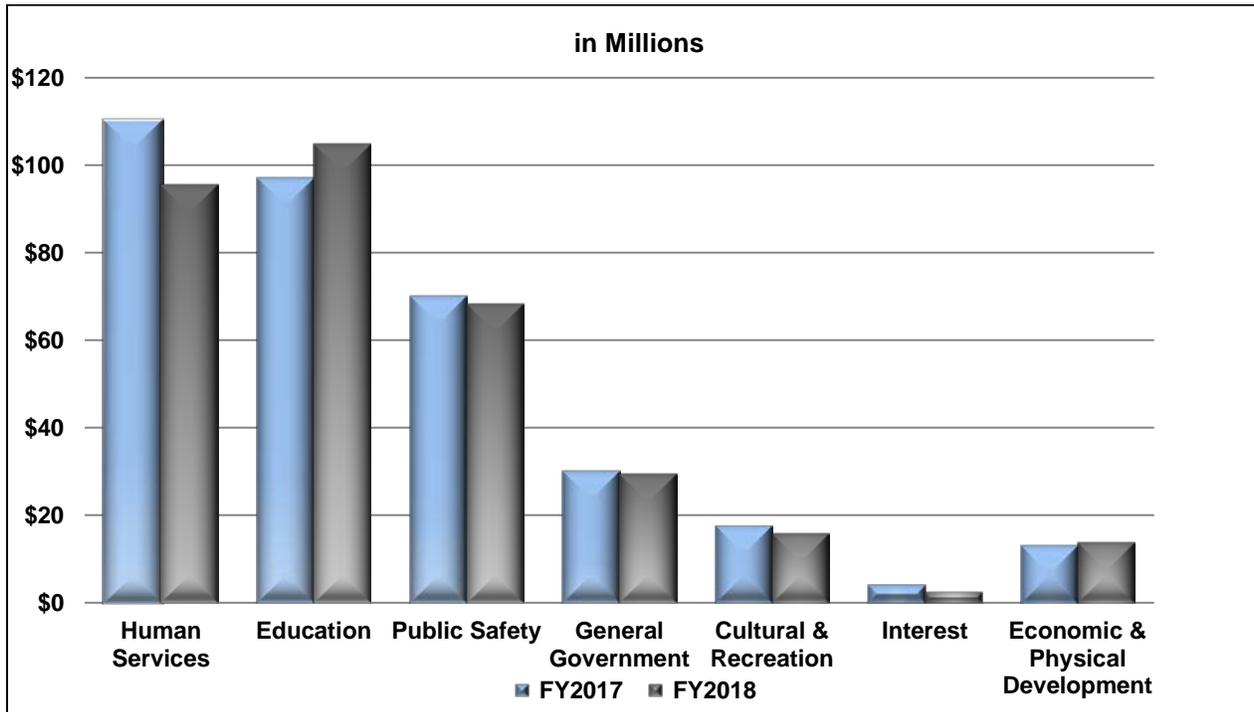
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**COUNTY OF CUMBERLAND, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENTAL ACTIVITIES REVENUE
Figure 2**



**GOVERNMENTAL ACTIVITIES EXPENDITURES
Figure 3**

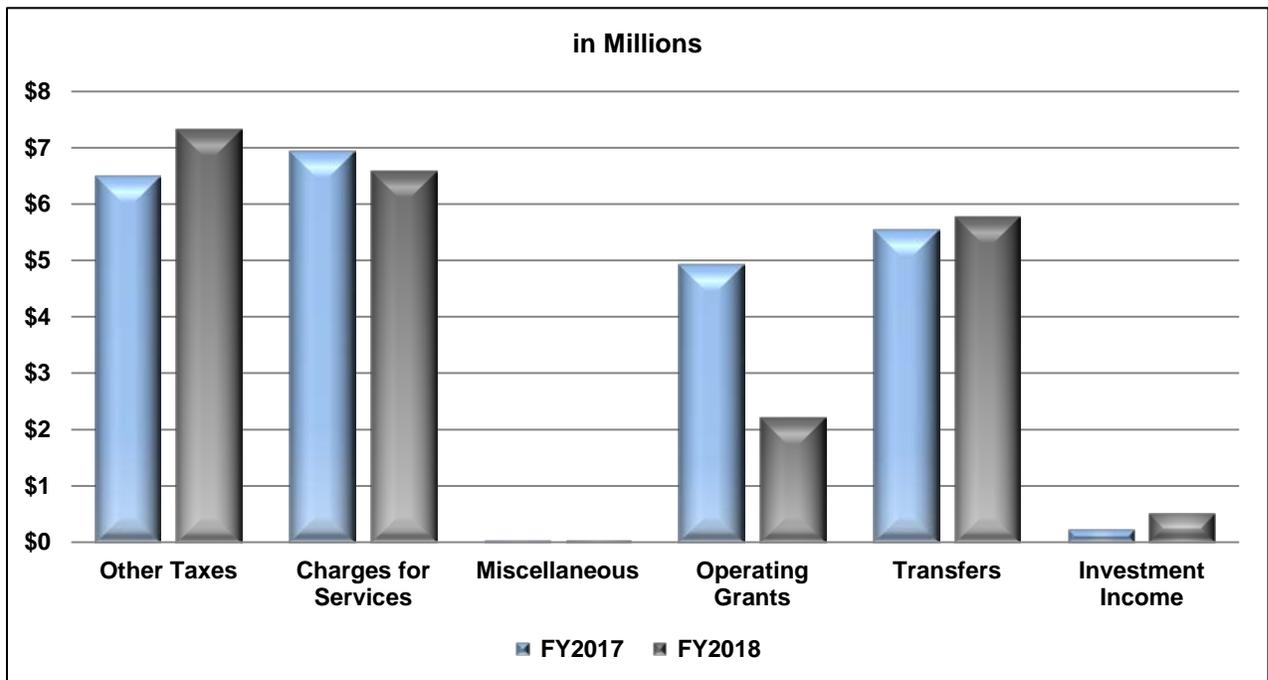


COUNTY OF CUMBERLAND, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities. Governmental activities decreased the County's net position by \$155,745,292 or 142.42%. Key elements of this decrease are as follows: (See Figures 2 and 3)

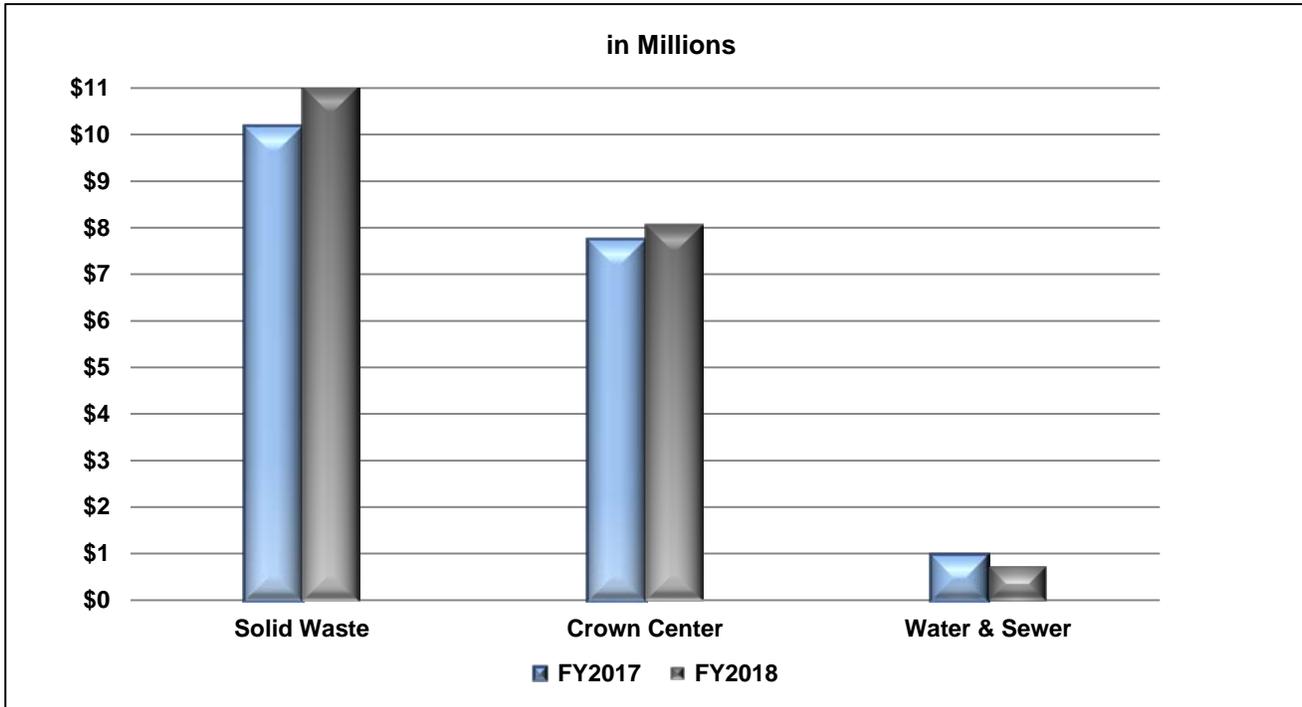
- The implementation of Governmental Accounting Standards Board (GASB) Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and the resulting OPEB Liability, \$174,789,601.
- The restatement of beginning net position in the amount of \$3,328,532 as a result of IBNR Loss Reserve analysis for fiscal year.
- Despite the decrease in net position there was an increase in tax collections to a 99.19% collection rate.
- Total program revenues decreased by \$12,788,306 from the previous year. This decrease is primarily due to the implementation of Direct Subsidized Child payments through NC Fast during the fiscal year. There was a direct correlation between the reduction in revenue and expenditures and the reduction in State or Federal matching for the programs.
- Ad valorem taxes increased by \$7,462,207. Both real and personal property tax revenues increased during the year. Motor vehicle tax collections and a slight tax base increase along with a high collection rate contributed to the increase.
- Sales tax revenue shows only a slight increase of \$757,848 or 1.45% as the local economy continues to show moderate growth.

BUSINESS-TYPE REVENUE
Figure 4



**COUNTY OF CUMBERLAND, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BUSINESS-TYPE EXPENSES
Figure 5**



Business-type activities: Business-type activities, (Figures 4 and 5) decreased the County's net position by \$1,215,275.

Key elements of this decrease are as follows:

- The net position decreased primarily due to the implementation of Governmental Accounting Standards Board (GASB) Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and the resulting OPEB Liability. The total beginning net position as restated was reduced by \$3,843,491.
- The Solid Waste's net position decreased by \$5,037,253. Of this amount \$5,321,796 was the result of beginning net position restatement related to GASB No. 75 and \$284,543 was an increase in net position from fiscal year 2018 operations.
- The Crown Center's net position increased to \$25,399,042. The County extended the agreement with a private management firm to manage the Crown Center operations. The agreement has been in place since 2013.
- The Kelly Hills Water and Sewer District had a decrease in net position of \$28,074 as a result of expenses exceeding revenues.
- The Norcross Water and Sewer District had a decrease in net position of \$248,585 to \$5,417,859. The primary reason for this decrease is an increase in repair and maintenance expenses related to an ongoing project related to a sewer line clean up.
- The Southpoint Water and Sewer district had an increase in net position of \$15,872 to \$457,115.

COUNTY OF CUMBERLAND, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Overhills Park Water and Sewer District had an increase in net position of \$1,464,617 to \$2,918,486. The District was the recipient of a Rural Development Grant from the United States Department of Agriculture (USDA) for construction in fiscal year 2017.
- The Bragg Estates Water and Sewer District Fund had an unchanged net position of \$50,000.

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 \$154,659,941 an increase of \$17,601,444 or 12.84% from fiscal year 2017. The unassigned fund balance of \$51,846,480 or 33.52% which is not restricted, committed or assigned for specific purposes. Another \$30,644,626 or 19.81% is assigned for specific purposes: \$10,845,56 - for subsequent years' expenditures; \$4,406,300 - for tax software; \$4,000,000 - for economic development incentives; \$10,583,825 - for capital investment fund; \$809,045 - for special purposes. Committed fund balance totals \$11,724,827 or 7.58% and includes: \$1,877,327 for tax revaluation per state statute, \$8,090,585 for capital investment fund and another \$1,756,915 for LEOSSA pension obligation. Non-spendable fund balance accounts for another \$161,368 or 0.11% for inventories and pre-paids. The remainder of fund balance, \$3,952,885 or 38.98% is restricted to indicate that it is not available for general purposes because it is legally restricted or has been contractually committed. As of June 30, 2018, the non-major governmental funds of the County reported a combined fund balance of \$13,965,780 an increase of \$631,612 from last year.

The General Fund, including the consolidated County School Fund and Capital Investment 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 \$53,191,505; assigned and committed fund balance is \$38,971,192 while total fund balance is \$140,694,161.

As a measure of the General Fund's liquidity, it may be useful to compare 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 17.04% of total General Fund expenditures adjusted for transfers. Available fund balance which includes unassigned, assigned and committed fund balance is 29.53% while total fund balance represents 45.08% of that same amount.

Total General Fund actual revenues including a legally budgeted County School Fund and Capital Investment Fund but excluding other financing sources (**page E-3**) was \$328,392,555 a decrease of \$3,593,532 or 1.08% from last year. Highlights of significant areas of change include:

- Ad valorem property tax revenues increased by \$8,254,537 to \$184,785,591, which is a reflection of the increase in ad valorem tax collection rate to a 99.19%.
- Other taxes increased by \$702,772 or 1.30% to \$54,841,512.

COUNTY OF CUMBERLAND, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

- Restricted Intergovernmental revenue decreased by \$12,289,480 or 18.16% to \$55,372,235. This decrease is primarily due the implementation of Direct Subsidized Child payments through NC Fast during the fiscal year.
- Licenses and permit revenue decreased by \$52,025 or 2.05% to \$2,481,724.
- Charges for services has slightly increased by \$35,291 or 0.32% to \$11,143,275.
- Investment income on idle funds for the General Fund increased by \$651,673 or 146.17% to \$1,097,518. This change is based on market increases as a result of positive economic growth and an increasing rate of return. The County's capacity to increase their portfolio is also a significant reason for the growth of investment income increasing.

General Fund actual expenditures including a legally budgeted County School Fund and Capital Investment Fund, but excluding other financing uses and transfers was \$312,105,755 decreasing by \$10,358,016 or 3.21% from last year. Highlights of significant areas of change include:

- The decrease in total expenditures is reflective of the management's proactive strategy of monitoring spending across County departments to ensure compliance with the budget.
- Personnel costs were lower as a result of a high rate of position vacancies throughout the County.
- During fiscal year 2018, the County implemented an employee reduction in force, closed the Law library, and adopted other measures that allowed for delivery services in the most cost-effective manner.

General Fund Budgetary Highlights: The General Fund, for budgetary comparisons, excludes the legally budgeted County School Special Revenue Fund and Capital Investment 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 \$4,511,035 or 1.46% of total budget. At year-end, actual General Fund revenues and transfers-in fell short of the final amended budget by \$1,533,706. Actual General Fund expenditures and transfers out were less than final amended budget by \$16,601,955.

- *Budgeting of Fund Balance* - A total of \$8,889,652 of fund balance was originally budgeted in fiscal year 2018. During the fiscal year, fund balance reappropriations were requested for contracts and purchase orders in which projects were not completed in fiscal year 2017 and were on-going in fiscal year 2018. In April 2018, the Board of Commissioners approved the Capital Investment Fund Policy and the transfer of certain assigned fund balances to the Capital Investment Fund. The budget amendment was for \$6,765,647; from that amount \$4,398,280 was for Water & Sewer industrial expansion; \$867,367 for renovations and maintenance and \$1,500,000 for technology upgrades.
- *Restricted intergovernmental revenue* - This category which includes federal and state funding fell short of revised budget by \$8,663,925. The majority of the shortfall correlated with expenditures below budget in the Human Services functional areas as revenues in those areas are dependent upon incurred expenditures. Unexpended grant funds at year-end were re-appropriated to fiscal year 2019 to allow expenditure of these funds. Many of the adjustments from the original budget are caused by timing issues from the State not setting their funding levels until after the County has adopted its budget.
- *Other financing sources (uses) amendments* - Budget sources increased by \$9,269,967 in appropriated fund balance and \$23,005,000 in proceeds from refunding bonds. Budget uses increased by \$8,135,518

COUNTY OF CUMBERLAND, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

for transfers out and \$27,245,984 for payments to escrow agents. These accounted for the majority of the \$1,433,757 net change.

Total actual revenues for the General Fund, excluding the County School Capital Fund, Capital Investment Fund and other financing sources, were \$312,772,361, which was less than final budgeted amount by \$1,438,778, (page E-5).

- *Ad Valorem taxes* collected exceeded the budget by \$3,034,306 or 1.67%. This was due to conservative budget estimates and higher than expected tax collections for both real property and motor vehicles.
- *Other taxes*: Total other taxes exceeded the budget by \$285,040 or 0.66% above budget. Sales tax collections and the real estate transfer taxes accounted for the increase.
- *Unrestricted intergovernmental* revenues were above budget by \$1,563,895 or 14.08%.
- *Restricted intergovernmental* revenues fell short of the revised budget by \$8,663,925 or 14.34%. This decrease is primarily due the implementation of Direct Subsidized Child payments through NC Fast during the fiscal year. As stated earlier, unexpended grant funds at year-end were re-appropriated to fiscal year 2019 to allow expenditure of these funds.
- *Licenses and permit fees* were \$578,724 or 30.42% above budget due to over realization of Register of Deeds and Inspections fees.
- *Sales and services fees* exceeded the budget by \$1,041,058 to \$11,143,275 or 10.31%. This overall increase was spread over several different revenue sources.
- *Miscellaneous revenue* was \$64,297 or 1.32% above budget to \$4,950,634. The main contribution to this increase was that Petsmart Charities revenue was more than 420% above budget.

Total actual expenditures (page E-5), excluding the County School Fund, Capital Investment Fund and other financing uses, were less than the budgeted amount by \$25,576,569 resulting in an expenditure rate of 92.17%. This is a slight decrease of 1.78% compared to the prior year. In general, variances usually result from conservative budget practices such as, budgeting fully for positions in most departments; the need to allow for fluctuation in Human Services, grant programs and management's efforts to maintain statutory compliance in keeping expenditures under the budget amounts. This is also attributed to management's commitment to effectively manage the operating budget by encouraging departments to reduce non-essential expenditures.

- *Personnel* expenditures, due to turnover and unfilled positions, were \$10,426,103 less than budgeted for an expenditure rate of 92.27%.
- *Basic operating* expenditures were less than budget to include the following: Contracted services in the amount of \$3,392,472; maintenance and repairs in the amount of \$1,005,068; utilities in the amount of \$604,003; miscellaneous expenses in the amount of \$56,046, among others.
- Other financing sources (uses) were \$14,305,822 under budget. The County issued \$23,005,000 Limited Obligation Refunding Bonds Series 2017 to provide funds together with other available funds, to advance refund \$24,150,000 of non-general obligation debt.

Proprietary Funds. The County's Proprietary Funds (pages E-7 and E-8) 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. The Solid Waste Fund had a net position of \$40,788,659. The Crown Center Fund had a net position of \$25,399,042. The other five enterprise funds, (water and sewer funds), had a combined net position of \$10,933,051. The expenses for Solid Waste and Crown Center fund slightly increased by \$865,082 and \$433,983, respectively. The five internal service funds had a combined net position of \$8,251,187. The

**COUNTY OF CUMBERLAND, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

majority of the increase is from an increase in net position of the Group Insurance Fund of \$1,172,816. The increase in net position in the Group Insurance Fund was the result of contributions being slightly higher than the overall operating expenses.

**CAPITAL ASSETS
Table 3**

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-----------------------------------|--------------------------------|-----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
| | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> |
| Capital Assets | | | | | | |
| Land | \$ 18,450,493 | \$ 17,377,823 | \$ 6,843,237 | \$ 6,880,496 | \$ 25,293,730 | \$ 24,258,319 |
| Construction in progress | - | 2,207,948 | 3,239,619 | 13,348,115 | 3,239,619 | 15,556,063 |
| Landfill | - | - | - | - | - | - |
| Buildings and improvements | 175,295,677 | 167,945,553 | 37,713,573 | 36,130,897 | 213,009,250 | 204,076,450 |
| Equipment, furniture and fixtures | 4,028,690 | 4,065,756 | 4,960,933 | 4,686,075 | 8,989,623 | 8,751,831 |
| Vehicles and motorized equipment | 2,364,443 | 2,440,820 | 501,217 | 378,498 | 2,865,660 | 2,819,318 |
| Plant and distribution system | - | - | 8,839,233 | 8,532,784 | 8,839,233 | 8,532,784 |
| Total net assets | <u>\$ 200,139,303</u> | <u>\$ 194,037,900</u> | <u>\$ 62,097,812</u> | <u>\$ 69,956,865</u> | <u>\$ 262,237,115</u> | <u>\$ 263,994,765</u> |

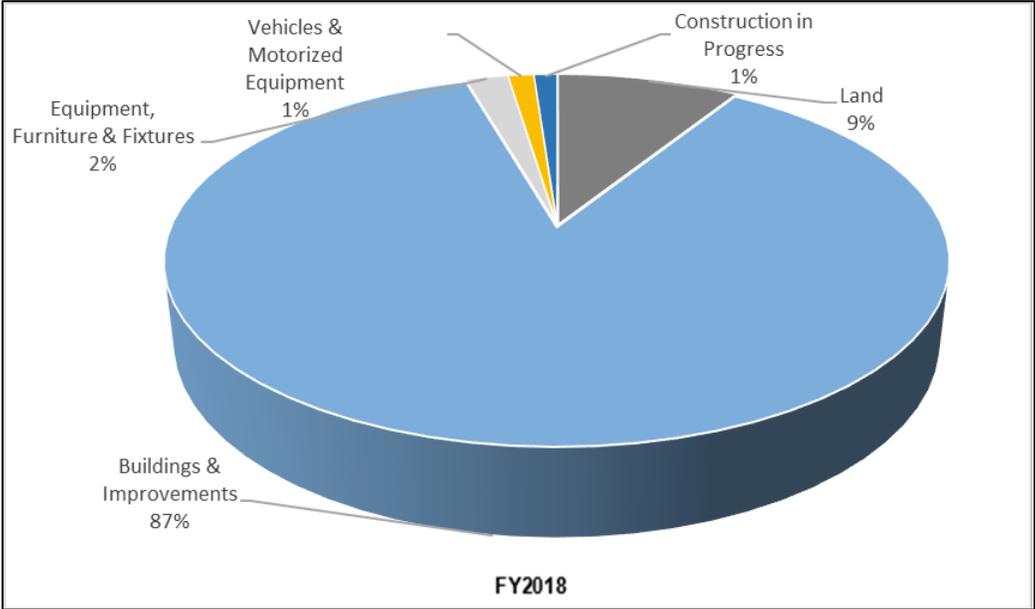
Capital Asset and Debt Administration

Capital Assets. The County's capital assets, Table 3, for its governmental and business-type activities as of June 30, 2018, totals \$263,994,765 (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. Major capital transactions during the year include: purchase of vehicles; purchased various office equipment's for day to day operations. Additional information on the County's capital assets can be found in Note #4 in the Notes to the Financial Statements. (See figure 6 and 7 for current fiscal year distribution).

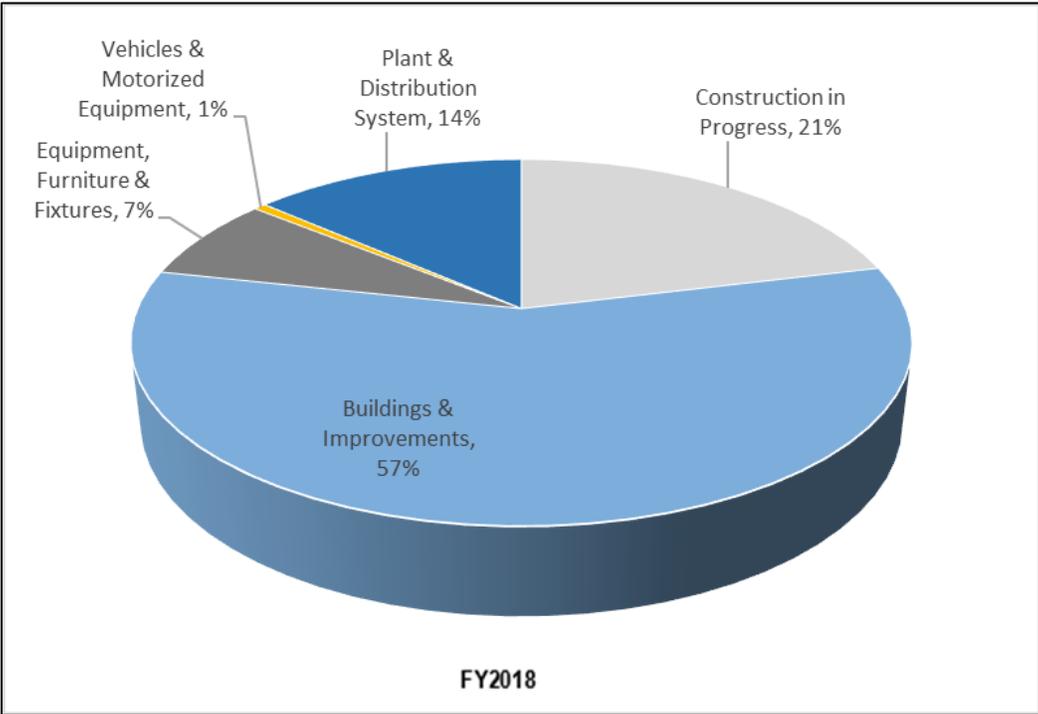
(continued on next page)

**COUNTY OF CUMBERLAND, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENTAL ACTIVITIES
CAPITAL ASSETS
Figure 6**



**BUSINESS-TYPE ACTIVITIES
CAPITAL ASSETS
Figure 7**



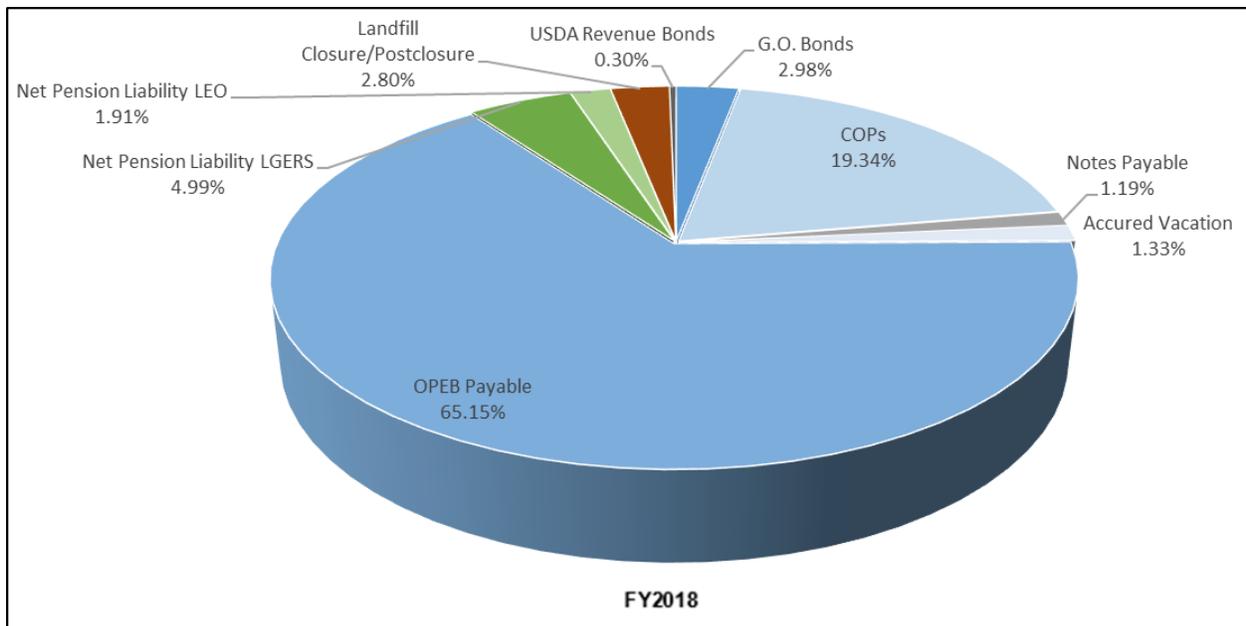
**COUNTY OF CUMBERLAND, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OUTSTANDING DEBT
Table 4**

| DESCRIPTION | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| General obligation bonds (net) | \$ 19,457,140 | \$ 12,473,758 | \$ 1,076,000 | \$ 1,054,000 | \$ 20,533,140 | \$ 13,527,758 |
| Capital leases | 243,850 | - | - | - | 243,850 | - |
| USDA Revenue Bonds | - | - | - | 1,379,000 | - | 1,379,000 |
| Certificates of participation (net) | 76,156,917 | 67,166,896 | 23,020,793 | 20,543,832 | 99,177,710 | 87,710,728 |
| Notes Payable | 3,219,813 | 3,414,148 | 2,394,328 | 1,985,289 | 5,614,141 | 5,399,437 |
| Accrued vacation | 6,273,594 | 5,928,153 | 111,890 | 112,254 | 6,385,484 | 6,040,407 |
| OPEB payable | 123,773,572 | 286,977,276 | 5,069,614 | 8,567,227 | 128,843,186 | 295,544,503 |
| Net Pension Liability (LGERS) | 31,403,380 | 22,145,646 | 699,187 | 498,173 | 32,102,567 | 22,643,819 |
| Net Pension Liability (LEO) | 7,811,970 | 8,662,059 | - | - | 7,811,970 | 8,662,059 |
| Accrued closure and postclosure costs | - | - | 11,869,839 | 12,722,769 | 11,869,839 | 12,722,769 |
| Total debt | \$ 268,340,236 | \$ 406,767,936 | \$ 44,241,651 | \$ 46,862,544 | \$ 312,581,887 | \$ 453,630,480 |

Long-Term Debt. As of June 30, 2018, Cumberland County had total bonded debt outstanding of \$13,527,758; of this amount \$12,473,758 is backed by the full faith and credit of the County and \$1,054,000 is USDA GO Bonds. The County's total debt, Table 4, increased by \$141,048,593. The primary reason for the increase is mainly due to the implementation of GASB 75, OPEB and net pension liabilities. Additional information regarding the County's long-term debt can be found in Note #9 in the Notes to the Financial Statements. (Figure 8, current fiscal year distribution).

**OUTSTANDING DEBT
Figure 8**



COUNTY OF CUMBERLAND, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

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 slightly increased from 98.72% to 99.19%.
- Changes in taxable sales for the County over the past years have been: fiscal year 2018, .22%; fiscal year 2017, 4.97%; fiscal year 2016, 4.22%; and fiscal year 2015, 5.24%.
- The locally generated gross sales tax collection for the County increased 1% from last fiscal year.
- The County-wide Ad Valorem tax rate and levy will remain at 79.9 cents per \$100 valuation.
- The Special Recreation tax rate and levy will remain at 5.0 cents per \$100 valuation.
- The County unemployment rate as June 30 was 5.4%.

These factors, as well as others, were considered when management prepared the County's budget ordinances for fiscal year 2019.

Budget Highlights for the Fiscal Year Ending June 30, 2019

The County approved a \$316,984,396 General Fund budget, excluding the legally adopted County School Fund and the Capital Investment Fund for fiscal year 2019, which represents a \$6,638,465 or 2.06% decrease over the past fiscal year adopted budget.

- *Ad Valorem Taxes* for fiscal year 2019 were budgeted at \$182,103,000, an increase of \$3,720,596 or 3% over the fiscal year 2018 adopted budget. Of that, motor vehicle tax collections are anticipated to reach \$18,326,000 under the Tax and Tag Together initiative. The County-wide ad valorem tax rate remains at 79.9 cents per \$100 valuation for fiscal year 2019.
- *Sales Taxes* are budgeted at \$42,625,774, an increase of \$865,738 or 2.08% from fiscal year 2018.
- *Unrestricted Intergovernmental* revenue is budgeted at \$11,246,891 which is a 1.26% increase from original budget from fiscal year 2018. 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.
- The budget for fiscal year 2019 includes a 3% cost of living increase for all permanent full-time and part time employees who are on active status as of July 1, 2018.
- *Restricted Intergovernmental* revenue has been budgeted at \$50,803,013 a decrease of \$5,389,471 from fiscal year 2017. The main reason for the decrease is due the Implementation of Direct Subsidized Child payments through NC Fast.
- *Charges and Services* are projected to experience an increase of \$301,983 or 2.52% from fiscal year 2018 adopted budget to \$12,292,581 in fiscal year 2019.
- *Miscellaneous Revenue* has been budgeted at \$5,745,715, an increase of 9.62 % from the final budget from fiscal year 2018. The primary reason for this increase is revenue for land leased.

Budgeted expenditures in the General Fund, excluding the legally adopted County School Fund and Capital Investment Fund are \$316,984,396 which represents a \$6,638,465 or 2.06% decrease over the past fiscal year adopted budget.

COUNTY OF CUMBERLAND, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

- *Personnel expenditures* includes a total of 19 new positions, which represents an annual net cost of \$932,590.
- *Public Safety expenditures* has been budgeted to increase by \$3,694,577. This increase includes new positions and additional funding for operational expenditures.
- *Education Expenditures* for the fiscal year have been budgeted at \$92,457,009. This amount has been increased by \$686,891 as a result of mediation with the Board of Education. The budget amount will be amended in fiscal year 2019 because the mediation and agreement occurred after adoption of the budget.
- *Capital Outlay expenditures* includes a total of 27 new vehicles budgeted in the amount of \$1,145,237. Also includes \$625,177 for maintenance and renovations.
- *Debt Service* payments now will be included in the Capital Investment Fund.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Cumberland County, 117 Dick Street, Fayetteville, NC 28301. You can also call 910-678-7753 or visit our website www.co.cumberland.nc.us.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Position
June 30, 2018

| | Component Units | | | | | | | |
|---------------------------------------|----------------------------|--------------------------------|--------------------------------|-----------------------------------|----------------------------------|-------------------------------------|--|-------------------|
| | Governmental Activities | Business Type Activities | Total Primary Government | Cumberland County ABC Board | Eastover Sanitary District | Tourism Development Authority | Fayetteville Area Convention and Visitors Bureau | FCEDC |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 136,054,382 | \$ 49,657,744 | \$ 185,712,126 | \$ 4,083,589 | \$ 1,731,359 | \$ 1,553,395 | \$ 933,223 | \$ 488,577 |
| Taxes receivable, net | 2,822,539 | 165,071 | 2,987,610 | - | - | - | - | - |
| Accounts receivable, net | - | - | - | - | 207,900 | - | - | - |
| Sales tax receivable | 14,763,332 | - | 14,763,332 | - | - | - | - | - |
| Due from other governments | 16,002,330 | 890,776 | 16,893,106 | - | - | - | 245,221 | - |
| Other receivables, net | 1,575,297 | 891,719 | 2,467,016 | - | 979 | 543 | - | 31,951 |
| Internal balances | 42,211 | (42,211) | - | - | - | - | - | - |
| Due from component units | 917,052 | - | 917,052 | - | - | - | - | - |
| Inventories | 384,883 | 12,940 | 397,823 | 3,831,538 | - | - | 9,238 | - |
| Prepaid expenses | 5,400 | 73,930 | 79,330 | 6,010 | - | - | 4,090 | 5,465 |
| Restricted cash and cash equivalents | 17,870,888 | 3,759,889 | 21,630,777 | 102,409 | 279,189 | - | - | - |
| Security deposits | - | - | - | 4,501 | - | - | - | - |
| Capital assets: | | | | | | | | |
| Nondepreciable | 19,585,771 | 20,228,611 | 39,814,382 | 2,138,260 | 109,799 | - | - | - |
| Depreciable, net | 174,452,129 | 49,728,254 | 224,180,383 | 2,445,544 | 18,412,348 | - | 234,037 | 7,963 |
| Total capital assets | 194,037,900 | 69,956,865 | 263,994,765 | 4,583,804 | 18,522,147 | - | 234,037 | 7,963 |
| Total assets | 384,476,214 | 125,366,723 | 509,842,937 | 12,611,851 | 20,741,574 | 1,553,938 | 1,425,809 | 533,956 |
| Deferred outflows of resources | | | | | | | | |
| Pension | 17,937,248 | 370,586 | 18,307,834 | 486,046 | - | - | - | - |
| OPEB | 6,123,654 | 180,508 | 6,304,162 | - | - | - | - | - |
| Debt | 2,832,362 | 1,337,161 | 4,169,523 | - | - | - | - | - |
| | 26,893,264 | 1,888,255 | 28,781,519 | 486,046 | - | - | - | - |
| Liabilities | | | | | | | | |
| Accounts and vouchers payable | 14,043,256 | 1,541,622 | 15,584,878 | 1,785,226 | 72,834 | 691,885 | 332 | 17,409 |
| Due to other governments | 4,439,530 | - | 4,439,530 | - | - | - | - | - |
| Accrued payroll | 3,753,731 | 88,379 | 3,842,110 | - | - | - | - | 10,317 |
| Accrued interest payable | 635,104 | 83,484 | 718,588 | - | 36,361 | - | - | - |
| Other payables | 63,831 | 588,817 | 652,648 | 1,129,875 | 9,678 | - | 68,822 | - |
| Due to primary government | - | - | - | 860,308 | - | - | - | - |
| Unearned revenue | - | 104,335 | 104,335 | - | - | - | 32,494 | - |
| Long-term liabilities: | | | | | | | | |
| Net pension liability - LGERS | 22,145,646 | 498,173 | 22,643,819 | - | - | - | - | - |
| Total pension liability - LEOSA | 8,662,059 | - | 8,662,059 | - | - | - | - | - |
| OPEB liability | 286,977,276 | 8,567,227 | 295,544,503 | - | - | - | - | - |
| Due in less than one year | 21,310,570 | 3,057,398 | 24,367,968 | 18,333 | 281,981 | - | - | - |
| Due in more than one year | 67,672,385 | 34,739,746 | 102,412,131 | 1,021,385 | 10,695,978 | - | - | - |
| Total long-term liabilities | 406,767,936 | 46,862,544 | 453,630,480 | 1,039,718 | 10,977,959 | - | - | - |
| Total liabilities | 429,703,388 | 49,269,181 | 478,972,569 | 4,815,127 | 11,096,832 | 691,885 | 101,648 | 27,726 |
| Deferred inflows of resources | | | | | | | | |
| Pension | 837,913 | 81,480 | 919,393 | 17,874 | - | - | - | - |
| OPEB | 26,247,159 | 783,565 | 27,030,724 | (16,306) | - | - | - | - |
| Tax | 972,498 | - | 972,498 | - | - | - | - | - |
| | 28,057,570 | 865,045 | 28,922,615 | 1,568 | - | - | - | - |
| Net position | | | | | | | | |
| Net investment in capital assets | 161,369,905 | 46,331,906 | 207,701,811 | 4,537,970 | 7,551,500 | - | 234,037 | 7,963 |
| Restricted for: | | | | | | | | |
| Stabilization by State statute | 33,859,575 | - | 33,859,575 | - | - | - | - | - |
| Human services | 164,891 | - | 164,891 | - | - | - | - | - |
| Register of deeds | 1,022,258 | - | 1,022,258 | - | - | - | - | - |
| Inmates | 280,761 | - | 280,761 | - | - | - | - | - |
| Cemetery | 47,181 | - | 47,181 | - | - | - | - | - |
| School capital | 11,086,455 | - | 11,086,455 | - | - | - | - | - |
| Public health | 3,952,885 | - | 3,952,885 | - | - | - | - | - |
| Public safety | 2,896,898 | - | 2,896,898 | 1,126,714 | - | - | - | - |
| Economic and physical development | 465,406 | - | 465,406 | - | - | - | - | - |
| Cultural and recreation | 6,500,416 | - | 6,500,416 | - | - | - | - | - |
| Debt service | - | 3,759,889 | 3,759,889 | - | 221,949 | - | - | - |
| Facility investment fee | - | - | - | - | 57,240 | - | - | - |
| Claims | 14,724,812 | - | 14,724,812 | - | - | - | - | - |
| Unrestricted | (282,762,923) | 27,028,957 | (255,733,966) | 2,616,518 | 1,814,053 | 862,053 | 1,090,124 | 498,267 |
| Total net position | \$ (46,391,480) | \$ 77,120,752 | \$ 30,729,272 | \$ 8,281,202 | \$ 9,644,742 | \$ 862,053 | \$ 1,324,161 | \$ 506,230 |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Activities
Year Ended June 30, 2018**

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | | | | | |
|--|------------------|----------------------|--------------------------|--------------------|---|----------------------------|-------------------------------|--|--------------|--------------------------|-------------------------|--------------------------|
| | Expenses | Operating | Capital | Primary Government | Cumberland County | Eastover Sanitary District | Tourism Development Authority | Fayetteville Area Convention and Visitors Bureau | FCEDC | | | |
| | | Charges for Services | Grants and Contributions | | | | | | | Grants and Contributions | Governmental Activities | Business-type Activities |
| Governmental activities: | | | | | | | | | | | | |
| General government | \$ 29,507,515 | \$ 2,333,837 | \$ 1,407,281 | \$ 3,592,098 | \$ (22,174,299) | \$ - | \$ (22,174,299) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | 68,374,946 | 4,077,437 | 491,006 | 166,330 | (63,640,173) | - | (63,640,173) | - | - | - | - | - |
| Economic and physical development | 13,777,811 | 1,177,033 | 7,472,115 | 677,334 | (4,451,329) | - | (4,451,329) | - | - | - | - | - |
| Human services | 95,495,386 | 6,056,500 | 49,480,015 | - | (39,958,871) | - | (39,958,871) | - | - | - | - | - |
| Cultural and recreational | 15,818,615 | 152,129 | 747,975 | - | (14,918,511) | - | (14,918,511) | - | - | - | - | - |
| Education | 104,859,935 | - | - | - | (104,859,935) | - | (104,859,935) | - | - | - | - | - |
| Interest on long-term debt | 2,380,138 | - | - | - | (2,380,138) | - | (2,380,138) | - | - | - | - | - |
| Total governmental activities | 330,214,346 | 13,796,936 | 59,598,392 | 4,435,762 | (252,383,256) | - | (252,383,256) | - | - | - | - | - |
| Business-type activities: | | | | | | | | | | | | |
| Solid Waste | 11,055,063 | 4,232,104 | 734,831 | - | - | (6,088,128) | (6,088,128) | - | - | - | - | - |
| Crown Center | 8,081,185 | 1,892,840 | 42,971 | - | - | (6,145,374) | (6,145,374) | - | - | - | - | - |
| Kelly Hills Water and Sewer District | 108,803 | 79,303 | - | - | - | (29,500) | (29,500) | - | - | - | - | - |
| NORCRESS Water and Sewer District | 601,087 | 347,257 | - | - | - | (253,830) | (253,830) | - | - | - | - | - |
| Southpoint Water and Sewer District | 21,418 | 36,491 | - | - | - | 15,073 | 15,073 | - | - | - | - | - |
| Overhills Water and Sewer District | 7,490 | - | 1,424,958 | - | - | 1,417,468 | 1,417,468 | - | - | - | - | - |
| Total business-type activities | 19,875,046 | 6,587,995 | 2,202,760 | - | - | (11,084,291) | (11,084,291) | - | - | - | - | - |
| Total primary government | \$ 350,089,392 | \$ 20,384,931 | \$ 61,801,152 | \$ 4,435,762 | (252,383,256) | (11,084,291) | (263,467,547) | - | - | - | - | - |
| Component unit: | | | | | | | | | | | | |
| ABC Board | \$ 28,045,506 | \$ 27,875,214 | \$ - | \$ - | - | - | - | (170,292) | - | - | - | - |
| Eastover Sanitary District | 2,096,549 | 2,169,779 | - | 214,040 | - | - | - | - | 287,270 | - | - | - |
| Tourism Development Authority | 6,158,127 | 6,144,980 | - | - | - | - | - | - | - | (13,147) | - | - |
| Fayetteville Area Convention and Visitors Bureau | 2,863,455 | 2,817,744 | - | - | - | - | - | - | - | - | (45,711) | - |
| FCEDC | 694,792 | - | - | 969,690 | - | - | - | - | - | - | - | 274,898 |
| Total component unit | \$ 39,858,429 | \$ 39,007,717 | \$ - | \$ 1,183,730 | - | - | - | (170,292) | 287,270 | (13,147) | (45,711) | 274,898 |
| General revenues: | | | | | | | | | | | | |
| Property taxes | | | | | 197,423,713 | - | 197,423,713 | - | - | - | - | - |
| Other taxes: | | | | | | | | | | | | |
| Sales tax | | | | | 53,203,951 | - | 53,203,951 | - | - | - | - | - |
| Animal registration | | | | | 165,152 | - | 165,152 | - | - | - | - | - |
| Real estate transfer | | | | | 1,096,191 | - | 1,096,191 | - | - | - | - | - |
| Beer and wine | | | | | 376,218 | - | 376,218 | - | - | - | - | - |
| Solid waste | | | | | - | 5,835,700 | 5,835,700 | - | - | - | - | - |
| Food and beverage | | | | | 6,849,058 | - | 6,849,058 | - | - | - | - | - |
| Room and occupancy | | | | | - | 1,503,020 | 1,503,020 | - | - | - | - | - |
| Grants and contributions not restricted to specific programs | | | | | 13,609,843 | - | 13,609,843 | - | - | - | - | - |
| Unrestricted investment earnings | | | | | 1,283,268 | 490,373 | 1,773,641 | - | 15,169 | 3,310 | 9,105 | 2,997 |
| Gain on sale of capital assets | | | | | 1,230,515 | 69,987 | 1,300,502 | - | - | - | - | - |
| Miscellaneous | | | | | 5,303,051 | 28,564 | 5,331,615 | 2,634 | 63,404 | - | - | 9,825 |
| Transfers | | | | | (5,784,863) | 5,784,863 | - | - | - | - | - | - |
| Total general revenues and transfers | | | | | 274,756,097 | 13,712,507 | 288,468,604 | 2,634 | 78,573 | 3,310 | 9,105 | 12,822 |
| Change in net position | | | | | 22,372,841 | 2,628,216 | 25,001,057 | (167,658) | 365,843 | (9,837) | (36,606) | 287,720 |
| Net position - beginning | | | | | 109,353,812 | 78,336,027 | 187,689,839 | 8,469,061 | 9,278,899 | 871,890 | 1,360,767 | 218,510 |
| Restatement - IBNR | | | | | (3,328,532) | - | (3,328,532) | - | - | - | - | - |
| Restatement - OPEB | | | | | (174,789,601) | (3,843,491) | (178,633,092) | (20,201) | - | - | - | - |
| Net position - beginning, as restated | | | | | (68,764,321) | 74,492,536 | 5,728,215 | 8,448,860 | 9,278,899 | 871,890 | 1,360,767 | 218,510 |
| Net position - ending | | | | | \$ (46,391,480) | \$ 77,120,752 | \$ 30,729,272 | \$ 8,281,202 | \$ 9,644,742 | \$ 862,053 | \$ 1,324,161 | \$ 506,230 |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2018**

| | General | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|---|---|
| Assets | | | |
| Cash and cash equivalents | \$ 119,152,237 | \$ 16,902,145 | \$ 136,054,382 |
| Taxes receivable, net | 1,852,121 | 345,532 | 2,197,653 |
| Sales tax receivable | 14,763,332 | - | 14,763,332 |
| Due from other governments | 14,472,292 | 1,529,991 | 16,002,283 |
| Other receivables, net | 1,244,230 | 21,108 | 1,265,338 |
| Due from other funds | 1,195,485 | - | 1,195,485 |
| Due from component units | 917,052 | - | 917,052 |
| Inventories | 155,968 | - | 155,968 |
| Prepays | 5,400 | - | 5,400 |
| Restricted assets: | | | |
| Cash and cash equivalents | 1,773,346 | 1,372,730 | 3,146,076 |
| Total assets | \$ 155,531,463 | \$ 20,171,506 | \$ 175,702,969 |
| Liabilities: | | | |
| Accounts and vouchers payable | \$ 6,761,508 | \$ 1,435,422 | \$ 8,196,930 |
| Due to other governments | 1,223,285 | 3,216,245 | 4,439,530 |
| Accrued payroll | 3,680,396 | 54,851 | 3,735,247 |
| Other payables | 63,431 | 400 | 63,831 |
| Due to other funds | - | 1,153,274 | 1,153,274 |
| Total liabilities | 11,728,620 | 5,860,192 | 17,588,812 |
| Deferred inflows of resources - taxes | 3,108,682 | 345,534 | 3,454,216 |
| Fund balances: | | | |
| Nonspendable: | | | |
| Inventories | 155,968 | - | 155,968 |
| Prepays | 5,400 | - | 5,400 |
| Restricted: | | | |
| Stabilization by State Statute | 32,308,498 | 1,551,077 | 33,859,575 |
| Register of Deeds | 1,022,258 | - | 1,022,258 |
| Public health | 3,952,885 | - | 3,952,885 |
| Inmates | - | 280,761 | 280,761 |
| Cemetery | - | 47,181 | 47,181 |
| County School | 11,086,455 | - | 11,086,455 |
| Fire protection | - | 191,596 | 191,596 |
| Public safety | - | 2,705,302 | 2,705,302 |
| Economic and physical development | - | 465,406 | 465,406 |
| Human services | - | 164,891 | 164,891 |
| Cultural and recreational | - | 6,506,330 | 6,506,330 |
| Committed: | | | |
| Tax revaluation | 1,877,327 | - | 1,877,327 |
| Capital investment fund | 8,090,585 | - | 8,090,585 |
| LEOSSA pension obligation | 1,756,915 | - | 1,756,915 |
| Assigned: | | | |
| Subsequent year's expenditures | 7,447,195 | 3,398,261 | 10,845,456 |
| Tax office software | 4,406,300 | - | 4,406,300 |
| Economic development incentives | 4,000,000 | - | 4,000,000 |
| Capital investment fund | 10,583,825 | - | 10,583,825 |
| Special purposes | 809,045 | - | 809,045 |
| Unassigned | 53,191,505 | (1,345,025) | 51,846,480 |
| Total fund balances | 140,694,161 | 13,965,780 | 154,659,941 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 155,531,463 | \$ 20,171,506 | \$ 175,702,969 |

Legally budgeted County School and Capital Investment Funds are consolidated into the General Fund for Reporting Purposes.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2018**

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

| | | |
|---|------------------|-------------------------------|
| Ending fund balance - governmental funds | | \$ 154,659,941 |
| Capital assets are not financial resources, and therefore, are not reported in the funds (see note 4). | | 194,037,900 |
| Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position | | |
| Deferred outflows of resources related to pensions | \$ 17,870,638 | |
| Deferred outflows of resources related to OPEB | 6,106,465 | |
| Defeasance of long-term debt | <u>2,832,362</u> | |
| | | 26,809,465 |
| Deferred inflows of resources for taxes and special assessments receivable | | |
| Unearned Revenue | 2,481,718 | |
| Accrued Tax Penalties | <u>624,886</u> | |
| | | 3,106,604 |
| Deferred inflows of resources related to pensions are not reported in the funds. | | (788,022) |
| Deferred inflows of resources related to OPEB are not reported in the funds. | | (26,156,765) |
| Internal service funds are used by management to charge the costs of group insurance, employee flexible benefits, workers' compensation, and general litigation costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | 8,251,187 |
| Net pension liability-LGERS | | (22,073,899) |
| OPEB liability | | (285,988,940) |
| Total pension liability-LEOSSA | | (8,662,059) |
| 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 | (88,951,788) | |
| Accrued interest payable | <u>(635,104)</u> | |
| | | <u>(89,586,892)</u> |
| Net position of governmental activities | | <u><u>\$ (46,391,480)</u></u> |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018**

| | General | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|---|---|
| Revenues | | | |
| Ad valorem taxes | \$ 184,785,591 | \$ 12,238,270 | \$ 197,023,861 |
| Other taxes | 54,841,512 | 6,849,058 | 61,690,570 |
| Unrestricted intergovernmental revenue | 13,609,843 | - | 13,609,843 |
| Restricted intergovernmental revenue | 55,372,235 | 8,758,303 | 64,130,538 |
| Licenses and permits | 2,481,724 | - | 2,481,724 |
| Sales and services | 11,143,275 | 162,887 | 11,306,162 |
| Interest earned on investments | 1,097,518 | 109,686 | 1,207,204 |
| Miscellaneous | 5,060,857 | 277,847 | 5,338,704 |
| Total revenues | 328,392,555 | 28,396,051 | 356,788,606 |
| Expenditures | | | |
| Current: | | | |
| General government | 25,902,953 | - | 25,902,953 |
| Public safety | 54,785,947 | 8,596,970 | 63,382,917 |
| Economic and physical development | 5,629,272 | 9,081,469 | 14,710,741 |
| Human services | 88,139,521 | 1,668,599 | 89,808,120 |
| Cultural and recreation | 10,537,178 | 4,462,956 | 15,000,134 |
| Education | 104,859,935 | - | 104,859,935 |
| Debt service: | | | |
| Principal payments | 17,999,414 | - | 17,999,414 |
| Interest and fees | 3,967,289 | - | 3,967,289 |
| Debt issuance costs | 284,246 | 30,521 | 314,767 |
| Total expenditures | 312,105,755 | 23,840,515 | 335,946,270 |
| Excess of revenues over expenditures | 16,286,800 | 4,555,536 | 20,842,336 |
| Other financing sources (uses) | | | |
| Sale of capital assets | 1,230,515 | - | 1,230,515 |
| Installment purchase proceeds | - | 1,114,148 | 1,114,148 |
| Proceeds from refunding bonds | 23,005,000 | - | 23,005,000 |
| Premium on debt issuance | 4,285,557 | - | 4,285,557 |
| Payment to escrow agent | (27,245,984) | - | (27,245,984) |
| County contribution | 254,735 | - | 254,735 |
| Transfers in | 80,406 | 699,306 | 779,712 |
| Transfers out | (846,306) | (5,818,269) | (6,664,575) |
| Total other financing sources (uses) | 763,923 | (4,004,815) | (3,240,892) |
| Net change in fund balances | 17,050,723 | 550,721 | 17,601,444 |
| Fund balance - beginning | 123,724,329 | 13,334,168 | 137,058,497 |
| Restatement | (80,891) | 80,891 | - |
| Fund balance - beginning, as restated | 123,643,438 | 13,415,059 | 137,058,497 |
| Fund balance - ending | \$ 140,694,161 | \$ 13,965,780 | \$ 154,659,941 |

Legally budgeted County School and Capital Investment Funds are 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, 2018**

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

| | | |
|---|--------------------|----------------------|
| Net change in fund balances - total governmental funds | | \$ 17,601,444 |
| <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 | \$ 5,440,921 | |
| Depreciation | (9,226,291) | |
| Other asset activity | <u>(2,316,033)</u> | (6,101,403) |
| <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 | 80,808 | |
| Change in unavailable revenue for taxes | <u>319,044</u> | 399,852 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. | | 6,626,456 |
| Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities | | 294,729 |
| OPEB benefit payments paid and administrative expense are not included on the Statement of Activities | | 6,106,466 |
| <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 | 17,999,413 | |
| Proceeds from issuance of installment notes | (1,114,148) | |
| Refunding of debt | (3,140,557) | |
| Changes in premium | 2,278,209 | |
| Accrued interest payable | <u>88,556</u> | 16,111,473 |
| <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 | 342,553 | |
| OPEB plan expense | (14,610,768) | |
| Pension expense | <u>(8,229,115)</u> | (22,497,330) |
| The net revenue of certain activities of the internal service fund is reported with governmental activities. | | 2,241,266 |
| Change in deferred outflows of resources for deferred charge on refunding | | <u>1,589,888</u> |
| Change in net position of governmental activities | | <u>\$ 22,372,841</u> |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Year Ended June 30, 2018**

| | General Fund | | | Variance With Final Positive Negative |
|--|---------------------|---------------------|-----------------------|--|
| | Original | Final | | |
| | Budget | Budget | Actual | |
| Revenues: | | | | |
| Ad valorem taxes | \$ 181,101,285 | \$ 181,751,285 | \$ 184,785,591 | \$ 3,034,306 |
| Other taxes | 43,571,536 | 43,661,036 | 43,946,076 | 285,040 |
| Unrestricted intergovernmental revenue | 11,107,769 | 11,107,769 | 12,671,664 | 1,563,895 |
| Restricted intergovernmental revenue | 56,800,520 | 60,444,062 | 51,780,137 | (8,663,925) |
| Licenses and permits | 1,903,000 | 1,903,000 | 2,481,724 | 578,724 |
| Sales and services | 10,087,598 | 10,102,217 | 11,143,275 | 1,041,058 |
| Interest earned on investments | 421,443 | 355,433 | 1,013,260 | 657,827 |
| Miscellaneous | 4,706,953 | 4,886,337 | 4,950,634 | 64,297 |
| Total revenues | 309,700,104 | 314,211,139 | 312,772,361 | (1,438,778) |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 30,568,584 | 32,292,721 | 25,902,953 | 6,389,768 |
| Public safety | 58,629,576 | 59,388,533 | 54,785,947 | 4,602,586 |
| Economic and physical development | 6,197,901 | 8,590,834 | 5,629,272 | 2,961,562 |
| Human services | 99,073,880 | 98,854,692 | 88,139,521 | 10,715,171 |
| Cultural and recreational | 10,915,793 | 11,164,937 | 10,537,178 | 627,759 |
| Education | 93,341,404 | 94,080,904 | 93,830,717 | 250,187 |
| Debt service: | | | | |
| Principal payments | 17,999,414 | 17,999,414 | 17,999,414 | - |
| Interest and fees | 3,981,762 | 3,983,807 | 3,967,289 | 16,518 |
| Debt issuance costs | - | 297,264 | 284,246 | 13,018 |
| Total expenditures | 320,708,314 | 326,653,106 | 301,076,537 | 25,576,569 |
| Revenues over (under) expenditures | (11,008,210) | (12,441,967) | 11,695,824 | 24,137,791 |
| Other financing sources (uses): | | | | |
| Sale of capital assets | - | - | 1,230,515 | 1,230,515 |
| Proceeds from refunding bonds | - | 23,005,000 | 23,005,000 | - |
| Premium on debt issuance | - | 4,285,557 | 4,285,557 | - |
| Payment to escrow agent | - | (27,245,984) | (27,245,984) | - |
| County contribution | - | 254,735 | 254,735 | - |
| Transfers in | 5,641,141 | 5,641,141 | 5,546,213 | (94,928) |
| Transfers out | (3,522,583) | (11,658,101) | (8,936,891) | 2,721,210 |
| Appropriated fund balance | 8,889,652 | 18,159,619 | - | (18,159,619) |
| Total other financing sources (uses) | 11,008,210 | 12,441,967 | (1,860,855) | (14,302,822) |
| Revenues and other financing sources over expenditures and other financing uses | \$ - | \$ - | 9,834,969 | \$ 9,834,969 |
| Fund Balances: | | | | |
| Beginning of year, July 1 | | | 108,837,363 | |
| Restatement | | | (80,891) | |
| Beginning of year, July 1 - as restated | | | 108,756,472 | |
| End of year, June 30 | | | <u>\$ 118,591,441</u> | |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Year Ended June 30, 2018**

| | General Fund | | | Variance With Final Positive (Negative) |
|--|----------------------------|-------------------------|------------------------------|--|
| | Original Budget | Final Budget | Actual | |
| A legally budgeted County School Fund (not included above) is consolidated into the General Fund for Reporting Purposes: | | | | |
| Other taxes | \$ 9,593,013 | \$ 9,593,012 | \$ 10,895,436 | \$ 1,302,424 |
| Unrestricted intergovernmental revenue | 800,000 | 800,000 | 938,179 | 138,179 |
| Restricted intergovernmental revenue | 3,592,097 | 3,592,098 | 3,592,098 | - |
| Interest earned on investments | - | - | 84,258 | 84,258 |
| Miscellaneous | - | - | 110,223 | 110,223 |
| Education | (8,424,375) | (18,581,161) | (11,029,218) | 7,551,943 |
| Transfers out | (5,560,735) | (5,560,735) | (5,465,807) | 94,928 |
| Appropriated fund balance | - | 10,156,786 | - | (10,156,786) |
| | - | - | (874,831) | (874,831) |
| Fund Balance, Beginning of year | - | - | 14,886,966 | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>14,012,135</u> | <u>\$ (874,831)</u> |
| A legally budgeted Capital Investment Fund (not included above) is consolidated into the General Fund for Reporting Purposes: | | | | |
| General government | \$ - | \$ (8,090,585) | \$ - | \$ 8,090,585 |
| Transfers in | - | 8,090,585 | 8,090,585 | - |
| | - | - | 8,090,585 | 8,090,585 |
| Fund Balance, Beginning of year | - | - | - | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>8,090,585</u> | <u>\$ 8,090,585</u> |
| Fund Balance, End of year | | | <u><u>\$ 140,694,161</u></u> | |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Net Position
Proprietary Funds
June 30, 2018**

| | Enterprise Funds | | | | | | | Total | Internal Service Funds |
|--|------------------------------------|-------------------------------------|---|--|--|--|---|--------------------|------------------------|
| | Cumberland County Solid Waste Fund | Cumberland County Crown Center Fund | Kelly Hills Water and Sewer District Fund | NORCRESS Water and Sewer District Fund | Southpoint Water and Sewer District Fund | Overhills Park Water and Sewer District Fund | Bragg Estates Water and Sewer District Fund | | |
| Assets | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash and cash equivalents | \$ 43,544,581 | \$ 5,598,347 | \$ 210,175 | \$ 190,977 | \$ 113,664 | \$ - | \$ - | \$ 49,657,744 | \$ - |
| Taxes receivable, net | 165,071 | - | - | - | - | - | - | 165,071 | - |
| Due from other governments | 803,229 | 80,390 | - | - | - | 7,157 | - | 890,776 | - |
| Other receivables, net | 522,274 | 278,465 | 26,593 | 53,089 | 11,298 | - | - | 891,719 | 310,006 |
| Inventories | 12,940 | - | - | - | - | - | - | 12,940 | 228,915 |
| Prepays | - | 73,930 | - | - | - | - | - | 73,930 | - |
| Total current assets | 45,048,095 | 6,031,132 | 236,768 | 244,066 | 124,962 | 7,157 | - | 51,692,180 | 538,921 |
| Noncurrent assets | | | | | | | | | |
| Restricted: | | | | | | | | | |
| Cash and cash equivalents | 771,584 | 2,868,361 | - | - | - | 119,944 | - | 3,759,889 | 14,724,812 |
| Capital assets, net of accumulated depreciation | 18,024,108 | 38,928,647 | 1,860,000 | 6,260,017 | 412,767 | 4,384,615 | 86,711 | 69,956,865 | - |
| Total noncurrent assets | 18,795,692 | 41,797,008 | 1,860,000 | 6,260,017 | 412,767 | 4,504,559 | 86,711 | 73,716,754 | 14,724,812 |
| Total assets | 63,843,787 | 47,828,140 | 2,096,768 | 6,504,083 | 537,729 | 4,511,716 | 86,711 | 125,408,934 | 15,263,733 |
| Deferred outflows of resources | | | | | | | | | |
| Pension | 370,586 | - | - | - | - | - | - | 370,586 | 66,610 |
| OPEB | 180,508 | - | - | - | - | - | - | 180,508 | 17,189 |
| Debt | - | 1,337,161 | - | - | - | - | - | 1,337,161 | - |
| | 551,094 | 1,337,161 | - | - | - | - | - | 1,888,255 | 83,799 |
| Liabilities | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Accounts and vouchers payable | 635,639 | 861,990 | 6,128 | 28,601 | 279 | 8,985 | - | 1,541,622 | 611,062 |
| Accrued payroll | 88,379 | - | - | - | - | - | - | 88,379 | 18,484 |
| Accrued interest payable | - | 78,311 | - | 3,623 | - | 1,550 | - | 83,484 | - |
| Other payables | 186,671 | 192,000 | 1,049 | - | 5,402 | 203,695 | - | 588,817 | - |
| Incurred but not reported | - | - | - | - | - | - | - | - | 5,235,264 |
| Unearned revenue | - | 104,335 | - | - | - | - | - | 104,335 | - |
| Current portion of long-term debt and accrued vacation | 141,641 | 2,888,761 | - | 22,000 | 4,996 | - | - | 3,057,398 | 29,609 |
| Due to other funds | - | 5,500 | - | - | - | - | 36,711 | 42,211 | - |
| Total current liabilities | 1,052,330 | 4,130,897 | 7,177 | 54,224 | 10,677 | 214,230 | 36,711 | 5,506,246 | 5,894,419 |
| Noncurrent liabilities | | | | | | | | | |
| Post closing liability | 12,687,769 | - | - | - | - | - | - | 12,687,769 | - |
| Net pension liability | 498,173 | - | - | - | - | - | - | 498,173 | 71,747 |
| Long-term debt | - | 19,565,427 | - | 1,032,000 | 69,937 | 1,379,000 | - | 22,046,364 | - |
| Accrued vacation | 5,613 | - | - | - | - | - | - | 5,613 | 1,558 |
| Other postemployment benefits liability | 8,567,227 | - | - | - | - | - | - | 8,567,227 | 988,336 |
| Total noncurrent liabilities | 21,758,782 | 19,565,427 | - | 1,032,000 | 69,937 | 1,379,000 | - | 43,805,146 | 1,061,641 |
| Total liabilities | 22,811,112 | 23,696,324 | 7,177 | 1,086,224 | 80,614 | 1,593,230 | 36,711 | 49,311,392 | 6,956,060 |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Position
Proprietary Funds
June 30, 2018

| | 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 | | |
| Deferred inflows of resources - pension | | | | | | | | | |
| Pension | 11,545 | 69,935 | - | - | - | - | - | 81,480 | 49,891 |
| OPEB | 783,565 | - | - | - | - | - | - | 783,565 | 90,394 |
| | <u>795,110</u> | <u>69,935</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>865,045</u> | <u>140,285</u> |
| Net position | | | | | | | | | |
| Net investment in capital assets | 18,024,108 | 19,098,376 | 1,860,000 | 3,919,262 | 337,834 | 3,005,615 | 86,711 | 46,331,906 | - |
| Restricted net position - debt service | 771,584 | 2,868,361 | - | - | - | 119,944 | - | 3,759,889 | - |
| Restricted net position - claims | - | - | - | - | - | - | - | - | 14,724,812 |
| Unrestricted | 21,992,967 | 3,432,305 | 229,591 | 1,498,597 | 119,281 | (207,073) | (36,711) | 27,028,957 | (6,473,625) |
| Total net position | <u>\$ 40,788,659</u> | <u>\$ 25,399,042</u> | <u>\$ 2,089,591</u> | <u>\$ 5,417,859</u> | <u>\$ 457,115</u> | <u>\$ 2,918,486</u> | <u>\$ 50,000</u> | <u>\$ 77,120,752</u> | <u>\$ 8,251,187</u> |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2018**

| | Enterprise Funds | | | | | | | Total | Internal Service Funds |
|---|------------------------------------|-------------------------------------|---|--|--|--|---|---------------|------------------------|
| | Cumberland County Solid Waste Fund | Cumberland County Crown Center Fund | Kelly Hills Water and Sewer District Fund | NORCRESS Water and Sewer District Fund | Southpoint Water and Sewer District Fund | Overhills Park Water and Sewer District Fund | Bragg Estates Water and Sewer District Fund | | |
| Operating revenues | | | | | | | | | |
| Charges for services | \$ 4,220,716 | \$ 1,892,840 | \$ 79,303 | \$ 347,257 | \$ 36,491 | \$ - | \$ - | \$ 6,576,607 | \$ - |
| Contributions | - | - | - | - | - | - | - | - | 3,668,991 |
| Other operating revenue | 11,388 | - | - | - | - | - | - | 11,388 | - |
| Contributions - Group health insurance | - | - | - | - | - | - | - | - | 22,671,073 |
| Solid waste fees | 5,835,700 | - | - | - | - | - | - | 5,835,700 | - |
| Pharmacy services | - | - | - | - | - | - | - | - | 2,937,359 |
| Total operating revenues | 10,067,804 | 1,892,840 | 79,303 | 347,257 | 36,491 | - | - | 12,423,695 | 29,277,423 |
| Operating expenses | | | | | | | | | |
| Salaries and employee benefits | 3,258,439 | - | - | - | - | - | - | 3,258,439 | 547,016 |
| Repairs and maintenance | 1,566,692 | 100,004 | 39,573 | 122,752 | 3,645 | - | - | 1,832,666 | - |
| Utilities | 148,778 | - | - | 203,089 | - | - | - | 351,867 | - |
| Administrative costs | 4,347,741 | 1,592 | 2,801 | 2,709 | 3,310 | 482 | - | 4,358,635 | 913,876 |
| Workers' compensation claims | - | - | - | - | - | - | - | - | 1,296,515 |
| Global Spectrum, LP | - | 4,982,570 | - | - | - | - | - | 4,982,570 | - |
| Miscellaneous | - | - | - | - | 2,670 | - | - | 2,670 | - |
| Depreciation | 880,483 | 1,954,215 | 66,429 | 228,228 | 11,793 | - | - | 3,141,148 | - |
| Landfill closure and postclosure care costs | 852,930 | - | - | - | - | - | - | 852,930 | - |
| Group health insurance | - | - | - | - | - | - | - | - | 20,407,849 |
| Employee pharmacy | - | - | - | - | - | - | - | - | 3,599,710 |
| Employee clinic | - | - | - | - | - | - | - | - | 360,069 |
| Employee wellness program | - | - | - | - | - | - | - | - | 112,567 |
| Total operating expenses | 11,055,063 | 7,038,381 | 108,803 | 556,778 | 21,418 | 482 | - | 18,780,925 | 27,237,602 |
| Operating income (loss) | (987,259) | (5,145,541) | (29,500) | (209,521) | 15,073 | (482) | - | (6,357,230) | 2,039,821 |
| Nonoperating revenue (expense) | | | | | | | | | |
| Interest earned on investments | 442,280 | 44,334 | 1,426 | 1,385 | 799 | 149 | - | 490,373 | 76,064 |
| Motel occupancy tax | - | 1,503,020 | - | - | - | - | - | 1,503,020 | - |
| Gain (loss) on disposal of capital assets | 69,987 | - | - | - | - | - | - | 69,987 | - |
| Miscellaneous | 24,704 | - | - | 3,860 | - | - | - | 28,564 | 25,381 |
| Grant revenue | 734,831 | 42,971 | - | - | - | 1,424,958 | - | 2,202,760 | - |
| Interest expense | - | (1,042,804) | - | (44,309) | - | (1,550) | - | (1,088,663) | - |
| Debt issuance costs | - | - | - | - | - | (5,458) | - | (5,458) | - |
| Total nonoperating revenue (expense) | 1,271,802 | 547,521 | 1,426 | (39,064) | 799 | 1,418,099 | - | 3,200,583 | 101,445 |
| Income (loss) before transfers and contributions | 284,543 | (4,598,020) | (28,074) | (248,585) | 15,872 | 1,417,617 | - | (3,156,647) | 2,141,266 |
| Transfers in | - | 5,737,863 | - | - | - | 47,000 | - | 5,784,863 | 100,000 |
| Change in net position | 284,543 | 1,139,843 | (28,074) | (248,585) | 15,872 | 1,464,617 | - | 2,628,216 | 2,241,266 |
| Total net position - beginning | 45,825,912 | 22,780,894 | 2,117,665 | 5,666,444 | 441,243 | 1,453,869 | 50,000 | 78,336,027 | 9,985,287 |
| Restatement - OPEB | (5,321,796) | 1,478,305 | - | - | - | - | - | (3,843,491) | (646,834) |
| Restatement - IBNR | - | - | - | - | - | - | - | - | (3,328,532) |
| Total net position - beginning, as restated | 40,504,116 | 24,259,199 | 2,117,665 | 5,666,444 | 441,243 | 1,453,869 | 50,000 | 74,492,536 | 6,009,921 |
| Total net position - ending | \$ 40,788,659 | \$ 25,399,042 | \$ 2,089,591 | \$ 5,417,859 | \$ 457,115 | \$ 2,918,486 | \$ 50,000 | \$ 77,120,752 | \$ 8,251,187 |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018**

| | Enterprise Funds | | | | | | | Total | Internal Service Funds |
|---|------------------------------------|-------------------------------------|---|--|--|--|---|----------------------|------------------------|
| | Cumberland County Solid Waste Fund | Cumberland County Crown Center Fund | Kelly Hills Water and Sewer District Fund | NORCRESS Water and Sewer District Fund | Southpoint Water and Sewer District Fund | Overhills Park Water and Sewer District Fund | Bragg Estates Water and Sewer District Fund | | |
| Operating activities | | | | | | | | | |
| Cash received from customers | \$ 10,033,531 | \$ 1,664,074 | \$ 79,303 | \$ 347,257 | \$ 36,491 | \$ - | \$ - | \$ 12,160,656 | \$ - |
| Other operating revenue | 1,929,659 | - | - | - | - | 1,827 | - | 1,931,486 | - |
| Cash received from contributions | - | - | - | - | - | - | - | - | 26,333,952 |
| Cash paid to employees | (2,960,539) | (69,872) | - | - | - | - | - | (3,030,411) | (390,506) |
| Cash paid for goods and services | (5,959,921) | (4,394,265) | (31,350) | (293,642) | (8,246) | (482) | - | (10,687,906) | (874,234) |
| Cash received for goods and services | - | - | - | - | - | - | - | - | 3,075,170 |
| Cash paid for claims | - | - | - | - | - | - | - | - | (25,957,915) |
| Other miscellaneous transactions | 24,704 | - | - | - | - | - | - | 24,704 | - |
| Net cash provided by (used in) operating activities | 3,067,434 | (2,800,063) | 47,953 | 53,615 | 28,245 | 1,345 | - | 398,529 | 2,186,467 |
| Noncapital financing activities | | | | | | | | | |
| Transfers in | - | 5,737,863 | - | - | - | 47,000 | - | 5,784,863 | 100,000 |
| Operating grants | 734,831 | 42,971 | - | - | - | 1,424,958 | - | 2,202,760 | - |
| Net cash provided by noncapital financing activities | 734,831 | 5,780,834 | - | - | - | 1,471,958 | - | 7,987,623 | 100,000 |
| Capital and related financing activities | | | | | | | | | |
| Acquisition and construction of capital assets | (8,441,259) | (1,135,759) | - | - | - | (1,441,140) | - | (11,018,158) | - |
| Other financing transactions | - | - | - | - | - | - | - | - | - |
| Proceeds from sales of capital assets | 154,001 | - | - | - | - | - | - | 154,001 | - |
| Proceeds from issuance of debt | - | 1,286,756 | - | - | - | - | - | 1,286,756 | - |
| Principal paid on long-term debt | - | (2,651,800) | - | (22,000) | (4,995) | - | - | (2,678,795) | - |
| Interest paid on bonds | - | (1,189,033) | - | (44,385) | - | (14,765) | - | (1,248,183) | - |
| Motel occupancy tax | - | 1,503,020 | - | - | - | - | - | 1,503,020 | - |
| Miscellaneous | - | - | - | 3,860 | - | - | - | 3,860 | 25,206 |
| Net cash provided (used in) capital and related financing activities | (8,287,258) | (2,186,816) | - | (62,525) | (4,995) | (1,455,905) | - | (11,997,499) | 25,206 |
| Investing activities | | | | | | | | | |
| Investment earnings | 442,280 | 44,334 | 1,426 | 1,385 | 799 | 149 | - | 490,373 | 75,719 |
| Net cash provided by investing activities | 442,280 | 44,334 | 1,426 | 1,385 | 799 | 149 | - | 490,373 | 75,719 |
| Net increase (decrease) in cash and cash equivalents | (4,042,713) | 838,289 | 49,379 | (7,525) | 24,049 | 17,547 | - | (3,120,974) | 2,387,392 |
| Cash and cash equivalents | | | | | | | | | |
| Beginning of year | 48,358,878 | 7,628,419 | 160,796 | 198,502 | 89,615 | 102,397 | - | 56,538,607 | 12,337,420 |
| End of year | \$ 44,316,165 | \$ 8,466,708 | \$ 210,175 | \$ 190,977 | \$ 113,664 | \$ 119,944 | \$ - | \$ 53,417,633 | \$ 14,724,812 |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018**

| | Enterprise Funds | | | | | | | Total | Internal Service Funds |
|--|------------------------------------|-------------------------------------|---|--|--|--|---|-------------------|------------------------|
| | Cumberland County Solid Waste Fund | Cumberland County Crown Center Fund | Kelly Hills Water and Sewer District Fund | NORCRESS Water and Sewer District Fund | Southpoint Water and Sewer District Fund | Overhills Park Water and Sewer District Fund | Bragg Estates Water and Sewer District Fund | | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | | | | | | |
| Operating income (loss) | \$ (987,259) | \$ (5,145,541) | \$ (29,500) | \$ (209,521) | \$ 15,073 | \$ (482) | \$ - | \$ (6,357,230) | \$ 2,039,821 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | | | |
| Depreciation | 880,483 | 1,954,215 | 66,429 | 228,228 | 11,793 | - | - | 3,141,148 | - |
| Landfill closure and post closure care costs | 852,930 | - | - | - | - | - | - | 852,930 | - |
| Change in assets and liabilities | | | | | | | | | |
| (Increase) decrease in accounts receivable | 1,819 | - | - | - | - | - | - | 1,819 | - |
| (Increase) decrease in other receivables | 1,918,271 | 122,063 | 6,530 | - | 1,740 | 657,372 | - | 2,705,976 | 24,451 |
| (Increase) decrease in inventories | 112,552 | - | - | 41,492 | - | - | - | 154,044 | 93,193 |
| (Increase) decrease in prepaids | - | 243,130 | - | - | - | - | - | 243,130 | - |
| (Increase) decrease in accounts payable and accrued liabilities | 12,310 | 159,110 | 4,494 | (6,584) | - | - | - | 169,330 | (1,487) |
| Increase (decrease) in accrued landfill | - | - | - | - | - | (655,545) | - | (655,545) | - |
| Increase (decrease) in compensated absences payable | 364 | - | - | - | (361) | - | - | 3 | (3,653) |
| Increase (decrease) in NPL | (201,014) | - | - | - | - | - | - | (201,014) | (39,900) |
| Increase (decrease) in deferred outflows -pensions | 229,170 | (69,872) | - | - | - | - | - | 159,298 | 90,394 |
| Increase (decrease) in deferred inflows - pension | (9,371) | 208,388 | - | - | - | - | - | 199,017 | (17,189) |
| Increase (decrease) in OPEB liability | (345,878) | - | - | - | - | - | - | (345,878) | (34,840) |
| Increase (decrease) in deferred outflows -OPEB | (180,508) | - | - | - | - | - | - | (180,508) | 37,300 |
| Increase (decrease) in deferred inflows - OPEB | 783,565 | - | - | - | - | - | - | 783,565 | - |
| Increase (decrease) in unearned revenue | - | (271,556) | - | - | - | - | - | (271,556) | (1,623) |
| Total adjustments | 4,054,693 | 2,345,478 | 77,453 | 263,136 | 13,172 | 1,827 | - | 6,755,759 | 146,646 |
| Net cash provided by (used in) operating activities | \$ 3,067,434 | \$ (2,800,063) | \$ 47,953 | \$ 53,615 | \$ 28,245 | \$ 1,345 | \$ - | \$ 398,529 | \$ 2,186,467 |
| Cash and cash equivalents | | | | | | | | | |
| Unrestricted | \$ 43,544,581 | \$ 5,598,347 | \$ 210,175 | \$ 190,977 | \$ 113,664 | \$ - | \$ - | \$ 49,657,744 | \$ - |
| Restricted | 771,584 | 2,868,361 | - | - | - | 119,944 | - | 3,759,889 | 14,724,812 |
| Total | \$ 44,316,165 | \$ 8,466,708 | \$ 210,175 | \$ 190,977 | \$ 113,664 | \$ 119,944 | \$ - | \$ 53,417,633 | \$ 14,724,812 |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

| | Agency Funds |
|--------------------------------------|-------------------------|
| Assets | |
| Taxes receivable | \$ 3,260,464 |
| Due from other governments | 867,990 |
| Restricted cash and cash equivalents | 925,776 |
| Total assets | <u>\$ 5,054,230</u> |
| Liabilities | |
| Accounts and vouchers payable | \$ 5,019,361 |
| Due to other governments | 34,869 |
| Total liabilities | <u>\$ 5,054,230</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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 3% of the gross receipts. The TDA is presented as if it were a proprietary fund. The Fayetteville Cumberland County

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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 fund economic development activities substantially equivalent during the fiscal year. The FCEDC Board of Directors is comprised of private sector, city sector and county sector representatives as well as ex-officio members.

| Component Unit | Reporting Method | Criteria for Inclusion | Separate Financial Statements |
|---|------------------|--|---|
| NORCRESS Water and Sewer District | Blended | Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility. | None issued. |
| Kelly Hills Water and Sewer District | Blended | Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility. | None issued. |
| Southpoint Water and Sewer District | Blended | Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility. | None issued. |
| Overhills Park Water and Sewer District | Blended | Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility. | None issued. |
| Bragg Estates Water and Sewer District | Blended | Under State law [NCGS 162A-89], the County's board of commissioners serve as the governing board for the District. The County also provides financial benefits to the District and maintains operational responsibility. | None issued. |
| Cumberland County Industrial Facility and Pollution Control Financing Authority | Discrete | The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. | None issued. |
| Cumberland County Finance Corporation | Discrete | The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Corporation with or without cause. | None issued. |
| Cumberland County Board of Alcoholic Beverage Control | Discrete | The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. | Cumberland County ABC Board 1705 Owen Drive Fayetteville, NC 28304 |
| Eastover Sanitary District | Discrete | The District is considered to be fiscally dependent upon the County such that excluding the entity would cause the County's statements to be incomplete. | Included in the County's financial statements. |
| Fayetteville Area Convention and Visitors Bureau, Inc. | Discrete | A voting majority of the Bureau's 11-member board of directors is appointed by the County. In addition, the County levies the occupancy tax which is the major source of revenue for the Bureau. | Fayetteville Area Convention and Visitors Bureau 245 Person Street Fayetteville, NC 28301 |
| Cumberland County Tourism Development Authority | Discrete | The Cumberland County Board of Commissioners provides for membership of the Authority, including members' terms of office and for the filling of vacancies. The County is able to impose its will on the TDA because it has the ability to modify the rate affecting revenue as it is authorized to levy a room occupancy tax of up to three percent (3%) of the gross receipts. | Included in the County's financial statements. |
| Fayetteville Cumberland County Economic Development Corporation (FCEDC) | Discrete | The Cumberland County Board of Commissioners and the Fayetteville City Council provides for membership of the Corporation, including members' terms of office and for the filling of vacancies. Both entities contribute to the funding of the Corporation equally. Cumberland County is the fiscal agent for the Corporation and does so by an in-kind contribution. | Fayetteville Cumberland County Economic Development Corp. 201 Hay Street Fayetteville, NC 28301 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

B - Basis of Presentation - Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental funds:

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

The County reports the following nonmajor governmental funds:

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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

The County reports the following major enterprise funds:

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

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

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

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

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

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

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

The County reports the following fund types:

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

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the City Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County; the Payee Account Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Inmate Payee Fund, which accounts for funds held by the County on behalf of inmates of the County jail; the Intergovernmental Custodial Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Cumberland County Board of Education; the Stormwater Utility Fund, which accounts for monies collected in connection with the joint storm water utility agreement with the City of Fayetteville; and, the *Vehicle Interest Fund*, which consists of the 3% 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013 or those 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 beer and wine 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

services funds. The budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. All annual appropriations lapse at the fiscal year end. Multi-year capital project funds are approved via a balanced project ordinance for the life of the project.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the general, special revenue, and permanent funds, at the fund level for the enterprise and internal service funds, and at the fund level for the capital project funds. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a department; however, any revisions that alter total expenditures of any fund or that alter revenues or relate to creating new positions must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and revenues estimates for their department for the budget year.

May 15 - The finance officer for the school board transmits the budget and the budget message to the County.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

As required by State law {G.S. 159-26(d)}, the County maintains encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The encumbrances outstanding at year-end are re-appropriated into the next year's budget as necessary. Any encumbrance balance that is not due and owing is adjusted to a zero balance.

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).

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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

2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalent. The County, the ABC Board, the District, the Bureau, the TDA, and the FCEDC consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017.

5. Allowance for Doubtful Accounts

Receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivable that were written off in prior years.

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, 2018

7. Capital Assets

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

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

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

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

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

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

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

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

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

8. Deferred Outflows/Inflows of Resources

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

- prepaid taxes, taxes receivable, special assessments receivable, and other OPEB or pension related deferrals.

9. Long-term Obligations

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

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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 Public Health – portion of fund balance that is restricted for maternal and child health and women's health by state statute [G.S. 130A-124(c)].

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

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

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

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

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

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

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

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

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

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

Committed for Capital Investment Fund – portion of fund balance committed by the Board of Commissioners to fund future capital needs.

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

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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

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

Capital Investment Fund – portion of total fund balance assigned by management for the Board's consideration of future capital needs.

Special Purposes – portion of total fund balance assigned by management for Board of Elections future capital needs.

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

Spending and Fund Balance Policies

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

The County will maintain a General Fund unassigned fund balance of no less than 10% which exceeds the minimum 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 and Capital Investment Funds that have been incorporated into the General Fund for reporting purposes:

| | |
|--|-------------------|
| Total fund balance-General Fund | \$140,694,161 |
| Less: | |
| Inventories | 155,968 |
| Prepays | 5,400 |
| Restricted | 16,061,598 |
| Stabilization by State Statute | 32,308,498 |
| Committed | 11,724,827 |
| Assigned | 19,799,170 |
| Appropriated fund balance in FY2019 budget | 7,447,195 |
| ≥10% fund balance policy | <u>53,191,505</u> |
| Remaining fund balance | <u>\$ -</u> |

The County required all open purchase orders as of June 30, 2018 to be closed prior to closing out the fiscal year. Departments have the option of requesting re-appropriation of funds for items that were not included in the fiscal year 2019 budget. Therefore, the balance of encumbrances as of June 30, 2018 is zero for all funds.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

12. Defined Benefit Pension Plans

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

13. Accounting Estimates

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

Note 2 – Cash and Cash Equivalents

A - Deposits

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

The County has a Board approved policy to address custodial credit risk of deposits collateralized under the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are 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, 2018 the County's deposits had a carrying amount of \$128,874,278 and a bank balance of \$130,269,926. Included in the County's deposits is cash of \$1,994,461 for the District, \$1,553,395 for the TDA and \$488,577 for FCEDC. Of the bank balance, \$1,003,272 was covered by federal depository insurance and \$129,218,480 was covered by collateral under the Pooling Method. The County had \$9,980

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

in the petty cash and change funds. The District had \$100 of change fund, the TDA and FCEDC had \$0 of petty cash.

At June 30, 2018, the ABC Board's deposits had a carrying amount of \$4,151,698 and a bank balance of \$4,212,419. Of the bank balance, \$250,000 was covered by federal depository insurance and \$39,62,419 was covered by collateral under the Pooling Method. The ABC Board cash on hand total \$34,300.

At June 30, 2018, the Bureau's deposits had a carrying amount of \$193,766 and a bank balance of \$1,100,008. As of June 30, 2018, the Bureau had \$107,195, which exceed the federal depository insurance amount. The balance includes a 13-month Certificate of Deposit for \$103,573 maturing on December 12, 2018, plus interest; a 12-month Certificate of Deposit for \$140,415 maturing on September 22, 2018, plus interest; a 12-month Certificate of Deposit for \$247,504 maturing on July 21, 2018, plus interest; a 13-month Certificate of Deposit for \$50,231 maturing on March 7, 2019, plus interest; an 18-month Certificate of Deposit for \$117,476 maturing on August 6, 2018, plus interest; and a 6-month Certificate of Deposit for \$30,144 maturing on September 10, 2018, plus interest. Noncurrent investments, stated at fair value, at June 30,2018 include an 18-month Certificate of Deposit for \$50,114 maturing on September 9, 2019.

B - Investments – County

| Investment Type | Valuation Measurement | Fair Value | Less than 6 | | |
|--|-----------------------|----------------------|-------------|---------------------|----------------------|
| | Method | | Months | 6 - 12 Months | 1 - 2 Years |
| US Government Agencies/Securities | Fair Value - Level 2 | \$ 17,876,644 | \$ - | \$ 2,982,950 | \$ 14,893,694 |
| Commercial Paper | Fair Value - Level 2 | 3,491,244 | - | 3,491,244 | - |
| NC Capital Management Trust - Government Portfolio | Amortized Cost | 52,404,620 | N/A | N/A | N/A |
| NC Capital Management Trust - Term Portfolio | Fair Value - Level 1 | 9,661,696 | N/A | N/A | N/A |
| Total | | <u>\$ 83,434,204</u> | <u>\$ -</u> | <u>\$ 6,474,194</u> | <u>\$ 14,893,694</u> |

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, 2018, 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, 2018. 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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 Certificates of Deposits.

Concentration of Credit Risk: It is the County's policy that no more than 20% of the total investment portfolio may be invested in commercial paper and banker's acceptances. In addition, no more than \$4 million of the total investment portfolio will be invested in any one company's commercial paper or \$7 million in financial institution's bankers' acceptances. Federal Agencies/Securities investment represents 21.77% of total County's investment portfolio: Federal Farm Credit Banks (FFCB) 4.25%; Federal Home Loan Banks (FHLB) 7.23% and Federal Home Loan Mortgage Corporation (FHLMC) 10.29%. More than 50% of the County's investment are in the North Carolina Capital Management Trust (NCCMT).

C - Reconciliation to Cash and Cash Equivalents

| | <u>County</u> | <u>ABC Board</u> | <u>District</u> | <u>TDA</u> | <u>Bureau</u> | <u>FCEDC</u> |
|---|-----------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| Cash and cash equivalents - Unrestricted | \$ 185,712,126 | \$ 4,083,589 | \$ 1,731,359 | \$ 1,553,395 | \$ 933,223 | \$ 488,577 |
| Cash and cash equivalents - Restricted | 21,630,777 | 102,409 | 279,189 | - | - | - |
| Cash and cash equivalent - Restricted Agency funds | 925,776 | - | - | - | - | - |
| Total cash and cash equivalents | \$ 208,268,679 | \$ 4,185,998 | \$ 2,010,548 | \$ 1,553,395 | \$ 933,223 | \$ 488,577 |

D - Investments - Eastover Sanitary District

At June 30, 2018, Eastover Sanitary District, a discretely presented component unit, had investments of \$16,088 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, 2018 are as follows:

| | <u>Governmental Activities</u> | <u>Business Type Activities</u> |
|-------------------|------------------------------------|-------------------------------------|
| Taxes receivable | \$ 5,307,485 | \$ 827 |
| Other receivables | 17,373 | - |
| | \$ 5,324,858 | \$ 827 |

The allowance for doubtful accounts for Eastover Sanitary District at June 30, 2018 is \$125,379

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Note 4 - Capital Assets

| | Beginning Balances | Increases & Adjustments | Decreases & Adjustments | Ending Balances |
|---|-----------------------|----------------------------|----------------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 18,450,493 | \$ 264,059 | \$ 1,336,729 | \$ 17,377,823 |
| Construction in progress | - | 2,207,948 | - | 2,207,948 |
| Total capital assets not being depreciated | <u>18,450,493</u> | <u>2,472,007</u> | <u>1,336,729</u> | <u>19,585,771</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 285,182,232 | 772,255 | 6,030,794 | 279,923,693 |
| Equipment, furniture and fixtures | 21,739,035 | 1,129,626 | 298,660 | 22,570,001 |
| Vehicles | 11,456,202 | 1,067,035 | 600,149 | 11,923,088 |
| Total capital assets being depreciated | <u>318,377,469</u> | <u>2,968,916</u> | <u>6,929,603</u> | <u>314,416,782</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 109,886,555 | 7,157,281 | 5,065,696 | 111,978,140 |
| Equipment, furniture and fixtures | 17,710,345 | 1,092,560 | 298,660 | 18,504,245 |
| Vehicles | 9,091,759 | 976,450 | 585,941 | 9,482,268 |
| Total accumulated depreciation | <u>136,688,659</u> | <u>\$ 9,226,291</u> | <u>\$ 5,950,297</u> | <u>139,964,653</u> |
| Total capital assets being depreciated, net | <u>181,688,810</u> | | | <u>174,452,129</u> |
| Governmental activity capital assets, net | <u>\$ 200,139,303</u> | | | <u>\$ 194,037,900</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, 2018 was as follows:

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

| | |
|-----------------------------------|---------------------|
| General government | \$ 2,781,515 |
| Public safety | 2,871,377 |
| Human services | 1,867,940 |
| Economic and physical development | 687,226 |
| Cultural and recreational | 1,018,233 |
| Total depreciation expense | <u>\$ 9,226,291</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

| Business-type activities: | Beginning Balances | Increases | Decreases & Transfers | Ending Balances |
|--|-----------------------|--------------|--------------------------|----------------------|
| <i>Cumberland County Solid Waste</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,330,411 | \$ 30,000 | \$ - | \$ 3,360,411 |
| Construction in progress | 285,154 | 7,522,799 | | 7,807,953 |
| total capital assets not being depreciated | 3,615,565 | 7,552,799 | - | 11,168,364 |
| Capital assets being depreciated: | | | | |
| Landfill | 11,332,316 | - | - | 11,332,316 |
| Buildings and building improvements | 7,308,562 | 287,130 | - | 7,595,692 |
| Furniture, fixtures and equipment | 12,360,408 | 596,830 | 214,500 | 12,742,738 |
| Vehicles | 3,060,514 | 4,500 | - | 3,065,014 |
| Total capital assets being depreciated | 34,061,800 | 888,460 | 214,500 | 34,735,760 |
| Less accumulated depreciation for: | | | | |
| Landfill | 11,332,316 | - | - | 11,332,316 |
| Building and building improvements | 5,091,496 | 89,879 | - | 5,181,375 |
| Furniture, fixtures and equipment | 8,146,910 | 668,749 | 135,850 | 8,679,809 |
| Vehicles | 2,559,297 | 127,219 | - | 2,686,516 |
| Total accumulated depreciation | 27,130,019 | \$ 885,847 | \$ 135,850 | 27,880,016 |
| Total capital assets being depreciated, net | 6,931,781 | | | 6,855,744 |
| Cumberland County Solid Waste capital assets, net | <u>\$ 10,547,346</u> | | | <u>\$ 18,024,108</u> |
| <i>Cumberland County Crown Center</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,503,162 | \$ - | \$ - | \$ 3,503,162 |
| Construction in progress | | 1,085,759 | | 1,085,759 |
| Total capital assets not being depreciated | 3,503,162 | 1,085,759 | - | 4,588,921 |
| Capital assets being depreciated: | | | | |
| Buildings and building improvements | 72,793,219 | 50,000 | - | 72,843,219 |
| Furniture, fixtures and equipment | 4,427,605 | - | - | 4,427,605 |
| Vehicles | 26,619 | - | - | 26,619 |
| Total capital assets being depreciated | 77,247,443 | 50,000 | - | 77,297,443 |
| Less accumulated depreciation for: | | | | |
| Building and building improvements | 37,296,712 | 1,829,927 | - | 39,126,639 |
| Furniture, fixtures and equipment | 3,680,170 | 124,289 | - | 3,804,459 |
| Vehicles | 26,619 | - | - | 26,619 |
| Total accumulated depreciation | 41,003,501 | \$ 1,954,216 | \$ - | 42,957,717 |
| Total capital assets being depreciated, net | 36,243,942 | | | 34,339,726 |
| Cumberland County Crown Center capital assets, net | <u>\$ 39,747,104</u> | | | <u>\$ 38,928,647</u> |
| <i>Kelly Hills Water and Sewer District</i> | | | | |
| Capital assets being depreciated: | | | | |
| Plant and distribution system | \$ 2,676,498 | \$ - | \$ - | \$ 2,676,498 |
| Total capital assets being depreciated | 2,676,498 | - | - | 2,676,498 |
| Less accumulated depreciation for: | | | | |
| Plant and distribution system | 750,070 | 66,428 | - | 816,498 |
| Total accumulated depreciation | 750,070 | \$ 66,428 | \$ - | 816,498 |
| Total capital assets being depreciated, net | 1,926,428 | | | 1,860,000 |
| Kelly Hills Water and Sewer District capital assets, net | <u>\$ 1,926,428</u> | | | <u>\$ 1,860,000</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

| Business-type activities: (continued) | Beginning Balances | Increases | Decreases & Transfers | Ending Balances |
|--|-----------------------|--------------|--------------------------|----------------------|
| <i>Norcross Water and Sewer District</i> | | | | |
| Capital assets being depreciated: | | | | |
| Plant and distribution system | \$ 9,523,623 | \$ - | \$ - | \$ 9,523,623 |
| Total capital assets being depreciated | 9,523,623 | - | - | 9,523,623 |
| Less accumulated depreciation for: | | | | |
| Plant and distribution system | 3,035,378 | 228,228 | - | 3,263,606 |
| Total accumulated depreciation | 3,035,378 | \$ 228,228 | \$ - | 3,263,606 |
| Total capital assets being depreciated, net | 6,488,245 | | | 6,260,017 |
| Norcross Water and Sewer District capital assets, net | \$ 6,488,245 | | | \$ 6,260,017 |
| | | | | |
| <i>Southpoint Water and Sewer District</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ - | \$ - | \$ - | \$ - |
| Capital assets being depreciated: | | | | |
| Plant and distribution system | 471,733 | - | - | 471,733 |
| Total capital assets being depreciated | 471,733 | - | - | 471,733 |
| Less accumulated depreciation for: | | | | |
| Plant and distribution system | 47,173 | 11,793 | - | 58,966 |
| Total accumulated depreciation | 47,173 | \$ 11,793 | \$ - | 58,966 |
| Total capital assets being depreciated, net | 424,560 | | | 412,767 |
| Southpoint Water and Sewer District capital assets, net | \$ 424,560 | | | \$ 412,767 |
| | | | | |
| <i>Overhills Park Water and Sewer District</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,664 | \$ 7,259 | \$ - | \$ 16,923 |
| Construction in progress | 2,867,754 | 1,499,938 | - | 4,367,692 |
| Total capital assets not being depreciated | 2,877,418 | \$ 1,507,197 | \$ - | 4,384,615 |
| Overhills Parks Water and Sewer District capital assets, net | \$ 2,877,418 | | | \$ 4,384,615 |
| | | | | |
| <i>Bragg Estates Water and Sewer District</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 86,711 | \$ - | \$ - | \$ 86,711 |
| Total capital assets not being depreciated | 86,711 | \$ - | \$ - | 86,711 |
| Bragg Estates Water and Sewer District capital assets, net | \$ 86,711 | | | \$ 86,711 |
| | | | | |
| Total Business-type activities capital assets, net | \$ 62,097,812 | | | \$ 69,956,865 |

At June 30, 2018, the County has construction contracts in progress in the amount of \$12,271,606 for various capital projects and improvements including construction of additional cells at the County landfill. The remaining commitment on these contracts is \$3,587,539.

Eastover Sanitary District has no outstanding construction contracts at June 30, 2018.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Discretely Presented Component Units

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

| ABC Board | Beginning Balances | Increases | Decreases & Transfers | Ending Balances |
|---|-----------------------|-------------|--------------------------|---------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,138,260 | \$ - | \$ - | \$ 2,138,260 |
| Capital assets being depreciated: | | | | |
| Buildings and building improvements | 3,676,724 | - | 8,000 | 3,668,724 |
| Leasehold improvements | 1,051,317 | 119,293 | 310 | 1,170,300 |
| Furniture and equipment | 1,192,413 | 137,392 | 23,322 | 1,306,483 |
| Vehicles | 417,733 | 49,927 | 38,453 | 429,207 |
| Total capital assets being depreciated | 6,338,187 | 306,612 | 70,085 | 6,574,714 |
| Less accumulated depreciation | 3,854,995 | 344,260 | (70,085) | 4,129,170 |
| Total capital assets being depreciated, net | 2,483,192 | \$ (37,648) | \$ - | 2,445,544 |
| ABC capital assets, net | <u>\$ 4,621,452</u> | | | <u>\$ 4,583,804</u> |

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

| Eastover Sanitary District | Beginning Balances | Increases | Decreases & Transfers | Ending Balances |
|---|-----------------------|--------------|--------------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ - | \$ 109,799 | \$ - | \$ 109,799 |
| Total capital assets not being depreciated | - | 109,799 | - | 109,799 |
| Capital assets being depreciated: | | | | |
| Water lines | 23,839,522 | 264,334 | - | 24,103,856 |
| Furniture, fixtures and equipment | 23,874 | - | - | 23,874 |
| Total capital assets being depreciated | 23,863,396 | 264,334 | - | 24,127,730 |
| Less accumulated depreciation | 5,120,565 | 594,817 | - | 5,715,382 |
| Total capital assets being depreciated, net | 18,742,831 | \$ (330,483) | \$ - | 18,412,348 |
| Eastover Santary District capital assets, net | <u>\$ 18,742,831</u> | | | <u>\$ 18,522,147</u> |

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

| Fayetteville Area Visitors and Convention Bureau | Beginning Balances | Increases | Decreases & Transfers | Ending Balances |
|---|-----------------------|-----------|--------------------------|--------------------|
| Capital assets being depreciated: | | | | |
| Furniture and fixtures | \$ 25,519 | \$ - | \$ - | \$ 25,519 |
| Equipment | 238,887 | 57,811 | 1,895 | 294,803 |
| Softw are | 22,621 | - | - | 22,621 |
| Capital improvements | 163,340 | - | - | 163,340 |
| Total capital assets being depreciated | 450,367 | 57,811 | 1,895 | 506,283 |
| Less accumulated depreciation | 251,002 | 23,139 | (1,895) | 272,246 |
| Total capital assets being depreciated, net | 199,365 | \$ 34,672 | \$ - | 234,037 |
| FAVCB capital assets, net | <u>\$ 199,365</u> | | | <u>\$ 234,037</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Note 5 - Pension Plan Obligations

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

| | |
|-----------------------------|------------|
| Retirees receiving benefits | 35 |
| Active plan members | <u>305</u> |
| Total | <u>340</u> |

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The "Entry Age Normal" (EAN) actuarial cost method was used in the December 31, 2016 valuation. The total pension liability (TPL) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------|---|
| Inflation | 2.50% |
| Salary increases | 3.50% to 7.35%, including inflation and productivity factor |
| Discount rate | 3.16% |

The discount rate used to measure the TPL was the S&P Municipal Bond 20 year High Grade Rate Index as of December 31, 2017.

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

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits. The amounts necessary to cover the cost of the benefits are budgeted each fiscal year and are funded on a pay as you go basis. The County has a committed fund balance assignment for the pension obligation.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

However, these funds are not set aside in an irrevocable trust. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$548,697 as benefits came due for the reporting period.

At June 30, 2018, the County reported a total pension liability of \$8,662,059. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$761,853.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 159,057 | \$ - |
| Changes of assumptions and other inputs | 432,403 | 115,042 |
| County benefit payments and plan admin expense made subsequent to the measurement date | <u>294,729</u> | <u>-</u> |
| Total | <u>\$ 886,189</u> | <u>\$ 115,042</u> |

The County paid \$293,039 in benefit payments and \$1,690 in administrative expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|-------------------|
| 2019 | \$ 102,968 |
| 2020 | 102,968 |
| 2021 | 102,968 |
| 2022 | 102,968 |
| 2023 | 64,546 |
| Thereafter | <u>-</u> |
| | <u>\$ 476,418</u> |

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.16%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16%) or 1-percentage-point higher (4.16%) than the current rate:

| | <u>1% Decrease (2.16%)</u> | <u>Discount Rate (3.16%)</u> | <u>1% Increase (4.16%)</u> |
|-------------------------|--------------------------------|----------------------------------|--------------------------------|
| Total pension liability | \$ 9,329,637 | \$ 8,662,059 | \$ 8,048,187 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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

| | <u>2018</u> |
|--|---------------------|
| Beginning balance | \$ 7,811,970 |
| Service Cost | 365,895 |
| Interest on the total pension liability | 291,307 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 194,482 |
| Changes of assumptions or other inputs | 528,706 |
| Benefit payments | (530,301) |
| Other changes | - |
| Ending balance of the total pension liability | <u>\$ 8,662,059</u> |

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86% at the December 31, 2016 Measurement Date (MD) to 3.16% at December 31, 2017 MD.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

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 December 31, 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, 2018 and 2017, respectively. No contributions were made to the plan by employees. The ABC Board's Actuarial Valuation for the LEO Retirement plan is reported in the ABC Board's Annual Independent Audit. This report may be obtained by writing the Cumberland County ABC Board; 1705 Owen Drive, Fayetteville, NC 28303; or calling (910) 484-8167.

B - Local Governmental Employees' Retirement System

Plan Description. The County and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. The County's Crown Coliseum is classified as a separate entity from the County for LGERS reporting purposes. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service 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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$6,772,970 for the year ended June 30, 2018.

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

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

At June 30, 2018, the County reported a liability of \$23,202,140 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing updated procedures incorporating the actuarial assumptions. The County's proportion of the net

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County's proportion was 1.519%, which was an decrease of .023% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$7,809,990. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 1,336,658 | \$ 656,779 |
| Changes of assumptions | 3,313,587 | - |
| Net difference between projected and actual earnings on pension plan investments | 5,633,508 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 134,811 | 46,060 |
| County contributions subsequent to the measurement date | 6,772,970 | - |
| Total | <u>\$ 17,191,534</u> | <u>\$ 702,839</u> |

\$6,772,970 reported as deferred outflows of resources related to pensions resulting from County contributions made subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|---------------------|
| 2019 | \$ 1,345,282 |
| 2020 | 6,727,397 |
| 2021 | 3,383,631 |
| 2022 | (1,740,585) |
| 2023 | - |
| Thereafter | - |
| | <u>\$ 9,715,725</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 3% |
| Salary increases | 3.50% to 7.75%, including inflation and productivity factor |
| Investment rate of return | 7.20%, 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.20%. 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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

| | <u>1% Decrease (6.20%)</u> | <u>Discount Rate (7.20%)</u> | <u>1% Increase (8.20%)</u> |
|---|--------------------------------|----------------------------------|--------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 69,653,350 | \$ 23,202,140 | \$ (15,569,955) |

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, 2018, the Crown reported a liability of \$0 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing updated procedures incorporating the actuarial assumptions. The Crown's proportion of the net pension liability 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, 2017, the Crown's proportion was 0%, which was unchanged from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Crown recognized a negative pension expense of \$69,872. At June 30, 2018, the Crown reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

| | <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 | - | 69,935 |
| County contributions subsequent to the measurement date | - | - |
| Total | <u><u>\$ -</u></u> | <u><u>\$ 69,935</u></u> |

The Crown did not make any pension contributions for the year ended June 30, 2018 because the operations of the Crown were turned over to a private management company during the year ended June 30, 2014 and County positions were eliminated. Thus, there were not any deferred outflows of resources related to pensions resulting from Crown contributions subsequent to the measurement date.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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

| Year ended June 30: | |
|----------------------------|--------------------|
| 2019 | \$ (69,182) |
| 2020 | (753) |
| 2021 | - |
| 2022 | - |
| 2023 | - |
| Thereafter | - |
| | <u>\$ (69,935)</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 3% |
| Salary increases | 3.50% to 7.75%, including inflation and productivity factor |
| Investment rate of return | 7.20%, net of pension plan investment expense, including inflation |

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.20%. 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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

| | <u>1% Decrease (6.20%)</u> | <u>Discount Rate (7.20%)</u> | <u>1% Increase (8.20%)</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.

Funding Policy. Article 12E of G. S. Chapter 143 requires the County to contribute each month an amount equal to 5% 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, 2018 were \$1,085,697 which consisted of \$791,353 from the County and \$294,344 from the law enforcement officers.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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 5% 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, 2018, contributions for law enforcement officers were \$21,542 which consisted of \$16,632 from the ABC Board and \$4,910 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2018 were \$155,206 which consisted of \$110,227 from the ABC Board and \$44,979 from the employees.

D - Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$27,333 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$558,321 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension asset was then rolled forward to the measurement date of June 30, 2017 utilizing updated 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, 2017, the County's proportion was 3.27%, which was a decrease of .05% from its proportion measured as of June 30, 2016.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

For the year ended June 30, 2018, the County recognized pension expense of \$106,407. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 9,584 | \$ 1,799 |
| Changes of Assumptions | 94,204 | - |
| Net difference between projected and actual earnings on pension plan investments | 77,240 | 29,778 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 21,750 | - |
| County contributions subsequent to the measurement date | 27,333 | - |
| Total | <u>\$ 230,111</u> | <u>\$ 31,577</u> |

\$27,333 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|-------------------|
| 2019 | \$ 100,831 |
| 2020 | 52,837 |
| 2021 | 5,430 |
| 2022 | 12,103 |
| 2023 | - |
| Thereafter | - |
| | <u>\$ 171,201</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 3% |
| Salary increases | 3.50% to 7.75%, including inflation and productivity factor |
| Investment rate of return | 7.20%, 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, 2018

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. 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 3.75%, 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 (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

| | <u>1% Decrease</u> <u>(2.75%)</u> | <u>Discount Rate</u> <u>(3.75%)</u> | <u>1% Increase</u> <u>(4.75%)</u> |
|---|--------------------------------------|--|--------------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ (438,833) | \$ (558,321) | \$ (658,806) |

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, 2018

E. Summary Tables - Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability/asset for LGERS and ROD was measured as of June 30, 2017. The total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability/asset was then rolled forward to the measurement date of June 30, 2017 utilizing updated procedures incorporating the actuarial assumptions. The total pension liability for LEOSSA liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing updated procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

| | <u>LGERS</u> | <u>CROWN</u> | <u>ROD</u> | <u>LEOSSA</u> | <u>Total</u> |
|--|---------------|--------------|--------------|---------------|---------------|
| Proportionate Share of Net Pension Liability (Asset) | \$ 23,202,140 | \$ - | \$ (558,321) | n/a | \$ 22,643,819 |
| Proportion of the Net Pension Liability (Asset) | 1.519% | - | 3.271% | n/a | |
| Total Pension Liability | - | - | - | 8,662,059 | 8,662,059 |
| Pension Expense | \$ 7,809,990 | \$ (69,872) | \$ 106,407 | \$ 761,853 | \$ 8,608,378 |

(continued on next page)

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>LGERS</u> | <u>CROWN</u> | <u>ROD</u> | <u>LEOSSA</u> | <u>Total</u> |
|--|-------------------|------------------|------------------|-------------------|-------------------|
| <u>Deferred Outflows of Resources</u> | | | | | |
| Differences between expected and actual experience | \$ 1,336,658 | \$ - | \$ 9,584 | \$ 159,057 | \$ 1,505,299 |
| Changes of assumptions | 3,313,587 | - | 94,204 | 432,403 | 3,840,194 |
| Net difference between projected and actual earnings on pension plan investments | 5,633,508 | - | 77,240 | - | 5,710,748 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 134,811 | - | 21,750 | - | 156,561 |
| County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date | 6,772,970 | - | 27,333 | 294,729 | 7,095,032 |
| Total Deferred Outflows | 17,191,534 | | 230,111 | 886,189 | 18,307,834 |
| <u>Deferred Inflows of Resources</u> | | | | | |
| Differences between expected and actual experience | \$ 656,779 | \$ - | \$ 1,799 | \$ - | \$ 658,578 |
| Changes of assumptions | - | - | - | 115,042 | 115,042 |
| Net difference between projected and actual earnings on pension plan investments | - | - | 29,778 | - | 29,778 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 46,060 | 69,935 | - | - | 115,995 |
| Total Deferred Inflows | \$ 702,839 | \$ 69,935 | \$ 31,577 | \$ 115,042 | \$ 919,393 |

F - Other Post-Employment Benefits (OPEB)

Plan Description - Under the terms of a County resolution, the County administers a single-employer defined benefit Health Care Benefits Plan (the HCB Plan). The County has discontinued offering retiree health insurance for employees hired after June 30, 2016. For employees hired between July 1, 2008 and June 30, 2016 this plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees Retirement System and have at least twenty-five years of consecutive years of creditable service with the County. Prior to July 1, 2008, employees qualified for a similar level of benefits after ten years of creditable service with the County. The plan, which has a June 30, 2018 year end, does not issue a stand-alone report.

Management of the HCB Plan is vested in the County Board of Commissioners.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Plan Membership. At the June 30, 2017 Valuation Date. The HCB Plan Membership consisted of the following:

| | |
|---|--------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 832 |
| Inactive plan members entitled to but not yet receiving benefit payments | 0 |
| Active plan members | <u>1843</u> |
| Total | <u>2,675</u> |

Benefits Provided. The HCB Plan provides healthcare benefits for retirees. The county is self-insured and contracts with a private insurer to provide all administrative services.

Contributions. 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. Currently, active County employees pay a monthly premium for the HCB Plan. The premium is adjusted based on whether or not the employee has 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.

Total OPEB Liability

The County's total OPEB Liability of \$295,544,503 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability (TOL) was determined by an actuarial valuation as of June 30, 2017 using the following key actuarial assumptions and other inputs:

| | |
|--|--|
| Inflation | 3.00% |
| Real wage growth | .50% |
| Wage Inflation | 3.50% |
| Salary increases, including wage inflation | |
| General Employees | 3.50% - 7.75% |
| Law Enforcement Officers | 3.50% - 7.35% |
| Municipal Bond Index | |
| Prior Measurement Date | 3.01% |
| Measurement Date | 3.56% |
| Healthcare cost trend rates | |
| Pre-Medicare | 7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023 |
| Medicare | 5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020 |

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using the Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used on the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-----------------------------|
| Total OPEB Liability as of June 30, 2016 | \$ 313,373,685 |
| Changes for the year | |
| Service cost | 10,922,897 |
| Interest | 9,344,450 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (433,811) |
| Changes in assumptions or other inputs | (31,765,312) |
| Benefit payments | <u>(5,897,406)</u> |
| Net changes | (17,829,182) |
| Balance at June 30, 2017 | \$ 295,544,503 |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Discount rate. The discount rates used to measure the total OPEB liability at June 30, 2016 and June 30, 2017 were 3.01% and 3.56% respectively. The change was due to a change in the Municipal Bond Index from the Prior Measurement Date (6/30/16) to the current Measurement Date (6/30/17)

Sensitivity of the Total OPEB liability to changes in the discount rate.

The following presents the Total OPEB liability of the County at June 30, 2017, as well as what the County's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

| | 1% Decrease <u>(2.56%)</u> | Discount Rate <u>(3.56 %)</u> | 1% Increase <u>(4.56%)</u> |
|------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Total OPEB liability (asset) | \$ 357,027,251 | \$ 295,544,503 | \$ 248,219,684 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

| | 1% Decrease | Current | 1% Increase |
|------------------------------|----------------|----------------|----------------|
| Total OPEB liability (asset) | \$ 244,765,417 | \$ 295,544,503 | \$ 362,500,761 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$15,098,948. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | | | | |
|---|----|-----------|-----------|------------|
| Differences between expected and actual experience | \$ | - | \$ | 364,178 |
| Changes of assumptions | | - | | 26,666,546 |
| Benefit payments and administrative costs made subsequent to the measurement date | | | 6,304,162 | |
| Total | \$ | 6,304,162 | \$ | 27,030,724 |

\$6,304,162 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | | |
|------------|----|------------------------|
| 2019 | \$ | (5,168,399) |
| 2020 | | (5,168,399) |
| 2021 | | (5,168,399) |
| 2022 | | (5,168,399) |
| 2023 | | (52,966) |
| Thereafter | | 0 |
| | | <u>\$ (20,726,562)</u> |

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.

G - Other Employment Benefits

The County and ABC Board have 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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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.

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

State and federal laws and regulations require the County to place a final cover on its Ann Street Sanitary Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$12,722,769 reported as landfill closure and postclosure care liability at June 30, 2018 represents a closed landfill with estimated costs of \$131,919, a Construction & Demolition (C&D) landfill with estimated costs of \$2,965,697 and the subtitle D landfill with estimated costs of \$9,625,153. The costs associated with the C & D landfill and the subtitle D landfill represent a cumulative amount reported to date based on the use of 54.78% and 63.95%, 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 \$2,079,589 and \$5,426,903 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 2018. The life expectancy of the C & D landfill is estimated at 9.05 years and the subtitle D landfill at 13.4 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Note 7 - Deferred Outflows and Inflows of Resources

Primary Government

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| | <u> </u> | <u> </u> |
| Deferred charge on refunding of debt | \$ 4,169,523 | \$ - |
| (Pensions, OPEB) - difference between expected and actual experience | 1,505,299 | 1,022,756 |
| (Pensions, OPEB) - Changes of Assumptions | 3,840,194 | 26,781,588 |
| (Pensions, OPEB) - difference between projected and actual earnings on pension plan | 5,710,748 | 29,778 |
| (Pensions, OPEB) Change in proportion and difference between employer (County) contributions and proportionate share of contributions | 156,561 | 115,995 |
| (Pensions, OPEB) Employer (County) contributions subsequent to the measurement date | 13,399,194 | |
| Prepaid taxes not yet earned (General) | - | 972,498 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 28,781,519</u> | <u>\$ 28,922,615</u> |

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, 2018 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.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Changes in the balances of claim liabilities for the County during the years ended June 30, 2017 and 2018 were as follows:

| | <u>Beginning-of- Fiscal-Year Liability</u> | <u>Current-Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance at Fiscal Year-End</u> |
|-----------|--|---|----------------------------|---|
| 2017-2018 | 5,362,249 | 18,679,025 | (18,806,010) | 5,235,264 |
| 2016-2017 | 2,784,990 | 17,345,874 | (17,910,429) | 2,220,435 |

Note: The County contracted with an Actuary to perform a Loss Reserve Analysis for fiscal year 2018. The total loss reserve estimate was \$3,622,800. The loss reserve estimate of \$3,328,532 for fiscal year 2017 was booked as a prior period adjustment. That is why the fiscal year 2017 year-end liability increased from \$2,220,345 to \$5,362,249 when rolled forward as the beginning balance for fiscal year 2018.

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, each of the County's five Water & Sewer District Authorities, 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. In accordance with G.S. 18B-700(i) each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000 secured by a corporate entity.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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, 2018:

| Name of Debt Issue | Issue Date | Purpose of Debt Issue | Interest Rates | Issue Amount | Principal 6/30/18 |
|--|-------------------|---|-----------------------|--|-------------------------------|
| General Obligation Bonds | | | | | |
| Sanitary Sewer Series 2005 | 8/22/2005 | NORCRESS Sewer | 4.125% | \$ 1,250,000 | \$ 1,054,000 |
| Refunding Series 2011 | 7/12/2011 | Refund Schools | 2.0 - 5.0% | 12,735,000 | 7,750,000 |
| Refunding Series 2014 | 2/20/2014 | Refund Schools Refund Library | 1.390% | 13,614,720 1,455,280 | 3,776,346 403,654 |
| | | | | <u>15,070,000</u> | <u>4,180,000</u> |
| | | | | <u>\$ 29,055,000</u> | <u>\$ 12,984,000</u> |
| Revenue Bonds | | | | | |
| 2018A USDA Revenue Bonds | 6/11/2018 | Overhills Park Sewer | 2.375% | \$ 819,000 | \$ 819,000 |
| 2018B USDA Revenue Bonds | 6/11/2018 | Overhills Park Sewer | 1.625% | 560,000 | 560,000 |
| | | | | <u>\$ 1,379,000</u> | <u>\$ 1,379,000</u> |
| Certificates of Participation & Limited Obligation Bonds | | | | | |
| COPS Series 2009A (partially refunded by LOBS Ref 2017) | 3/25/2009 | New Century Elementary School West Regional Library | 3.0 - 5.125% | \$ 17,139,835 5,285,165 | \$ 1,803,748 556,252 |
| | | | | <u>22,425,000</u> | <u>2,360,000</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 | 19,665,000 - 11,915,000 |
| | | | | <u>89,490,000</u> | <u>31,580,000</u> |
| COPS Tax Credit Series 2009 (QSCB) | 12/1/2009 | Various School Projects | 1.25% | 15,900,000 | 7,950,000 |
| LOBS Series 2011A (QSCB) (1) | 1/26/2011 | New Century Middle School | 6.1% | 14,805,000 | 7,896,000 |
| LOBS Refunding Series 2011B (partially refunded by LOBS Ref 2017) | 7/14/2011 | Refund Public Health Facility Refund Gray's Creek Middle School | 2.0 - 5.0% | 21,125,000 16,630,000 | 4,875,000 3,690,000 |
| | | | | <u>37,755,000</u> | <u>8,565,000</u> |
| LOBS Refunding Series 2017 | 8/2/2017 | Partial Refund of COPS 2009A Partial Refund of LOBS Ref 2011B | 2.0 - 5.0% | 9,815,000 13,190,000 | 9,815,000 13,190,000 |
| | | | | <u>23,005,000</u> | <u>23,005,000</u> |
| | | | | <u>\$ 203,380,000</u> | <u>\$ 81,356,000</u> |
| Installment Financing Notes | | | | | |
| Build America Bonds (ARRA) (2) | 5/14/2010 | Crown Center Renovations | 3.2045% | \$ 1,980,000 | \$ 396,000 |
| Recovery Zone Econ Dev Bonds (ARRA) (2) | 5/14/2010 | Crown Center Renovations | 2.7115% | 1,138,000 | 227,600 |
| NC Clean Drinking Water Loan | 11/1/2013 | Southpoint Water Project | 0.00% | 100,323 | 74,933 |
| Fayetteville Tech Comm College (PNC Bank) | 10/9/2014 | Purchase Building | 1.27% | 3,000,000 | 1,200,000 |
| Governmental Capital Improvements (PNC Bank) | 6/15/2016 | Governmental Capital Projects | 1.84% | 1,100,000 | 1,100,000 |
| Gov'tl & Enterprise Capital Improv (PNC Bank) | 9/15/2016 | Gov'tl & Enterprose Cap Projects | Variable | 2,400,904 | 2,400,904 |
| | | | | <u>\$ 9,719,227</u> | <u>\$ 5,399,437</u> |
| Total | | | | <u>\$ 243,533,227</u> | <u>\$ 101,118,437</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, 2018

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, 2018 are comprised of the following individual issues:

Governmental Activities:

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

Serial bonds payable annually from February 1, 2012 through August 1, 2022 in amounts ranging from \$130,000 to \$2,405,000; interest ranges from 2.0% to 5.0%. \$ 7,750,000

\$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%. 4,180,000
11,930,000
Bond premium 543,758
\$ 12,473,758

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% \$ 1,054,000

At June 30, 2018, the County had bonds authorized but unissued of \$3,195,000 and a legal debt margin of \$2,126,251,000.

C - Revenue Bonds

USDA Revenue bonds were issued on June 11, 2018 to retire bond anticipation notes used to fund construction of infrastructure for Overhills Park Water & Sewer District. These bonds are payable solely from revenues generated through the operations of Overhills Park Water and Sewer District. No County funds have been pledged for repayment of the obligation. The County's revenue bonds payable at June 30, 2018 are comprised of the following issues

Business type Activities:

\$819,000 USDA Revenue Bonds, Series 2018A

Serial bonds with annual interest-only payments for two years. Principal payable annually from June 1, 2021 through June 1, 2058 in amounts ranging from \$14,000 to \$28,000. Interest is paid annually at a rate of 2.375% 819,000

\$560,000 USDA Revenue Bonds, Series 2018B

Serial bonds with annual interest-only payments for two years. Principal payable annually from June 1, 2021 through June 1, 2058 in amounts ranging from \$11,000 to \$21,000. Interest is paid annually at a rate of 1.625%. 560,000
\$ 1,379,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

D - Certificates of Participation and Limited Obligation Bonds

Certificates of participation and other limited obligation bonds outstanding for the year ended June 30, 2018 are as follows:

Governmental Activities:

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

Partially refunded in amount of \$10,620,000 on August 2, 2017.

Due in annual installments of \$1,180,000 from December 1,

2017 to December 1, 2019. Interest paid semiannually

at rates ranging from 3.875% to 4.000%.

\$ 2,360,000

\$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%.

6,505,000

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

Due in annual installments ranging from \$275,000 to \$3,050,000,

from December 1, 2011 through December 1, 2022. Interest is

paid semiannually at rates ranging from 2.5% to 4.0%.

5,410,000

\$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%.

7,950,000

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

Due in annual installments of \$987,000 from November 1, 2011

to November 1, 2026. Interest is paid semiannually at the rate

of 6.10% prior to a federal interest subsidy of 5.49%.

7,896,000

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

Partially refunded in amount of \$13,530,000 on August 2, 2017.

Due in annual installments ranging from \$2,130,000 to \$2,150,000,

from November 1, 2017 through November 1, 2021. Interest is

paid semiannually at a rate of 5.0%

8,565,000

\$23,005,000 Current Interest Serial 2017 Limited Obligation Refunding Bonds

Due in annual installments ranging from \$1,110,000 to \$3,280,000,

from November 1, 2020 through November 1, 2028. Interest is

paid semiannually at rates ranging from 4.0% - 5.0%.

23,005,000

61,691,000

5,475,896

\$ 67,166,896

Premium

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Business-type Activities:

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

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

\$ 14,835,000

\$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%.

4,830,000

19,665,000

878,832

\$ 20,543,832

Premium

E - Installment Financing Obligations

Installment notes payable at June 30, 2018 are comprised of the following:

Governmental Activities:

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

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

\$ 1,200,000

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

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

1,100,000

\$1,114,148 Governmental Capital Improvements (PNC)

Available draw up to \$11,220,000 split between governmental and enterprise capital improvements. Monthly variable interest only payments for three years with principal due September 20, 2020.

1,114,148

\$ 3,414,148

Business-type Activities:

\$100,323 NC Clean Drinking Water Loan

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

\$ 74,933

\$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.

396,000

\$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.

227,600

\$1,286,756 Governmental Capital Improvements (PNC)

Available draw up to \$11,220,000 split between governmental and enterprise capital improvements. Monthly variable interest only payments for three years with principal due September 20, 2020.

1,286,756

\$ 1,985,289

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

F - Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations as of June 30, 2018:

| | Balance | | | | Balance | Current |
|--------------------------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| | June 30, 2017 | Additions | Refundings | Decreases | June 30, 2018 | Portion of |
| | | | | | | Long-term |
| | | | | | | Liabilities |
| Governmental activities: | | | | | | |
| General obligation bonds | \$ 18,695,000 | \$ - | \$ - | \$ 6,765,000 | \$ 11,930,000 | \$ 6,575,000 |
| Premium | 762,140 | - | - | 218,382 | 543,758 | 218,382 |
| Capital lease obligations | 243,850 | - | - | 243,850 | - | - |
| COPS & limited obligation bonds | 72,906,750 | 23,005,000 | 24,150,000 | 10,070,750 | 61,691,000 | 7,340,750 |
| Premium | 3,250,167 | 4,285,557 | 1,267,687 | 792,141 | 5,475,896 | 761,359 |
| Installment notes | 3,219,813 | 1,114,148 | - | 919,813 | 3,414,148 | 783,333 |
| Accrued vacation | 6,273,594 | 5,614,474 | - | 5,959,915 | 5,928,153 | 5,631,746 |
| Total OPEB liability ** | 304,537,484 | 19,961,590 | - | 37,521,798 | 286,977,276 | - |
| Net pension liability (LGRS) | 31,403,380 | 62,335 | - | 9,320,069 | 22,145,646 | - |
| Total pension liability (LEO) | 7,811,970 | 1,380,390 | - | 530,301 | 8,662,059 | - |
| Total governmental activities | \$ 449,104,148 | \$ 55,423,494 | \$ 25,417,687 | \$ 72,342,019 | \$ 406,767,936 | \$ 21,310,570 |

** Beginning balance was restated as described in Note 17.

Of the total debt for governmental activities listed above, only \$70,984,698 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 \$5,913.

| | Balance | | | | Balance | Current |
|---|----------------------|---------------------|-------------------|---------------------|----------------------|---------------------|
| | June 30, 2017 | Additions | Refundings | Decreases | June 30, 2018 | Portion of |
| | | | | | | Long-term |
| | | | | | | Liabilities |
| Business-type activities: | | | | | | |
| General obligation bonds | \$ 1,076,000 | \$ - | \$ - | \$ 22,000 | \$ 1,054,000 | \$ 22,000 |
| USDA revenue bonds | - | 1,379,000 | - | - | 1,379,000 | \$ - |
| COPS & limited obligation bonds | 22,005,000 | - | - | 2,340,000 | 19,665,000 | 2,440,000 |
| Premium | 1,015,793 | - | - | 136,961 | 878,832 | 136,961 |
| Installment notes | 2,394,328 | 1,286,756 | - | 1,695,795 | 1,985,289 | 316,796 |
| Accrued landfill closure and postclosure costs | 11,869,839 | 852,930 | - | - | 12,722,769 | 35,000 |
| Accrued vacation | 111,890 | 106,660 | - | 106,296 | 112,254 | 106,641 |
| Total OPEB liability ** | 8,836,201 | 305,757 | - | 574,731 | 8,567,227 | - |
| Net pension liability (LGRS) | 699,187 | - | - | 201,014 | 498,173 | - |
| Total business-type activities | \$ 48,008,238 | \$ 3,931,103 | \$ - | \$ 5,076,797 | \$ 46,862,544 | \$ 3,057,398 |

** Beginning balance was restated as described in Note 17.

There are no unspent proceeds related to business-type activities debt shown above.

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

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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 | | Revenue Bonds | | Notes Payable | | Total Debt Due | |
|----------------------------------|--------------------------|-------------------|---|----------------------|---------------------|-------------------|---------------------|-------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| Governmental Activities: | | | | | | | | | | |
| 2019 | \$ 6,575,000 | \$ 379,077 | \$ 7,340,750 | \$ 3,059,706 | \$ - | \$ - | \$ 783,333 | \$ 94,193 | \$ 14,699,083 | \$ 3,532,976 |
| 2020 | 2,405,000 | 200,975 | 7,340,750 | 2,804,242 | - | - | 783,334 | 130,853 | 10,529,084 | 3,136,070 |
| 2021 | 2,285,000 | 83,725 | 7,250,750 | 2,562,743 | - | - | 1,297,481 | 23,068 | 10,833,231 | 2,669,536 |
| 2022 | 500,000 | 16,600 | 7,210,750 | 2,324,142 | - | - | 183,333 | 10,120 | 7,894,083 | 2,350,862 |
| 2023 | 165,000 | 3,300 | 7,195,750 | 2,077,599 | - | - | 183,334 | 6,747 | 7,544,084 | 2,087,646 |
| 2024-2028 | - | - | 23,922,250 | 5,002,038 | - | - | 183,333 | 3,373 | 24,105,583 | 5,005,411 |
| 2029-2033 | - | - | 1,430,000 | 35,750 | - | - | - | - | 1,430,000 | 35,750 |
| | <u>11,930,000</u> | <u>683,677</u> | <u>61,691,000</u> | <u>17,866,220</u> | <u>-</u> | <u>-</u> | <u>3,414,148</u> | <u>268,354</u> | <u>77,035,148</u> | <u>18,818,251</u> |
| Premium | 543,758 | - | 5,475,896 | - | - | - | - | - | 6,019,654 | - |
| (Total net of amortization) | <u>\$ 12,473,758</u> | <u>\$ 683,677</u> | <u>\$ 67,166,896</u> | <u>\$ 17,866,220</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,414,148</u> | <u>\$ 268,354</u> | <u>\$ 83,054,802</u> | <u>\$ 18,818,251</u> |
| Business-type Activities: | | | | | | | | | | |
| 2019 | \$ 22,000 | \$ 43,478 | \$ 2,440,000 | \$ 825,375 | \$ - | \$ 27,769 | \$ 316,796 | \$ 116,426 | \$ 2,778,796 | \$ 1,013,048 |
| 2020 | 23,000 | 42,570 | 2,570,000 | 700,125 | - | 28,551 | 316,795 | 161,996 | 2,909,795 | 933,242 |
| 2021 | 24,000 | 41,621 | 2,680,000 | 586,875 | 25,000 | 28,551 | 1,291,752 | 13,758 | 4,020,752 | 670,805 |
| 2022 | 25,000 | 40,631 | 2,805,000 | 467,750 | 25,000 | 28,040 | 4,995 | - | 2,859,995 | 536,421 |
| 2023 | 26,000 | 39,600 | 2,930,000 | 339,562 | 25,000 | 27,529 | 4,996 | - | 2,985,996 | 406,691 |
| 2024-2028 | 149,000 | 180,840 | 6,240,000 | 300,250 | 135,000 | 129,665 | 24,977 | - | 6,548,977 | 610,755 |
| 2029-2033 | 182,000 | 147,428 | - | - | 149,000 | 115,266 | 24,978 | - | 355,978 | 262,694 |
| 2034-2038 | 223,000 | 106,672 | - | - | 164,000 | 99,297 | - | - | 387,000 | 205,969 |
| 2039-2043 | 268,000 | 56,925 | - | - | 183,000 | 81,544 | - | - | 451,000 | 138,469 |
| 2044-2048 | 112,000 | 6,930 | - | - | 203,000 | 61,791 | - | - | 315,000 | 68,721 |
| 2049-2053 | - | - | - | - | 224,000 | 39,830 | - | - | 224,000 | 39,830 |
| 2054-2058 | - | - | - | - | 246,000 | 15,465 | - | - | 246,000 | 15,465 |
| | <u>1,054,000</u> | <u>706,695</u> | <u>19,665,000</u> | <u>3,219,937</u> | <u>1,379,000</u> | <u>683,298</u> | <u>1,985,289</u> | <u>292,180</u> | <u>24,083,289</u> | <u>4,902,110</u> |
| Premium | - | - | 878,832 | - | - | - | - | - | 878,832 | - |
| (Total net of amortization) | <u>\$ 1,054,000</u> | <u>\$ 706,695</u> | <u>\$ 20,543,832</u> | <u>\$ 3,219,937</u> | <u>\$ 1,379,000</u> | <u>\$ 683,298</u> | <u>\$ 1,985,289</u> | <u>\$ 292,180</u> | <u>\$ 24,962,121</u> | <u>\$ 4,902,110</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

G - Debt Obligations for Southpoint Water and Sewer District

On March 13, 2013, the County entered an agreement with the North Carolina Department of Environment and Natural Resources (DENR) for a loan from the Drinking Water State Revolving Fund for the Southpoint Water Project. DENR agreed to provide funding in an amount up to \$540,802 in the form of a loan from the Drinking Water State Revolving Fund with 80% of the loan immediately forgiven and the 20% loan balance to be repaid in annual installments over 20 years without interest. At June 30, 2015, the final total funding received under this agreement amounted to \$501,615, of which \$401,292 (80%) was immediately forgiven. The 20% remaining balance of \$100,323 is the final loan amount payable to the State of NC without interest. This loan is included in the two tables shown above in Note F (Long-term Obligation Activity). The first principal payment of \$5,408 was made on May 1, 2014. At June 30, 2018, the outstanding loan balance is \$74,933. 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, 2018, there were no industrial revenue bonds outstanding.

I - Defeasance of Debt

Current Year Defeasance of Debt

On August 2, 2017, the County issued \$23,005,000 Limited Obligation Refunding Bonds Series 2017 to provide funds, together with other available funds, to advance refund \$24,150,000 of outstanding bonds as follows:

| | |
|--|----------------------|
| Current Interest Certificates of Participation Series 2009A | \$ 10,620,000 |
| Current Interest Limited Obligation Refunding Bonds Series 2011B | <u>13,530,000</u> |
| | <u>\$ 24,150,000</u> |

At June 30, 2018, the outstanding defeased balances shown above remain the same and are the responsibility of their respective escrow agents. The Certificates of Participation Series 2009A and Limited Obligation Refunding Bonds Series 2017 mature in lump sums on December 1, 2019 and November 1, 2021, respectively.

The advance refunding did not fully refund the total outstanding balance of either the Certificates of Participation Series 2009A or the Limited Obligation Refunding Bonds Series 2011B. The County retains the responsibility of paying debt service on the portion of the original debt that was not defeased. The balance of the original debt not defeased and included in the County's debt liabilities at June 30, 2018 is \$2,360,000 for the Certificates of Participation Series 2009A and \$8,565,000 for the Limited Obligation Refunding Bonds Series 2011B.

Interest on the Limited Obligation Refunding Bonds Series 2017 is payable semiannually on May 1 and November 1, commencing November 1, 2017, at rates ranging from 2% to 5%. The maturity of the Limited Obligation Refunding Bonds Series 2017 is November 1, 2028. The County completed the advance refunding to reduce its total debt service payments over 11 years by \$2,262,810 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,000,059.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Proceeds have been used to purchase United States government securities that were placed in trust with US Bank (escrow agent for the 2009A Certificates) and Regions Bank (escrow agent for the 2011B Limited Obligation Refunding Bonds). 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 is considered defeased and therefore has been removed from the County's liabilities.

Gains and losses from debt refunding's must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. Issuance of the Limited Obligation Refunding Bonds Series 2017 resulted in a deferred loss on defeasance of \$2,338,982. At June 30, 2018, the unamortized loss on defeasance balance of \$2,148,398 is reported as deferred outflows of resources in the government wide financial statements. In addition, Limited Obligation Refunding Bonds Series 2017 was issued at a premium of \$4,285,557. Unamortized premium increases the carrying value of debt. At June 30, 2018, the unamortized premium related to the Limited Obligation Refunding Bonds Series 2017 was \$3,936,364, and as such, the carrying value of the debt has been adjusted upward by this amount.

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, 2018, 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, 2018, the County has unamortized net losses on defeasances of \$360,607 related to prior year refundings of general obligation debt and unamortized losses on defeasances of \$1,660,518 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 \$543,758. The carrying value of prior years' refunding certificates of participation and other limited obligation bonds has been adjusted for unamortized premium of \$2,418,364.

J - ABC Board Notes Payable

The ABC Board has an unsecured note payable to the County for the purchase of a building and land. The ABC Board's note payable at June 30, 2018 is as follows:

\$275,000 Cumberland County Note

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

| | | |
|----------------------|----|---------------|
| Total | \$ | 45,834 |
| Less current portion | | (18,333) |
| Noncurrent portion | \$ | <u>27,501</u> |

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

| <u>Fiscal Year</u> | <u>Principal</u> |
|--------------------|------------------|
| 2019 | \$ 18,333 |
| 2020 | 18,333 |
| 2021 | 9,168 |
| | <u>\$ 45,834</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

The following is a summary of changes in the ABC Board's long-term obligations as of June 30, 2018:

| | <u>Balance</u> <u>June 30, 2017</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance</u> <u>June 30, 2018</u> | <u>Current Portion</u> <u>of Long-term</u> <u>Liabilities</u> |
|-------------------------------|--|------------------|-------------------|--|---|
| Notes payable | \$ 64,167 | \$ - | \$ 18,333 | \$ 45,834 | \$ 18,333 |
| Net Pension Liability (LGERS) | 729,659 | - | 208,705 | 520,954 | - |
| Net Pension Liability (LEO) | 295,774 | - | - | 295,774 | - |
| OPEB liability | 124,398 | 52,758 | - | 177,156 | - |
| | <u>\$ 1,213,998</u> | <u>\$ 52,758</u> | <u>\$ 227,038</u> | <u>\$ 1,039,718</u> | <u>\$ 18,333</u> |

K - Eastover Sanitary District – General Obligation Bonds

The general obligation bonds of the District, used for the acquisition and construction of a major sanitary system capital improvement, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due. There were no issuances of general obligation debt in fiscal year 2018. Principal payments amounted to \$74,500 during fiscal year 2018.

The District's general obligation bonds payable at June 30, 2018 are comprised of the following individual issues:

\$2,802,000 USDA 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%.

\$ 2,226,000

\$1,102,000 USDA 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>880,000</u> |
| Total | 3,106,000 |
| Less current portion | <u>(78,000)</u> |
| Noncurrent portion | <u>\$ 3,028,000</u> |

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

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|---------------------|---------------------|
| 2019 | \$ 78,000 | \$ 139,188 |
| 2020 | 81,500 | 135,693 |
| 2021 | 85,500 | 132,041 |
| 2022 | 89,000 | 128,208 |
| 2023 | 93,000 | 124,219 |
| 2024-2028 | 531,000 | 554,723 |
| 2029-2033 | 661,500 | 424,472 |
| 2034-2038 | 806,500 | 262,777 |
| 2039-2043 | 680,000 | 76,100 |
| | <u>\$ 3,106,000</u> | <u>\$ 1,977,421</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

L - Eastover Sanitary District - Non-General Obligation Debt

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

The District's revenue bonds payable at June 30, 2018 are comprised of the following individual issues:

\$4,971,000 USDA 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%.

\$ 4,673,000

\$1,206,000 USDA 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%.

1,117,000

Total 5,790,000

Less current portion (86,000)

Noncurrent portion \$ 5,704,000

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. Final payment to satisfy the obligation was made on August 1, 2017.

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 fiscal year 2013 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 note payable at June 30, 2018 is as follows:

\$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 \$ 2,074,647

Less current portion (111,035)

Noncurrent portion \$ 1,963,612

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

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> |
|--------------------|---------------------|---------------------|
| 2019 | \$ 197,035 | \$ 315,870 |
| 2020 | 205,559 | 307,881 |
| 2021 | 214,267 | 299,548 |
| 2022 | 222,167 | 290,863 |
| 2023 | 232,266 | 281,852 |
| 2024-2028 | 1,308,399 | 1,260,192 |
| 2029-2033 | 1,435,954 | 974,517 |
| 2034-2038 | 851,000 | 756,727 |
| 2039-2043 | 1,039,000 | 569,497 |
| 2044-2048 | 1,269,000 | 340,392 |
| 2049-2053 | 890,000 | 73,560 |
| | <u>\$ 7,864,647</u> | <u>\$ 5,470,899</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, 2018:

| | <u>Balance June 30, 2017</u> | <u>Additions</u> | <u>Decreases</u> | <u>Balance June 30, 2018</u> | <u>Current Portion of Long-term Liabilities</u> |
|-------------------------------|----------------------------------|------------------|-------------------|----------------------------------|---|
| USDA general obligation bonds | \$ 3,180,500 | \$ - | \$ 74,500 | \$ 3,106,000 | \$ 78,000 |
| USDA revenue bonds | 5,874,000 | - | 84,000 | 5,790,000 | 86,000 |
| Installment notes | 2,202,909 | - | 128,262 | 2,074,647 | 111,035 |
| Accrued Vacation | 7,838 | 7,777 | 8,303 | 7,312 | 6,946 |
| Total | <u>\$ 11,265,247</u> | <u>\$ 7,777</u> | <u>\$ 295,065</u> | <u>\$ 10,977,959</u> | <u>\$ 281,981</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, 2018 is as follows:

| | <u>Payable Fund</u> | | | <u>Total</u> |
|------------------------|----------------------------------|---|---|---------------------|
| | <u>Nonmajor Governmental</u> | <u>Cumberland County Crown Center</u> | <u>Bragg Estates Water & Sewer District</u> | |
| Receivable Fund | | | | |
| General Fund | <u>\$ 1,153,274</u> | <u>\$ 5,500</u> | <u>\$ 36,711</u> | <u>\$ 1,195,485</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, 2018

Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2018 are summarized below:

| | <u>Transfers in:</u> | | | | | Total |
|-----------------------|----------------------|--------------------------|--------------------------------------|------------------------------------|---------------------|---------------------|
| | General | Nonmajor Governmental | Cumberland County Crown Center | Overhills Park Water & Sewer | Internal Service | |
| Transfers out: | | | | | | |
| General | \$ - | \$ 699,306 | \$ - | \$ 47,000 | \$ 100,000 | \$ 846,306 |
| Nonmajor governmental | 80,406 | - | 5,737,863 | | - | 5,818,269 |
| Total Transfers out | <u>\$ 80,406</u> | <u>\$ 699,306</u> | <u>\$ 5,737,863</u> | <u>\$ 47,000</u> | <u>\$ 100,000</u> | <u>\$ 6,664,575</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. The County also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds or limited obligation bonds to provide financing for new and restructured facilities.

The County has an ongoing financial responsibility for the community college because of the statutory requirements to provide funding for the community college's facilities. In December 2012, the County borrowed \$3,198,130 from Bank of America to fund various HVAC and roofing projects at the Community College. In October 2014, the County borrowed \$3,000,000 from PNC Bank to reimburse the Community College for the purchase and renovation of a building to be used for the auto collision repair program. The County has \$1,200,000 in debt outstanding at June 30, 2018 related to the Community College.

The County contributed \$11,172,379 and \$422,125 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2018. Fiscal year 2018 budgeted, but unspent capital funds in the amount of \$147,560 remain available for appropriation for capital purposes in future years. In addition, during the fiscal year, the County made debt service payments of \$944,448 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, 2018. Complete financial statements for the community college may be obtained from the Fayetteville Technical Community College's administrative offices at 2201 Hull Road, Fayetteville, North Carolina 28303.

Note 12 - Leases

A - Lessor Arrangements

Operating Leases

The County leases land on the northern right-of-way of Technology Drive to New 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 2018, the County extended the lease for an additional 5-year term.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

At June 30, 2018, future minimum lease payments under the lease are as follows:

| Fiscal Year Ended | Amount |
|----------------------|-----------------|
| 2019 | \$10,494 |
| 2020 | 10,494 |
| 2021 | 10,494 |
| 2022 | 10,494 |
| 2023 | 10,494 |
| | <u>\$52,470</u> |

Effective July 1, 2016, the County agreed to lease certain rooms located on the third and fourth floors of the County-owned office building at 711 Executive Place, Fayetteville, NC to the Cumberland County Hospital System, Inc. The term of the lease is five years and annual rental payments are based on rates ranging from \$5.00 to \$8.00 per square foot.

At June 30, 2018, future minimum lease payments under the lease are as follows:

| Fiscal Year Ended | Amount |
|----------------------|-------------------|
| 2019 | \$ 108,762 |
| 2020 | 108,762 |
| 2021 | 108,762 |
| | <u>\$ 326,286</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, 2018 for each of the next five years and in the aggregate are:

| Fiscal Year Ended | Amount |
|----------------------|------------------|
| 2019 | \$85,196 |
| 2020 | 85,196 |
| 2021 | 85,196 |
| 2022 | 85,196 |
| 2023 | 42,020 |
| 2024-2028 | 55,900 |
| | <u>\$438,704</u> |

Rental expense for leases was \$85,196 in 2018 and 2017.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

Management Leases

The County entered a five-year lease and franchise agreement with Ovations Food Services, L.P. (d/b/a "Spectra Food Services and Hospitality (Spectra)") to provide food and beverage operations for the Cumberland County Crown Complex. At the end of the initial five-year term, the lease is renewable for an additional five years. Spectra ("the franchisee") will pay a percentage of gross receipts as outlined in the franchise agreement

B - Lessee Arrangements

The ABC Board leases real property for three store locations under operating leases expiring in various times through the year 2028. Total rent expense, including amounts for common area maintenance, under leases for the years ended June 30, 2018 and June 30, 2017 was \$183,550 and \$137,894, respectively.

At June 30, 2018, future minimum lease payments under all leases are as follows:

| Fiscal Year Ended | Amount |
|----------------------|--------------------|
| 2019 | \$211,213 |
| 2020 | 191,147 |
| 2021 | 189,151 |
| 2022 | 111,000 |
| 2023 | 114,000 |
| 2024-2028 | 549,000 |
| | <u>\$1,365,511</u> |

Note 13 - 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. 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 after that date. At June 30, 2018, the County has no arbitrage liability. Although future amounts to be paid, if any, are not presently determinable,

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2018

the County believes that arbitrage payables have been adequately provided for in the accompanying financial statements.

Note 14 - Deferred Compensation Plan

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

Note 15 - 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 16 - Subsequent Events

As a result of disaster brought on by Hurricane Florence, Cumberland County was declared a state of emergency on September 14, 2018 with an event incident period from September 7, 2018 through September 29, 2018. Severe damage occurred in isolated areas of 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 any recoupment of losses.

Note 17 - Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of contributions paid by the County during the measurement period, as well as the removal of the OPEB obligation. As a result, net position for the governmental activities and business-type activities decreased by \$174,789,601 and \$3,843,491, respectively.

Note 18 - Restatement/Reclassification

A restatement of \$80,891 was required within the fiscal year to correct an entry that was made in a prior period. This entry resulted in a decrease to the general fund and an increase to the transportation fund.

During the fiscal year, the County entered into an agreement with an Actuary to perform an analysis and make a recommendation on the required level of IBNR (loss reserve) within the Workers Compensation Fund. The total IBNR (loss reserve) estimate was \$3,622,800. That total amount is now reflected as a liability to the fund as of June 30, 2018. The portion of that reserve related to the current fiscal year was recorded as an expense with an offsetting liability. The remaining portion totaling \$3,328,532 was recorded as a restatement to net position.

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Last Two Fiscal Years

| | <u>2018</u> | <u>2017</u> |
|--|----------------------------|----------------------------|
| Beginning balance | \$ 7,811,970 | \$ 7,819,888 |
| Service Cost | 365,895 | 392,574 |
| Interest on the total pension liability | 291,307 | 270,277 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 194,482 | - |
| Changes of assumptions or other inputs | 528,706 | (172,562) |
| Benefit payments | (530,301) | (498,207) |
| Other changes | - | - |
| Ending balance of the total pension liability | <u><u>\$ 8,662,059</u></u> | <u><u>\$ 7,811,970</u></u> |

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

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

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Last Two Fiscal Years

| | <u>2018</u> | <u>2017</u> |
|--|--------------|--------------|
| Total pension liability | \$ 8,662,059 | \$ 7,811,970 |
| Covered payroll | 16,467,454 | 16,343,167 |
| Total pension liability as a percentage of covered payroll | 52.60% | 47.80% |

Notes to the schedules:

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

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Last Five Fiscal Years *

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|----------------|---------------|
| County's proportion of the net pension liability (asset) % | 1.519% | 1.542% | 1.505% | 1.520% | 1.501% |
| County's proportionate share of the net pension liability (asset) \$ | \$ 23,202,140 | \$ 32,723,222 | \$ 6,755,651 | \$ (8,963,314) | \$ 18,087,992 |
| County's covered-employee payroll | \$ 94,553,360 | \$ 94,035,999 | \$ 90,486,857 | \$ 81,788,429 | \$ 90,188,266 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 24.54% | 34.80% | 7.47% | (10.96%) | 20.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.18% | 91.47% | 98.09% | 102.64% | 94.35% |

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

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Last Five Fiscal Years

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 6,772,970 | \$ 6,987,172 | \$ 6,390,360 | \$ 6,314,854 | \$ 6,340,214 |
| Contributions in relation to the contractually required contribution | <u>6,772,970</u> | <u>6,987,172</u> | <u>6,390,360</u> | <u>6,314,854</u> | <u>6,340,214</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| County's covered-employee payroll | \$ 89,267,532 | \$ 94,553,360 | \$ 94,035,999 | \$ 90,486,857 | 81,788,429 |
| Contributions as a percentage of covered-employee payroll | 7.587% | 7.390% | 6.796% | 6.979% | 7.752% |

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

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 Five Fiscal Years*

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|--------------|
| County's proportion of the net pension liability (asset) % | 0.000% | 0.000% | 0.000% | 0.000% | 0.033% |
| County's proportionate share of the net pension liability (asset) \$ | \$ - | \$ - | \$ - | \$ (2,949) | \$ 396,571 |
| County's covered-employee payroll \$ | \$ - | \$ - | \$ - | \$ - | \$ 1,589,412 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 24.95% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.18% | 91.47% | 98.09% | 102.64% | 94.35% |

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

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Last Five Fiscal Years

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|------------------|
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - | \$ 48,442 |
| Contributions in relation to the contractually required contribution | - | - | - | - | 48,442 |
| Contribution deficiency (excess) | <u>\$ -</u> |
| County's covered-employee payroll | \$ - | \$ - | \$ - | \$ - | \$ 1,589,412 |
| Contributions as a percentage of covered-employee payroll | 0.000% | 0.000% | 0.000% | 0.000% | 3.048% |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Last Five Fiscal Years *

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|--------------|--------------|
| County's proportion of the net pension liability (asset) % | 3.271% | 3.320% | 3.456% | 3.514% | 3.50% |
| County's proportionate share of the net pension liability (asset) \$ | \$ (558,321) | \$ (620,657) | \$ (800,785) | \$ (796,558) | \$ (747,653) |
| County's covered-employee payroll | \$ 138,455 | \$ 132,630 | \$ 128,767 | \$ 128,767 | \$ 128,458 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | (403.25%) | (467.96%) | (621.89%) | (618.60%) | (582.02%) |
| Plan fiduciary net position as a percentage of the total pension liability | 153.77% | 160.17% | 197.29% | 193.88% | 190.50% |

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

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Last Five Fiscal Years

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 27,333 | \$ 28,420 | \$ 27,120 | \$ 27,651 | \$ 28,693 |
| Contributions in relation to the contractually required contribution | <u>27,333</u> | <u>28,420</u> | <u>27,120</u> | <u>27,651</u> | <u>28,693</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| County's covered-employee payroll | \$ 133,835 | \$ 138,455 | \$ 132,630 | \$ 128,767 | \$ 128,767 |
| Contributions as a percentage of covered-employee payroll | 20.423% | 20.527% | 20.448% | 21.474% | 22.283% |

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Changes in Total OPEB Liability and Related Ratios
Other Post Employment Benefit Retiree Healthcare Plan**

For the Year Ended June 30, 2018

| | 2018 |
|--|-------------------------------------|
| Service cost | \$ 10,922,897 |
| Interest | 9,344,450 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (433,811) |
| Changes of assumptions | (31,765,312) |
| Benefit payments | <u>(5,897,406)</u> |
| Net change in total OPEB liability | (17,829,182) |
| Total OPEB liability - beginning | 313,373,685 |
| Total OPEB liability - ending | <u><u>\$ 295,544,503</u></u> |
| | |
| Covered payroll | \$ 77,093,623 |
| Total OPEB liability as a percentage of covered payroll | 383% |

Notes to the Schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

| Fiscal Year | Rate |
|------------------------|--------------|
| <u>2018</u> | <u>3.56%</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Comparative Balance Sheets
General Fund**

June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 119,152,237 | \$ 103,316,848 |
| Taxes receivable, net | 1,852,121 | 1,435,873 |
| Sales tax receivable | 14,763,332 | 14,435,214 |
| Due from other governments | 14,472,292 | 12,769,202 |
| Other receivables, net | 1,244,230 | 1,457,383 |
| Due from other funds | 1,195,485 | 791,166 |
| Due from component units | 917,052 | 340,455 |
| Inventories | 155,968 | 174,458 |
| Prepays | 5,400 | 11,628 |
| Restricted assets | | |
| Cash and cash equivalents | 1,773,346 | 2,662,945 |
| Total assets | <u>\$ 155,531,463</u> | <u>\$ 137,395,172</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts and vouchers payable | \$ 6,761,508 | \$ 6,571,613 |
| Due to other governments | 1,223,285 | 1,369,384 |
| Accrued payroll | 3,680,396 | 3,258,917 |
| Other payables | 63,431 | 38,134 |
| Total liabilities | <u>11,728,620</u> | <u>11,238,048</u> |
| Deferred inflows of resources | <u>3,108,682</u> | <u>2,432,795</u> |
| Fund balance | | |
| Nonspendable: | | |
| Inventories | 155,968 | 174,458 |
| Prepays | 5,400 | 11,628 |
| Restricted: | | |
| Stabilization by State statute | 32,308,498 | 29,406,164 |
| Register of Deeds | 1,022,258 | 901,098 |
| Public health | 3,952,885 | - |
| County school | 11,086,455 | 12,184,346 |
| Committed: | | |
| Tax revaluation | 1,877,327 | 1,167,295 |
| Capital investment fund | 8,090,585 | - |
| LEOSSA pension obligation | 1,756,915 | 2,290,100 |
| Assigned: | | |
| Subsequent year's expenditures | 7,447,195 | 8,889,652 |
| Tax office software | 4,406,300 | 4,406,300 |
| Water & sewer industrial expansion | - | 4,527,610 |
| Economic development incentives | 4,000,000 | 1,065,139 |
| Mental health services | - | 2,160,841 |
| Public health | - | 3,200,854 |
| Capital investment fund | 10,583,825 | 1,324,938 |
| Renovations and maintenance | - | 1,250,000 |
| Special purposes | 809,045 | 2,247,143 |
| Technology upgrades | - | 1,500,000 |
| Unassigned | 53,191,505 | 47,016,763 |
| Total fund balance | <u>140,694,161</u> | <u>123,724,329</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 155,531,463</u> | <u>\$ 137,395,172</u> |

Legally budgeted County School and Capital Investment Funds are 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, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|--------------------|--------------------|------------------------------------|--------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Ad valorem taxes | | | | |
| Current year | \$ 160,962,162 | \$ 163,194,457 | \$ 2,232,295 | \$ 156,131,527 |
| Prior years | 1,121,000 | 1,105,826 | (15,174) | 1,046,732 |
| Penalties and interest | 814,923 | 883,224 | 68,301 | 828,030 |
| Motor vehicle - current | 18,070,242 | 18,736,632 | 666,390 | 17,623,897 |
| Motor vehicle - prior | - | 52,155 | 52,155 | 59,968 |
| Other | 782,958 | 813,297 | 30,339 | 840,900 |
| Total ad valorem taxes | 181,751,285 | 184,785,591 | 3,034,306 | 176,531,054 |
| Other taxes | | | | |
| Pet registration fees | 210,500 | 165,152 | (45,348) | 208,931 |
| Real estate transfer | 700,000 | 1,096,191 | 396,191 | 1,091,362 |
| Beer and wine | 381,000 | 376,218 | (4,782) | 392,044 |
| Sales | 41,849,536 | 41,809,643 | (39,893) | 41,517,944 |
| Other | 520,000 | 498,872 | (21,128) | 513,433 |
| Total other taxes | 43,661,036 | 43,946,076 | 285,040 | 43,723,714 |
| Unrestricted intergovernmental revenues | | | | |
| Federal | 95,000 | 98,934 | 3,934 | 101,865 |
| State government | 117,229 | 143,282 | 26,053 | 112,330 |
| Fayetteville | 7,325,908 | 7,794,687 | 468,779 | 7,399,181 |
| Municipalities | 1,144,632 | 1,165,347 | 20,715 | 1,132,957 |
| Other governmental | 2,425,000 | 3,469,414 | 1,044,414 | 2,826,282 |
| Total unrestricted intergovernmental revenues | 11,107,769 | 12,671,664 | 1,563,895 | 11,572,615 |
| Restricted intergovernmental revenues | | | | |
| Federal | 1,054,092 | 993,208 | (60,884) | 826,613 |
| NC health programs | 5,977,886 | 5,327,485 | (650,401) | 5,566,162 |
| NC mental health programs | 362,295 | 438,726 | 76,431 | 366,496 |
| NC social services programs | 44,417,080 | 38,949,310 | (5,467,770) | 50,334,402 |
| NC library programs | 424,387 | 424,943 | 556 | 404,903 |
| NC other restricted revenue | 6,924,795 | 5,002,745 | (1,922,050) | 5,879,195 |
| Other restricted revenue | 1,283,527 | 643,720 | (639,807) | 609,686 |
| Total restricted intergovernmental revenues | 60,444,062 | 51,780,137 | (8,663,925) | 63,987,457 |
| Licenses and permits | | | | |
| Inspection department permits | 695,700 | 960,530 | 264,830 | 950,122 |
| Marriage licenses | 75,623 | 89,325 | 13,702 | 91,900 |
| Register of Deeds fees | 1,131,677 | 1,431,869 | 300,192 | 1,491,727 |
| Total licenses and permits | 1,903,000 | 2,481,724 | 578,724 | 2,533,749 |
| Sales and services | | | | |
| Health department fees | 4,074,172 | 4,980,421 | 906,249 | 5,058,000 |
| Library fees | 178,000 | 152,129 | (25,871) | 181,280 |
| Sheriff department fees | 3,865,500 | 3,996,762 | 131,262 | 3,848,916 |
| Social services fees | 135,225 | 136,117 | 892 | 91,592 |
| Other department fees | 1,849,320 | 1,877,846 | 28,526 | 1,928,196 |
| Total sales and services | 10,102,217 | 11,143,275 | 1,041,058 | 11,107,984 |
| Interest earned on investments | 355,433 | 1,013,260 | 657,827 | 421,070 |
| Miscellaneous | | | | |
| Miscellaneous | 478,771 | 470,335 | (8,436) | 2,658,840 |
| Rent, land, and buildings | 4,407,566 | 4,480,299 | 72,733 | 4,334,548 |
| Total miscellaneous | 4,886,337 | 4,950,634 | 64,297 | 6,993,388 |
| Total revenues | 314,211,139 | 312,772,361 | (1,438,778) | 316,871,031 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|-------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | |
| Expenditures | | | | |
| Current | | | | |
| General government | | | | |
| Governing body | \$ 617,587 | \$ 574,961 | \$ 42,626 | \$ 591,632 |
| Administration | 1,998,400 | 1,866,141 | 132,259 | 2,592,436 |
| Court facilities | 173,610 | 150,183 | 23,427 | 55,787 |
| Information services | 4,197,368 | 3,425,809 | 771,559 | 3,388,444 |
| Elections | 2,237,762 | 1,148,658 | 1,089,104 | 1,180,014 |
| Finance | 1,201,225 | 1,156,051 | 45,174 | 1,205,572 |
| Legal | 813,554 | 715,601 | 97,953 | 668,776 |
| Register of Deeds | 2,762,365 | 1,971,119 | 791,246 | 2,092,297 |
| Tax Assessor | 5,228,929 | 4,864,652 | 364,277 | 5,049,817 |
| Print, mail & design | 861,871 | 690,408 | 171,463 | 754,910 |
| Public building | 2,787,855 | 1,812,003 | 975,852 | 1,936,137 |
| Carpenter shop | 234,884 | 184,325 | 50,559 | 231,717 |
| Public buildings - equipment maintenance | 1,273,221 | 1,233,494 | 39,727 | 1,238,267 |
| Public buildings - janitorial | 710,946 | 705,451 | 5,495 | 721,042 |
| Central maintenance | 672,386 | 613,017 | 59,369 | 798,074 |
| Landscaping and grounds | 612,237 | 591,283 | 20,954 | 606,365 |
| Property revaluation | 391,225 | 289,968 | 101,257 | 517,889 |
| General government - other | 5,517,296 | 3,909,829 | 1,607,467 | 4,090,838 |
| Total general government | 32,292,721 | 25,902,953 | 6,389,768 | 27,720,014 |
| Public safety | | | | |
| Emergency services | 3,405,291 | 3,018,750 | 386,541 | 3,064,407 |
| Sheriff | 27,211,983 | 25,977,412 | 1,234,571 | 26,454,050 |
| Jail | 18,703,863 | 16,517,650 | 2,186,213 | 16,654,064 |
| School law enforcement-local | 4,597,791 | 4,069,956 | 527,835 | 4,058,217 |
| Sheriff's grants | 293,317 | 233,997 | 59,320 | 229,020 |
| Animal services | 2,947,717 | 2,909,359 | 38,358 | 2,932,988 |
| Public safety other | 1,396,928 | 1,296,751 | 100,177 | 1,007,219 |
| Criminal justice unit | 456,673 | 447,798 | 8,875 | 434,987 |
| Roxie crisis interventioin | 374,970 | 314,274 | 60,696 | 342,193 |
| Total public safety | 59,388,533 | 54,785,947 | 4,602,586 | 55,177,145 |
| Economic and physical development | | | | |
| Planning and inspections department | 3,455,653 | 2,888,050 | 567,603 | 3,077,127 |
| Engineering | 2,467,254 | 1,171,013 | 1,296,241 | 439,678 |
| NC cooperative extension service | 705,596 | 550,813 | 154,783 | 570,082 |
| Soil conservation district | 275,865 | 69,809 | 206,056 | 69,416 |
| Soil conservation cost share | 81,678 | 72,900 | 8,778 | 71,815 |
| Economic physical development - other | 20,000 | 20,000 | - | 20,000 |
| Industrial park | 23,148 | 1,117 | 22,031 | 3,296 |
| Location services | 423,300 | 304,057 | 119,243 | 357,095 |
| Economic incentives | 710,918 | 462,345 | 248,573 | 420,424 |
| Water & sewer industrial expansion | 332,330 | - | 332,330 | - |
| Public utilities | 95,092 | 89,168 | 5,924 | 87,442 |
| Total economic and physical development | 8,590,834 | 5,629,272 | 2,961,562 | 5,116,375 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|-------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | |
| Expenditures (continued) | | | | |
| Current (continued) | | | | |
| Human services | | | | |
| Mental Health | | | | |
| Mental health other | \$ 2,904,663 | \$ 2,842,390 | \$ 62,273 | \$ 2,885,671 |
| Court ordered evaluations | 268,716 | 154,361 | 114,355 | 158,143 |
| Sobriety court | 91,095 | 84,616 | 6,479 | 71,161 |
| Subtotal - mental health | 3,264,474 | 3,081,367 | 183,107 | 3,114,975 |
| Health | | | | |
| Health - administration | 2,528,917 | 2,333,557 | 195,360 | 2,343,910 |
| Laboratory | 390,186 | 315,816 | 74,370 | 355,538 |
| Pharmacy | 636,605 | 552,748 | 83,857 | 585,660 |
| C. C. Jail health program | 3,395,120 | 3,190,380 | 204,740 | 3,517,642 |
| Management support | 303,914 | 215,739 | 88,175 | 257,484 |
| NC environmental health | 1,637,861 | 1,593,278 | 44,583 | 1,647,994 |
| Immunization clinic | 206,988 | 288,632 | (81,644) | 277,092 |
| School health program | 1,204,131 | 1,126,104 | 78,027 | 1,114,314 |
| Child health clinic | 867,899 | 820,514 | 47,385 | 925,596 |
| Dental clinic | 82,078 | 99,767 | (17,689) | 358,967 |
| Health promotion | 533,600 | 420,887 | 112,713 | 461,935 |
| Maternal health clinic | 733,577 | 712,927 | 20,650 | 720,937 |
| Medical records | 237,959 | 237,571 | 388 | 243,148 |
| Breast/cervical cancer | 102,070 | 72,788 | 29,282 | 104,254 |
| Child service coordination | 846,062 | 755,323 | 90,739 | 623,989 |
| Child fatality prevention | 4,175 | 4,156 | 19 | 4,152 |
| Chest TB clinic | 159,788 | 135,392 | 24,396 | 108,598 |
| Family planning clinic | 1,002,999 | 995,029 | 7,970 | 1,005,726 |
| NC general communicable disease | 104,210 | 142,664 | (38,454) | 174,851 |
| CDC tuberculosis project | | - | - | 30,142 |
| NC AIDS | 122,274 | 111,892 | 10,382 | 136,477 |
| Adult health clinic | 810,102 | 550,710 | 259,392 | 791,623 |
| School health | 780,096 | 658,203 | 121,893 | 631,982 |
| WIC - clinic services | 2,857,389 | 2,176,103 | 681,286 | 2,272,933 |
| Health - other | 87,772 | 81,929 | 5,843 | 89,628 |
| Smart start - Infants | 21,796 | 8,492 | 13,304 | 23,557 |
| Bioterrorism preparedness and response | 78,728 | 63,331 | 15,397 | 66,970 |
| STD clinic | 1,184,297 | 1,282,962 | (98,665) | 1,314,346 |
| Maternal care coordination | 1,145,496 | 965,241 | 180,255 | 818,276 |
| Health express | 534,464 | 411,954 | 122,510 | 420,852 |
| Community transformation grant | 157,872 | 157,110 | 762 | 74,279 |
| Health | 224,586 | 228,475 | (3,889) | 223,980 |
| Teen Pregnancy Preventive Initiative | 75,000 | 71,997 | 3,003 | 42,631 |
| Subtotal - health | 23,058,011 | 20,781,671 | 2,276,340 | 21,769,463 |
| Welfare | | | | |
| Social services department | 45,071,390 | 40,294,151 | 4,777,239 | 41,735,937 |
| Social services - other | 21,101,984 | 18,007,386 | 3,094,598 | 28,758,782 |
| Grant - FV care center | 476,975 | 437,725 | 39,250 | 444,397 |
| Welfare - other | 394,095 | 365,099 | 28,996 | 352,650 |
| Subtotal - welfare | 67,044,444 | 59,104,361 | 7,940,083 | 71,291,766 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|---------------------|-----------------------|------------------------------------|-----------------------|
| | Budget | Actual | | |
| Expenditures (continued) | | | | |
| Current (continued) | | | | |
| Human services (continued) | | | | |
| Other human services | | | | |
| Veterans' services | \$ 387,901 | \$ 383,191 | \$ 4,710 | \$ 371,190 |
| Spring Lake Resource Center | 34,332 | 30,978 | 3,354 | 31,524 |
| Child support enforcement | 5,065,530 | 4,757,953 | 307,577 | 4,893,726 |
| Subtotal - other human services | 5,487,763 | 5,172,122 | 315,641 | 5,296,440 |
| Total human services | 98,854,692 | 88,139,521 | 10,715,171 | 101,472,644 |
| Cultural and recreational | | | | |
| Library | 10,543,044 | 10,101,623 | 441,421 | 10,915,942 |
| Law library | 3,718 | 3,718 | - | 99,042 |
| Stadium maintenance | 117,296 | 92,285 | 25,011 | 110,287 |
| Culture recreation other | 268,069 | 268,069 | - | 312,816 |
| Library - grants | 232,810 | 71,483 | 161,327 | 90,415 |
| Total cultural and recreational | 11,164,937 | 10,537,178 | 627,759 | 11,528,502 |
| Education | | | | |
| Public schools - current | 82,310,840 | 82,208,906 | 101,934 | 80,658,322 |
| Community colleges - current | 11,172,379 | 11,172,379 | - | 10,627,787 |
| Community colleges - capital outlay | 597,685 | 449,432 | 148,253 | 108,831 |
| Total education | 94,080,904 | 93,830,717 | 250,187 | 91,394,940 |
| Debt service | | | | |
| Principal payments | 17,999,414 | 17,999,414 | - | 19,149,018 |
| Interest and fees | 3,983,807 | 3,967,289 | 16,518 | 4,785,439 |
| Debt issue costs | 297,264 | 284,246 | 13,018 | - |
| Total debt service | 22,280,485 | 22,250,949 | 29,536 | 23,934,457 |
| Total expenditures | 326,653,106 | 301,076,537 | 25,576,569 | 316,344,077 |
| Revenues over (under) expenditures | (12,441,967) | 11,695,824 | 24,137,791 | 526,954 |
| Other financing sources (uses) | | | | |
| Sale of capital assets | - | 1,230,515 | 1,230,515 | 230,165 |
| Proceeds from refunding bonds | 23,005,000 | 23,005,000 | - | - |
| Premium on debt issuance | 4,285,557 | 4,285,557 | - | - |
| Payment to escrow agent | (27,245,984) | (27,245,984) | - | - |
| County contribution | 254,735 | 254,735 | - | - |
| Transfers in | 5,641,141 | 5,546,213 | (94,928) | 5,686,677 |
| Transfers out | (11,658,101) | (8,936,891) | 2,721,210 | (768,466) |
| Fund balance appropriated | 18,159,619 | - | (18,159,619) | - |
| Total other financing sources (uses) | 12,441,967 | (1,860,855) | (14,302,822) | 5,148,376 |
| Revenues and other financing sources (uses) over expenditures | \$ - | 9,834,969 | \$ 9,834,969 | 5,675,330 |
| Fund balance | | | | |
| Beginning of year - July 1 | | 108,837,363 | | 103,162,033 |
| Restatement | | (80,891) | | - |
| Beginning of year - July 1, as restated | | 108,756,472 | | 103,162,033 |
| End of year - June 30 | | \$ 118,591,441 | | \$ 108,837,363 |
| Reconciliation to H-1: | | | | |
| General Fund - ending fund balance - June 30 | | \$ 118,591,441 | | \$ 108,837,363 |
| County School Fund - ending fund balance - June 30 (H-6) | | 14,012,135 | | 14,886,966 |
| Capital Investment Fund - ending fund balance - June 30 (H-7) | | 8,090,585 | | - |
| | | \$ 140,694,161 | | \$ 123,724,329 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - County School Fund
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|--------------------|----------------------|------------------------------------|----------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Other taxes | \$ 9,593,012 | \$ 10,895,436 | \$ 1,302,424 | \$ 10,415,026 |
| Unrestricted intergovernmental revenue | 800,000 | 938,179 | 138,179 | 920,719 |
| Restricted intergovernmental revenue | 3,592,098 | 3,592,098 | - | 3,674,258 |
| Interest earned on investments | - | 84,258 | 84,258 | 24,775 |
| Miscellaneous | - | 110,223 | 110,223 | 80,278 |
| Total revenues | <u>13,985,110</u> | <u>15,620,194</u> | <u>1,635,084</u> | <u>15,115,056</u> |
| Expenditures | | | | |
| Education | | | | |
| School capital outlay I | 10,840,977 | 6,224,334 | 4,616,643 | 2,904,748 |
| School capital outlay II | 7,110,626 | 4,627,751 | 2,482,875 | 2,341,637 |
| School capital outlay III | 629,558 | 177,133 | 452,425 | 589,063 |
| Total expenditures | <u>18,581,161</u> | <u>11,029,218</u> | <u>7,551,943</u> | <u>5,835,448</u> |
| Revenues over expenditures | <u>(4,596,051)</u> | <u>4,590,976</u> | <u>9,187,027</u> | <u>9,279,608</u> |
| Other financing sources (uses) | | | | |
| Transfers (out) | (5,560,735) | (5,465,807) | 94,928 | (5,365,917) |
| Appropriated fund balance | 10,156,786 | - | (10,156,786) | |
| Total other financing sources (uses) | <u>4,596,051</u> | <u>(5,465,807)</u> | <u>(10,061,858)</u> | <u>(5,365,917)</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>(874,831)</u> | <u>\$ (874,831)</u> | <u>3,913,691</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | 14,886,966 | | 10,973,275 |
| End of year - June 30 | | <u>\$ 14,012,135</u> | | <u>\$ 14,886,966</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Capital Investment Fund
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|-------------|---------------------|------------------------------------|-------------|
| | Budget | Actual | | |
| Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures | 8,090,585 | - | 8,090,585 | - |
| Revenues over expenditures | (8,090,585) | - | 8,090,585 | - |
| Other financing sources | | | | |
| Transfers in | 8,090,585 | 8,090,585 | - | - |
| Total other financing sources | 8,090,585 | 8,090,585 | - | - |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | 8,090,585 | <u>\$ 8,090,585</u> | - |
| Fund balances | | | | |
| Beginning of year - July 1 | | - | | |
| End of year - June 30 | | <u>\$ 8,090,585</u> | | <u>\$ -</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

| | Special Revenue Funds | Capital Project Funds | Cemetery Permanent Fund | Total Nonmajor Governmental Funds |
|---|--------------------------------------|--------------------------------------|--|--|
| Assets | | | | |
| Cash and cash equivalents | \$ 16,902,145 | \$ - | \$ - | \$ 16,902,145 |
| Taxes receivable, net | 345,532 | - | - | 345,532 |
| Due from other governments | 1,529,991 | - | - | 1,529,991 |
| Other receivables, net | 20,875 | 213 | 20 | 21,108 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 445,458 | 879,101 | 48,171 | 1,372,730 |
| Total assets | \$ 19,244,001 | \$ 879,314 | \$ 48,191 | \$ 20,171,506 |
| Liabilities deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts and vouchers payable | \$ 1,371,154 | \$ 63,258 | \$ 1,010 | \$ 1,435,422 |
| Due to other governments | 3,216,245 | - | - | 3,216,245 |
| Accrued payroll | 54,851 | - | - | 54,851 |
| Other payables | 400 | - | - | 400 |
| Due to other funds | 1,153,274 | - | - | 1,153,274 |
| Total liabilities | 5,795,924 | 63,258 | 1,010 | 5,860,192 |
| Deferred inflows of resources - taxes | 345,534 | - | - | 345,534 |
| Fund balances: | | | | |
| Restricted: | | | | |
| Stabilization by State Statute | 1,550,864 | 213 | - | 1,551,077 |
| Inmates | 280,761 | - | - | 280,761 |
| Cemetery | - | - | 47,181 | 47,181 |
| Fire protection | 191,596 | - | - | 191,596 |
| Public safety | 2,705,302 | - | - | 2,705,302 |
| Development | 76,645 | 388,761 | - | 465,406 |
| Human services | 164,891 | - | - | 164,891 |
| Cultural and recreational | 6,079,248 | 427,082 | - | 6,506,330 |
| Assigned: | | | | |
| Subsequent year's expenditures | 3,398,261 | - | - | 3,398,261 |
| Unassigned | (1,345,025) | - | - | (1,345,025) |
| Total fund balances | 13,102,543 | 816,056 | 47,181 | 13,965,780 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 19,244,001 | \$ 879,314 | \$ 48,191 | \$ 20,171,506 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018**

| | Special Revenue Funds | Capital Project Funds | Cemetery Permanent Fund | Total Nonmajor Governmental Funds |
|--|--------------------------------------|--------------------------------------|--|--|
| Revenues | | | | |
| Ad valorem taxes | \$ 12,238,270 | \$ - | \$ - | \$ 12,238,270 |
| Other taxes | 6,849,058 | - | - | 6,849,058 |
| Restricted intergovernmental revenue | 8,758,303 | - | - | 8,758,303 |
| Sales and services | 162,887 | - | - | 162,887 |
| Interest earned on investments | 101,229 | 8,067 | 390 | 109,686 |
| Miscellaneous | 276,047 | - | 1,800 | 277,847 |
| Total revenues | 28,385,794 | 8,067 | 2,190 | 28,396,051 |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 8,596,970 | - | - | 8,596,970 |
| Economic and physical development | 7,781,261 | 1,297,616 | 2,592 | 9,081,469 |
| Human services | 1,659,190 | 9,409 | - | 1,668,599 |
| Cultural and recreational | 4,462,956 | - | - | 4,462,956 |
| Debt issuance costs | - | 30,521 | - | 30,521 |
| Total expenditures | 22,500,377 | 1,337,546 | 2,592 | 23,840,515 |
| Excess (deficiency) of revenues over (under) expenditures | 5,885,417 | (1,329,479) | (402) | 4,555,536 |
| Other financing sources (uses) | | | | |
| Installment purchase proceeds | - | 1,114,148 | - | 1,114,148 |
| Transfers in | 699,306 | - | - | 699,306 |
| Transfers out | (5,818,269) | - | - | (5,818,269) |
| Total other financing sources (uses) | (5,118,963) | 1,114,148 | - | (4,004,815) |
| Net change in fund balances | 766,454 | (215,331) | (402) | 550,721 |
| Fund balance - beginning | 12,255,198 | 1,031,387 | 47,583 | 13,334,168 |
| Restatement | 80,891 | - | - | 80,891 |
| Fund balance - beginning - after reclassification | 12,336,089 | 1,031,387 | 47,583 | 13,415,059 |
| Fund balance - ending | \$ 13,102,543 | \$ 816,056 | \$ 47,181 | \$ 13,965,780 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018**

(continued)

| | Prepared Food and Beverage Fund | Emergency Telephone Fund | Workforce Development Fund | Recreation Fund | Juvenile Crime Prevention Fund | Transportation Fund | Flea Hill Drainage District Fund | Community Development Fund |
|---|--|---|---|----------------------------|---|--------------------------------|---|---|
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 7,754,590 | \$ 2,430,350 | \$ 62,244 | \$ 4,555,664 | \$ 317,987 | \$ 6,368 | \$ 76,645 | \$ - |
| Taxes receivable, net | - | - | - | 109,392 | - | - | - | - |
| Due from other governments | - | 57,237 | 390,219 | 43,628 | - | 300,302 | - | 654,770 |
| Other receivables, net | 3,383 | 1,524 | - | 2,249 | 10 | 12,943 | 39 | - |
| Restricted assets: | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - |
| Total assets | \$ 7,757,973 | \$ 2,489,111 | \$ 452,463 | \$ 4,710,933 | \$ 317,997 | \$ 319,613 | \$ 76,684 | \$ 654,770 |
| Liabilities: | | | | | | | | |
| Accounts and vouchers payable | \$ - | \$ 88,912 | \$ 84,010 | \$ 232,016 | \$ 107,914 | \$ 63,715 | \$ - | \$ 67,610 |
| Due to other governments | - | - | - | 3,215,382 | - | 863 | - | - |
| Accrued payroll | - | - | 14,638 | - | 20,182 | 3,934 | - | 13,700 |
| Other payables | - | - | - | - | - | - | - | 400 |
| Due to other funds | - | - | 530,227 | - | - | 114,013 | - | 492,259 |
| Total liabilities | - | 88,912 | 628,875 | 3,447,398 | 128,096 | 182,525 | - | 573,969 |
| Deferred inflows of resources - taxes | - | - | - | 109,392 | - | - | - | - |
| Fund balances: | | | | | | | | |
| Restricted: | | | | | | | | |
| Stabilization by State Statute | 3,383 | 58,761 | 390,219 | 45,877 | 10 | 313,245 | 39 | 654,770 |
| Inmates | - | - | - | - | - | - | - | - |
| Fire protection | - | - | - | - | - | - | - | - |
| Public safety | - | 2,063,938 | - | - | - | - | - | - |
| Economic and physical development | - | - | - | - | - | - | 76,645 | - |
| Human services | - | - | - | - | 164,891 | - | - | - |
| Cultural and recreational | 4,970,982 | - | - | 1,108,266 | - | - | - | - |
| Assigned: | | | | | | | | |
| Subsequent year's expenditures | 2,786,991 | 277,500 | - | - | 25,000 | - | - | 24,885 |
| Unassigned | (3,383) | - | (566,631) | - | - | (176,157) | - | (598,854) |
| Total fund balances | 7,757,973 | 2,400,199 | (176,412) | 1,154,143 | 189,901 | 137,088 | 76,684 | 80,801 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 7,757,973 | \$ 2,489,111 | \$ 452,463 | \$ 4,710,933 | \$ 317,997 | \$ 319,613 | \$ 76,684 | \$ 654,770 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018**

(concluded)

| | Fire Protection Fund | Federal Drug Justice Fund | Federal Drug Forfeiture Fund | North Carolina Controlled Substance Fund | Injured Animal Stabilization Fund | Inmate Welfare Fund | Total Nonmajor Special Revenue Funds |
|---|-------------------------------------|--|---|---|--|------------------------------------|---|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 912,841 | \$ 131,806 | \$ 284,202 | \$ 330,056 | \$ 39,392 | \$ - | \$ 16,902,145 |
| Taxes receivable, net | 236,140 | - | - | - | - | - | 345,532 |
| Due from other governments | 83,835 | - | - | - | - | - | 1,529,991 |
| Other receivables, net | 359 | 59 | 126 | 164 | 19 | - | 20,875 |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | 445,458 | 445,458 |
| Total assets | \$ 1,233,175 | \$ 131,865 | \$ 284,328 | \$ 330,220 | \$ 39,411 | \$ 445,458 | \$ 19,244,001 |
| Liabilities: | | | | | | | |
| Accounts and vouchers payable | \$ 721,245 | \$ 4,564 | \$ - | \$ - | \$ 843 | \$ 325 | \$ 1,371,154 |
| Due to other governments | - | - | - | - | - | - | 3,216,245 |
| Accrued payroll | - | - | - | - | - | 2,397 | 54,851 |
| Other payables | - | - | - | - | - | - | 400 |
| Due to other funds | - | - | - | - | - | 16,775 | 1,153,274 |
| Total liabilities | <u>721,245</u> | <u>4,564</u> | <u>-</u> | <u>-</u> | <u>843</u> | <u>19,497</u> | <u>5,795,924</u> |
| Deferred inflows of resources - taxes | <u>236,142</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>345,534</u> |
| Fund balances: | | | | | | | |
| Restricted: | | | | | | | |
| Stabilization by State Statute | 84,192 | 59 | 126 | 164 | 19 | - | 1,550,864 |
| Inmates | - | - | - | - | - | 280,761 | 280,761 |
| Fire protection | 191,596 | - | - | - | - | - | 191,596 |
| Public safety | - | 71,292 | 209,267 | 330,056 | 30,749 | - | 2,705,302 |
| Economic and physical development | - | - | - | - | - | - | 76,645 |
| Human services | - | - | - | - | - | - | 164,891 |
| Cultural and recreational | - | - | - | - | - | - | 6,079,248 |
| Assigned: | | | | | | | |
| Subsequent year's expenditures | - | 55,950 | 74,935 | - | 7,800 | 145,200 | 3,398,261 |
| Unassigned | - | - | - | - | - | - | (1,345,025) |
| Total fund balances | <u>275,788</u> | <u>127,301</u> | <u>284,328</u> | <u>330,220</u> | <u>38,568</u> | <u>425,961</u> | <u>13,102,543</u> |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,233,175 | \$ 131,865 | \$ 284,328 | \$ 330,220 | \$ 39,411 | \$ 445,458 | \$ 19,244,001 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2018**

(continued)

| | Prepared Food and Beverage Fund | Emergency Telephone Fund | Workforce Development Fund | Recreation Fund | Juvenile Crime Prevention Fund | Transportation Fund | Flea Hill Drainage District Fund | Community Development Fund |
|--|--|---|---|----------------------------|---|--------------------------------|---|---|
| Revenues | | | | | | | | |
| Ad valorem taxes | \$ - | \$ - | \$ - | \$ 4,218,087 | \$ - | \$ - | \$ - | \$ - |
| Other taxes | 6,849,058 | - | - | - | - | - | - | - |
| Restricted intergovernmental revenue | - | 677,334 | 3,462,804 | 258,601 | 1,070,858 | 1,297,020 | - | 1,810,821 |
| Sales and services | - | - | - | - | 140,984 | 21,903 | - | - |
| Interest earned on investments | 51,854 | 18,736 | - | 18,378 | 1,445 | 1,816 | 627 | - |
| Miscellaneous | - | 6,358 | - | 1,831 | - | - | - | 27,356 |
| Total revenues | 6,900,912 | 702,428 | 3,462,804 | 4,496,897 | 1,213,287 | 1,320,739 | 627 | 1,838,177 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | - | - | - | - | - | - | - | - |
| Economic and physical development | - | 659,951 | 3,747,698 | - | - | 1,377,690 | - | 1,995,922 |
| Human services | - | - | - | - | 1,659,190 | - | - | - |
| Cultural and recreational | - | - | - | 4,462,956 | - | - | - | - |
| Total expenditures | - | 659,951 | 3,747,698 | 4,462,956 | 1,659,190 | 1,377,690 | - | 1,995,922 |
| Excess (deficiency) of revenues over (under) expenditures | 6,900,912 | 42,477 | (284,894) | 33,941 | (445,903) | (56,951) | 627 | (157,745) |
| Other financing sources (uses) | | | | | | | | |
| Transfers in | - | - | 62,244 | - | 426,639 | 60,809 | - | 97,362 |
| Transfers out | (5,794,269) | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (5,794,269) | - | 62,244 | - | 426,639 | 60,809 | - | 97,362 |
| Net change in fund balances | 1,106,643 | 42,477 | (222,650) | 33,941 | (19,264) | 3,858 | 627 | (60,383) |
| Fund balance - beginning | 6,651,330 | 2,357,722 | 46,238 | 1,120,202 | 209,165 | 52,339 | 76,057 | 141,184 |
| Restatement | - | - | - | - | - | 80,891 | - | - |
| Fund balance - ending | \$ 7,757,973 | \$ 2,400,199 | \$ (176,412) | \$ 1,154,143 | \$ 189,901 | \$ 137,088 | \$ 76,684 | \$ 80,801 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2018**

(concluded)

| | Fire Protection Fund | Federal Drug Justice Fund | Federal Drug Forfeiture Fund | North Carolina Controlled Substance Fund | Injured Animal Stabilization Fund | Inmate Welfare Fund | Total Nonmajor Special Revenue Funds |
|--|-------------------------------------|--|---|---|--|------------------------------------|---|
| Revenues | | | | | | | |
| Ad valorem taxes | \$ 8,020,183 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 12,238,270 |
| Other taxes | - | - | - | - | - | - | 6,849,058 |
| Restricted intergovernmental revenue | - | 11,295 | 110,748 | 44,287 | 14,535 | - | 8,758,303 |
| Sales and services | - | - | - | - | - | - | 162,887 |
| Interest earned on investments | 2,114 | 1,269 | 2,048 | 2,563 | 379 | - | 101,229 |
| Miscellaneous | - | - | - | - | - | 240,502 | 276,047 |
| Total revenues | 8,022,297 | 12,564 | 112,796 | 46,850 | 14,914 | 240,502 | 28,385,794 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| Public safety | 8,052,675 | 59,856 | 117,073 | 21,555 | 26,200 | 319,611 | 8,596,970 |
| Economic and physical development | - | - | - | - | - | - | 7,781,261 |
| Human services | - | - | - | - | - | - | 1,659,190 |
| Cultural and recreational | - | - | - | - | - | - | 4,462,956 |
| Total expenditures | 8,052,675 | 59,856 | 117,073 | 21,555 | 26,200 | 319,611 | 22,500,377 |
| Excess (deficiency) of revenues over (under) expenditures | (30,378) | (47,292) | (4,277) | 25,295 | (11,286) | (79,109) | 5,885,417 |
| Other financing sources (uses) | | | | | | | |
| Transfers in | 52,252 | - | - | - | - | - | 699,306 |
| Transfers out | (24,000) | - | - | - | - | - | (5,818,269) |
| Total other financing sources (uses) | 28,252 | - | - | - | - | - | (5,118,963) |
| Net change in fund balances | (2,126) | (47,292) | (4,277) | 25,295 | (11,286) | (79,109) | 766,454 |
| Fund balance - beginning | 277,914 | 174,593 | 288,605 | 304,925 | 49,854 | 505,070 | 12,255,198 |
| Prior period adjustment | - | - | - | - | - | - | 80,891 |
| Fund balance - ending | \$ 275,788 | \$ 127,301 | \$ 284,328 | \$ 330,220 | \$ 38,568 | \$ 425,961 | \$ 13,102,543 |

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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|--------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Other taxes | \$ 6,209,304 | \$ 6,849,058 | \$ 639,754 | \$ 6,679,806 |
| Interest earned on investments | 350 | 51,854 | 51,504 | 14,396 |
| Total revenues | <u>6,209,654</u> | <u>6,900,912</u> | <u>691,258</u> | <u>6,694,202</u> |
| Expenditures | | | | |
| Current | | | | |
| Cultural and recreational | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over expenditures | <u>6,209,654</u> | <u>6,900,912</u> | <u>691,258</u> | <u>6,694,202</u> |
| Other financing sources (uses) | | | | |
| Transfers (out) | (7,411,425) | (5,794,269) | 1,617,156 | (5,608,739) |
| Appropriated fund balance | 1,201,771 | - | (1,201,771) | - |
| Total other financing sources (uses) | <u>(6,209,654)</u> | <u>(5,794,269)</u> | <u>415,385</u> | <u>(5,608,739)</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>1,106,643</u> | <u>\$ 1,106,643</u> | <u>1,085,463</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | <u>6,651,330</u> | | <u>5,565,867</u> |
| End of year - June 30 | | <u>\$ 7,757,973</u> | | <u>\$ 6,651,330</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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | | 2017 |
|--|------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Restricted intergovernmental revenue | \$ 1,177,335 | \$ 677,334 | \$ (500,001) | \$ 957,955 |
| Interest earned on investments | 5,000 | 18,736 | 13,736 | 5,010 |
| Miscellaneous | - | 6,358 | 6,358 | 2,914 |
| Total revenues | <u>1,182,335</u> | <u>702,428</u> | <u>(479,907)</u> | <u>965,879</u> |
| Expenditures | | | | |
| Economic and physical development: | | | | |
| Implemental functions | 259,000 | 179,453 | 79,547 | 245,127 |
| Telephone/furniture | 159,500 | 161,010 | (1,510) | 180,788 |
| Software | 113,262 | 117,926 | (4,664) | 133,455 |
| Hardware | 158,933 | 181,476 | (22,543) | 223,428 |
| Training | 37,500 | 20,086 | 17,414 | 16,043 |
| Capital outlay | 1,061,620 | - | 1,061,620 | |
| Total expenditures | <u>1,789,815</u> | <u>659,951</u> | <u>1,129,864</u> | <u>798,841</u> |
| Revenues over expenditures | <u>(607,480)</u> | <u>42,477</u> | <u>649,957</u> | <u>167,038</u> |
| Other financing sources (uses) | | | | |
| Appropriated fund balance | 607,480 | - | (607,480) | - |
| Total other financing sources (uses) | <u>607,480</u> | <u>-</u> | <u>(607,480)</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>42,477</u> | <u>\$ 42,477</u> | <u>\$ 167,038</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | <u>2,357,722</u> | | <u>2,190,684</u> |
| End of year - June 30 | | <u>\$ 2,400,199</u> | | <u>\$ 2,357,722</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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | | 2017 |
|--|------------------|---------------------|------------------------------------|------------------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Restricted intergovernmental revenue | \$ 6,738,579 | \$ 3,462,804 | \$ (3,275,775) | \$ 3,569,522 |
| Sales and services | - | - | - | 6,939 |
| Total revenues | <u>6,738,579</u> | <u>3,462,804</u> | <u>(3,275,775)</u> | <u>3,576,461</u> |
| Expenditures | | | | |
| Economic and physical development: | | | | |
| WIOA Title I - Administration | 802,288 | 384,471 | 417,817 | 366,568 |
| WIOA Title I - Adult | 1,219,935 | 533,604 | 686,331 | 774,487 |
| WIOA Title I - Dislocated worker | 2,625,039 | 1,595,842 | 1,029,197 | 1,210,166 |
| WIOA Title I - Youth | 1,608,355 | 680,533 | 927,822 | 609,189 |
| Senior Aides | 545,206 | 553,248 | (8,042) | 648,801 |
| Total expenditures | <u>6,800,823</u> | <u>3,747,698</u> | <u>3,053,125</u> | <u>3,609,211</u> |
| Revenues over expenditures | <u>(62,244)</u> | <u>(284,894)</u> | <u>(222,650)</u> | <u>(32,750)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 62,244 | 62,244 | - | 66,545 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>62,244</u> | <u>62,244</u> | <u>-</u> | <u>66,545</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>(222,650)</u> | <u>\$ (222,650)</u> | <u>33,795</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | 46,238 | | 12,443 |
| End of year - June 30 | | <u>\$ (176,412)</u> | | <u>\$ 46,238</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Ad valorem taxes | \$ 4,635,934 | \$ 4,218,087 | \$ (417,847) | \$ 4,252,240 |
| Restricted intergovernmental revenue | 304,534 | 258,601 | (45,933) | 249,475 |
| Interest earned on investments | - | 18,378 | 18,378 | 3,156 |
| Miscellaneous | - | 1,831 | 1,831 | - |
| Total revenues | <u>4,940,468</u> | <u>4,496,897</u> | <u>(443,571)</u> | <u>4,504,871</u> |
| Expenditures | | | | |
| Culture and recreational | 2,064,618 | 3,478,707 | (1,414,089) | 4,000,726 |
| Capital outlay | 3,113,033 | 984,249 | 2,128,784 | 251,516 |
| Total expenditures | <u>5,177,651</u> | <u>4,462,956</u> | <u>714,695</u> | <u>4,252,242</u> |
| Revenues over expenditures | <u>(237,183)</u> | <u>33,941</u> | <u>271,124</u> | <u>252,629</u> |
| Other financing sources (uses) | | | | |
| Appropriated fund balance | <u>237,183</u> | <u>-</u> | <u>(237,183)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>237,183</u> | <u>-</u> | <u>(237,183)</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>33,941</u> | <u>\$ 33,941</u> | <u>252,629</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | <u>1,120,202</u> | | <u>867,573</u> |
| End of year - June 30 | | <u>\$ 1,154,143</u> | | <u>\$ 1,120,202</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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | | 2017 |
|--|------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Restricted intergovernmental revenue | \$ 1,157,759 | \$ 1,070,858 | \$ (86,901) | \$ 1,096,606 |
| Sales and services | 152,269 | 140,984 | (11,285) | 136,596 |
| Interest earned on investments | - | 1,445 | 1,445 | 410 |
| Total revenues | <u>1,310,028</u> | <u>1,213,287</u> | <u>(96,741)</u> | <u>1,233,612</u> |
| Expenditures | | | | |
| Human services | | | | |
| JCP programs | 1,073,946 | 993,820 | 80,126 | 984,015 |
| Residential group home | 725,833 | 665,370 | 60,463 | 632,917 |
| Total expenditures | <u>1,799,779</u> | <u>1,659,190</u> | <u>140,589</u> | <u>1,616,932</u> |
| Revenues over expenditures | <u>(489,751)</u> | <u>(445,903)</u> | <u>43,848</u> | <u>(383,320)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 464,751 | 426,639 | (38,112) | 385,295 |
| Appropriated fund balance | 25,000 | - | (25,000) | - |
| Total other financing sources (uses) | <u>489,751</u> | <u>426,639</u> | <u>(63,112)</u> | <u>385,295</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>(19,264)</u> | <u>\$ (19,264)</u> | <u>1,975</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | <u>209,165</u> | | <u>207,190</u> |
| End of year - June 30 | | <u>\$ 189,901</u> | | <u>\$ 209,165</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Transportation Fund
Year Ended June 30, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|------------------|-------------------|------------------------------------|------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Restricted intergovernmental revenue | \$ 1,790,851 | \$ 1,297,020 | \$ (493,831) | \$ 1,102,421 |
| Sales and services | 48,869 | 21,903 | (26,966) | 25,150 |
| Interest earned on investments | - | 1,816 | 1,816 | 650 |
| Total revenues | <u>1,839,720</u> | <u>1,320,739</u> | <u>(518,981)</u> | <u>1,128,221</u> |
| Expenditures | | | | |
| Economic and physical development | <u>1,901,227</u> | <u>1,377,690</u> | <u>523,537</u> | <u>1,196,832</u> |
| Total expenditures | <u>1,901,227</u> | <u>1,377,690</u> | <u>523,537</u> | <u>1,196,832</u> |
| Revenues over expenditures | <u>(61,507)</u> | <u>(56,951)</u> | <u>4,556</u> | <u>(68,611)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 61,507 | 60,809 | (698) | 60,488 |
| Appropriated fund balance | - | - | - | (18,413) |
| Total other financing sources (uses) | <u>61,507</u> | <u>60,809</u> | <u>(698)</u> | <u>42,075</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>3,858</u> | <u>\$ 3,858</u> | <u>(26,536)</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | 52,339 | | 78,875 |
| Restatement | | 80,891 | | - |
| Beginning of year - July 1, as restated | | <u>133,230</u> | | <u>78,875</u> |
| End of year - June 30 | | <u>\$ 137,088</u> | | <u>\$ 52,339</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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | | 2017 |
|--|--------|-----------|------------------------------------|-----------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Interest earned on investments | \$ - | \$ 627 | \$ 627 | \$ 173 |
| Total revenues | - | 627 | 627 | 173 |
| Expenditures | | | | |
| Total expenditures | - | - | - | - |
| Revenues over expenditures | - | 627 | 627 | 173 |
| Other financing sources (uses) | | | | |
| Appropriated fund balance | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Revenues and other financing sources (uses) over (under) expenditures | \$ - | 627 | \$ 627 | 173 |
| Fund balances | | | | |
| Beginning of year - July 1 | | 76,057 | | 75,884 |
| End of year - June 30 | | \$ 76,684 | | \$ 76,057 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Community Development Fund**

Year Ended June 30, 2018

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

| | 2018 | | | 2017 |
|--|-------------------|------------------|------------------------------------|-------------------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Restricted intergovernmental revenue | \$ 26,601,530 | \$ 1,810,821 | \$ (24,790,709) | \$ 1,762,103 |
| Miscellaneous | 100,000 | 27,356 | (72,644) | 30,798 |
| Total revenues | <u>26,701,530</u> | <u>1,838,177</u> | <u>(24,863,353)</u> | <u>1,792,901</u> |
| Expenditures | | | | |
| Economic and physical development | | | | |
| Administration | 1,872,227 | 304,709 | 1,567,518 | 369,536 |
| Economic Development | 1,034,442 | 447,365 | 587,077 | 429,577 |
| Housing activities | 23,245,054 | 653,324 | 22,591,730 | 360,470 |
| Public facilities | 350,000 | 143,700 | 206,300 | 98,954 |
| Public services | 111,114 | 104,949 | 6,165 | 107,236 |
| Program grants | 728,495 | 341,875 | 386,620 | 542,196 |
| Total expenditures | <u>27,341,332</u> | <u>1,995,922</u> | <u>25,345,410</u> | <u>1,907,969</u> |
| Revenues over (under) expenditures | <u>(639,802)</u> | <u>(157,745)</u> | <u>482,057</u> | <u>(115,068)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 257,014 | 97,362 | (159,652) | 153,938 |
| Appropriated fund balance | 382,788 | - | (382,788) | - |
| Total other financing sources (uses) | <u>639,802</u> | <u>97,362</u> | <u>(542,440)</u> | <u>153,938</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>(60,383)</u> | <u>\$ (60,383)</u> | <u>38,870</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | <u>141,184</u> | | <u>102,314</u> |
| End of year - June 30 | | <u>\$ 80,801</u> | | <u>\$ 141,184</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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | | 2017 |
|--|------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Ad valorem taxes | \$ 8,138,067 | \$ 8,020,183 | \$ (117,884) | \$ 8,088,604 |
| Interest earned on investments | 2,671 | 2,114 | (557) | 1,348 |
| Total revenues | <u>8,140,738</u> | <u>8,022,297</u> | <u>(118,441)</u> | <u>8,089,952</u> |
| Expenditures | | | | |
| Public safety | 8,391,738 | 8,052,675 | 339,063 | 8,049,420 |
| Total expenditures | <u>8,391,738</u> | <u>8,052,675</u> | <u>339,063</u> | <u>8,049,420</u> |
| Revenues over expenditures | <u>(251,000)</u> | <u>(30,378)</u> | <u>220,622</u> | <u>40,532</u> |
| Other financing sources (uses) | | | | |
| Transfer in | 75,000 | 52,252 | (22,748) | - |
| Transfers out | (24,000) | (24,000) | - | (24,000) |
| Appropriated fund balance | 200,000 | - | (200,000) | - |
| Total other financing sources (uses) | <u>251,000</u> | <u>28,252</u> | <u>(222,748)</u> | <u>(24,000)</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>(2,126)</u> | <u>\$ (2,126)</u> | <u>16,532</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | 277,914 | | 261,382 |
| End of year - June 30 | | <u>\$ 275,788</u> | | <u>\$ 277,914</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, 2018

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

| | 2018 | | | 2017 |
|--|------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Restricted intergovernmental revenue | \$ 15,000 | \$ 11,295 | \$ (3,705) | \$ |
| Interest earned on investments | 50 | 1,269 | 1,219 | 573 |
| Total revenues | <u>15,050</u> | <u>12,564</u> | <u>(2,486)</u> | <u>573</u> |
| Expenditures | | | | |
| Public safety | 160,500 | 59,856 | 100,644 | 152,270 |
| Capital outlay | | | - | 18,290 |
| Total expenditures | <u>160,500</u> | <u>59,856</u> | <u>100,644</u> | <u>170,560</u> |
| Revenues over expenditures | <u>(145,450)</u> | <u>(47,292)</u> | <u>98,158</u> | <u>(169,987)</u> |
| Other financing sources (uses) | | | | |
| Appropriated fund balance | 145,450 | - | (145,450) | - |
| Total other financing sources (uses) | <u>145,450</u> | <u>-</u> | <u>(145,450)</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>(47,292)</u> | <u>\$ (47,292)</u> | <u>(169,987)</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | 174,593 | | 344,580 |
| End of year - June 30 | | <u>\$ 127,301</u> | | <u>\$ 174,593</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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | | 2017 |
|--|-----------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Miscellaneous | \$ 50,000 | \$ 110,748 | \$ 60,748 | \$ 273,026 |
| Interest income | 65 | 2,048 | 1,983 | 480 |
| Total revenues | <u>50,065</u> | <u>112,796</u> | <u>62,731</u> | <u>273,506</u> |
| Expenditures | | | | |
| Public safety | 125,065 | 117,073 | 7,992 | 5,185 |
| Total expenditures | <u>125,065</u> | <u>117,073</u> | <u>7,992</u> | <u>5,185</u> |
| Revenues over expenditures | <u>(75,000)</u> | <u>(4,277)</u> | <u>70,723</u> | <u>268,321</u> |
| Total other financing sources (uses) | <u>75,000</u> | <u>-</u> | <u>(75,000)</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>(4,277)</u> | <u>\$ (4,277)</u> | <u>268,321</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | 288,605 | | 20,284 |
| End of year - June 30 | | <u>\$ 284,328</u> | | <u>\$ 288,605</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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | | 2017 |
|--|------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Restricted intergovernmental revenue | \$ 38,300 | \$ 44,287 | \$ 5,987 | \$ 28,909 |
| Interest earned on investments | 1,450 | 2,563 | 1,113 | 681 |
| Total revenues | <u>39,750</u> | <u>46,850</u> | <u>7,100</u> | <u>29,590</u> |
| Expenditures | | | | |
| Public safety | <u>285,202</u> | <u>21,555</u> | <u>263,647</u> | <u>11,102</u> |
| Total expenditures | <u>285,202</u> | <u>21,555</u> | <u>263,647</u> | <u>11,102</u> |
| Revenues over expenditures | <u>(245,452)</u> | <u>25,295</u> | <u>270,747</u> | <u>18,488</u> |
| Total other financing sources (uses) | <u>245,452</u> | <u>-</u> | <u>(245,452)</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>25,295</u> | <u>\$ 25,295</u> | <u>18,488</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | <u>304,925</u> | | <u>286,437</u> |
| End of year - June 30 | | <u>\$ 330,220</u> | | <u>\$ 304,925</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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | | 2017 |
|--|-----------------|------------------|------------------------------------|------------------|
| | Budget | Actual | Variance Positive (Negative) | |
| Revenues | | | | |
| Restricted intergovernmental revenue | \$ 13,000 | \$ 14,535 | \$ 1,535 | \$ 4,090 |
| Interest earned on investments | - | 379 | 379 | 124 |
| Total revenues | <u>13,000</u> | <u>14,914</u> | <u>1,914</u> | <u>4,214</u> |
| Expenditures | | | | |
| Public safety | <u>35,000</u> | <u>26,200</u> | <u>8,800</u> | <u>3,502</u> |
| Total expenditures | <u>35,000</u> | <u>26,200</u> | <u>8,800</u> | <u>3,502</u> |
| Revenues over expenditures | <u>(22,000)</u> | <u>(11,286)</u> | <u>10,714</u> | <u>712</u> |
| Other financing sources (uses) | | | | |
| Appropriated fund balance | <u>22,000</u> | <u>-</u> | <u>(22,000)</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>(11,286)</u> | <u>\$ (11,286)</u> | <u>712</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | <u>49,854</u> | | <u>49,142</u> |
| End of year - June 30 | | <u>\$ 38,568</u> | | <u>\$ 49,854</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, 2018
(With Comparative Totals for Year Ended June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Miscellaneous | \$ 155,000 | \$ 240,502 | \$ 85,502 | \$ 199,310 |
| Total revenues | <u>155,000</u> | <u>240,502</u> | <u>85,502</u> | <u>199,310</u> |
| Expenditures | | | | |
| Public safety | 380,311 | 319,611 | 60,700 | 333,022 |
| Total expenditures | <u>380,311</u> | <u>319,611</u> | <u>60,700</u> | <u>333,022</u> |
| Revenues over expenditures | <u>(225,311)</u> | <u>(79,109)</u> | <u>146,202</u> | <u>(133,712)</u> |
| Other financing sources (uses) | | | | |
| Appropriated fund balance | 225,311 | - | (225,311) | - |
| Total other financing sources (uses) | <u>225,311</u> | <u>-</u> | <u>(225,311)</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>(79,109)</u> | <u>\$ (79,109)</u> | <u>(133,712)</u> |
| Fund balances | | | | |
| Beginning of year - July 1 | | 505,070 | | 638,782 |
| End of year - June 30 | | <u>\$ 425,961</u> | | <u>\$ 505,070</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2018**

| | <u>Cultural and Recreation Fund</u> | <u>Winding Creek Fund</u> | <u>Governmental Fund</u> | <u>Total Nonmajor Capital Project Funds</u> |
|--|---|-----------------------------------|------------------------------|---|
| Assets | | | | |
| Other receivables, net | \$ 213 | \$ - | \$ - | \$ 213 |
| Restricted assets: | | | | |
| Cash and cash equivalents | <u>427,082</u> | <u>-</u> | <u>452,019</u> | <u>879,101</u> |
| Total assets | <u>\$ 427,295</u> | <u>\$ -</u> | <u>\$ 452,019</u> | <u>\$ 879,314</u> |
| Liabilities and fund balances | | | | |
| Liabilities: | | | | |
| Accounts and vouchers payable | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 63,258</u> | <u>\$ 63,258</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>63,258</u> | <u>63,258</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Stabilization by State Statute | 213 | - | - | 213 |
| Cultural and recreational | 427,082 | - | - | 427,082 |
| Economic and physical development | - | - | 388,761 | 388,761 |
| Total fund balances | <u>427,295</u> | <u>-</u> | <u>388,761</u> | <u>816,056</u> |
| Total liabilities and fund balances | <u>\$ 427,295</u> | <u>\$ -</u> | <u>\$ 452,019</u> | <u>\$ 879,314</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended June 30, 2018**

| | Cultural and Recreation Fund | Winding Creek Fund | Governmental Fund | Total Nonmajor Capital Project Funds |
|---|---|-----------------------------------|------------------------------|---|
| Revenues | | | | |
| Interest earned on investments | \$ 3,493 | \$ - | \$ 4,574 | \$ 8,067 |
| Total revenues | <u>3,493</u> | <u>-</u> | <u>4,574</u> | <u>8,067</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Economic and physical development | - | - | 1,297,616 | 1,297,616 |
| Human services | - | 9,409 | - | 9,409 |
| Debt issuance costs | - | - | 30,521 | 30,521 |
| Total expenditures | <u>-</u> | <u>9,409</u> | <u>1,328,137</u> | <u>1,337,546</u> |
| Revenues over (under) expenditures | 3,493 | (9,409) | (1,323,563) | (1,329,479) |
| Other financing sources | | | | |
| Installment purchase proceeds | - | - | 1,114,148 | 1,114,148 |
| Revenues and other financing sources over (under) expenditures | 3,493 | (9,409) | (209,415) | (215,331) |
| Fund balance | | | | |
| Beginning of year - July 1 | 423,802 | 9,409 | 598,176 | 1,031,387 |
| End of year - June 30 | <u>\$ 427,295</u> | <u>\$ -</u> | <u>\$ 388,761</u> | <u>\$ 816,056</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, 2018

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Closed Projects</u> | <u>Current Year</u> | <u>Total</u> |
|---|----------------------------------|------------------------|----------------------------|-------------------------|--------------------|
| Revenues | | | | | |
| Interest earned on investments | \$ - | \$ 23,623 | \$ - | \$ 3,493 | \$ 27,116 |
| Total revenues | - | 23,623 | - | 3,493 | 27,116 |
| Expenditures | | | | | |
| Capital outlay | | | | | |
| Cultural and recreation | 5,237,218 | 4,837,490 | - | - | 4,837,490 |
| Debt issuance costs | 77,006 | 76,555 | - | - | 76,555 |
| Total expenditures | 5,314,224 | 4,914,045 | - | - | 4,914,045 |
| Revenues over (under) expenditures | (5,314,224) | (4,890,422) | - | 3,493 | (4,886,929) |
| Other financing sources (uses) | | | | | |
| Bond proceeds | 5,285,165 | 5,285,165 | - | - | 5,285,165 |
| Premium on debt issuance | 29,059 | 29,059 | - | - | 29,059 |
| Transfers in | 402,962 | 402,962 | - | - | 402,962 |
| Transfers out | (402,962) | (402,962) | - | - | (402,962) |
| Total other financing sources | 5,314,224 | 5,314,224 | - | - | 5,314,224 |
| Revenues and other financing sources over (under) expenditures | \$ - | \$ 423,802 | \$ - | 3,493 | \$ 427,295 |
| Fund balance | | | | | |
| Beginning of year - July 1 | | | | 423,802 | |
| End of year - June 30 | | | | <u>\$ 427,295</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, 2018

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

From Inception and for Year Ended June 30, 2018

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Closed Projects</u> | <u>Current Year</u> | <u>Total</u> |
|---|----------------------------------|------------------------|----------------------------|-------------------------|--------------------|
| Revenues | | | | | |
| Miscellaneous | \$ 69,535 | \$ 74,244 | \$ - | \$ - | \$ 74,244 |
| Interest | - | 2,261 | - | 4,574 | 6,835 |
| Total revenues | <u>69,535</u> | <u>76,505</u> | <u>-</u> | <u>4,574</u> | <u>81,079</u> |
| Expenditures | | | | | |
| Capital outlay | | | | | |
| Economic development | 5,991,561 | 803,636 | - | 1,297,616 | 2,101,252 |
| Total expenditures | <u>5,991,561</u> | <u>803,636</u> | <u>-</u> | <u>1,297,616</u> | <u>2,101,252</u> |
| Revenues over (under) expenditures | <u>(5,922,026)</u> | <u>(727,131)</u> | <u>-</u> | <u>(1,293,042)</u> | <u>(2,020,173)</u> |
| Other financing sources (uses) | | | | | |
| Proceeds from installment purchase | 5,715,996 | 1,100,000 | - | 1,114,148 | 2,214,148 |
| Debt issuance costs | (63,373) | (44,096) | - | (30,521) | (74,617) |
| Transfers in | 1,369,403 | 1,369,403 | - | - | 1,369,403 |
| Transfers out | (1,100,000) | (1,100,000) | - | - | (1,100,000) |
| Total other financing sources | <u>5,922,026</u> | <u>1,325,307</u> | <u>-</u> | <u>1,083,627</u> | <u>2,408,934</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>\$ 598,176</u> | <u>\$ -</u> | <u>(209,415)</u> | <u>\$ 388,761</u> |
| Fund balance | | | | | |
| Beginning of year - July 1 | | | | <u>598,176</u> | |
| End of year - June 30 | | | | <u>\$ 388,761</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, 2018
(With Comparative Totals for June 30, 2017)**

| | <u>2018</u> | | Variance Positive (Negative) | <u>2017</u> |
|---|---------------|------------------|---|------------------|
| | <u>Budget</u> | <u>Actual</u> | | |
| Revenues | | | | |
| Interest earned on investments | \$ 100 | \$ 390 | \$ 290 | \$ 109 |
| Burial Fees | 2,700 | 1,800 | (900) | 1,800 |
| Total revenues | <u>2,800</u> | <u>2,190</u> | <u>(610)</u> | <u>1,909</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Maintenance | 2,800 | 2,592 | 208 | 2,777 |
| Total expenditures | <u>2,800</u> | <u>2,592</u> | <u>208</u> | <u>2,777</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>(402)</u> | <u>(402)</u> | <u>(868)</u> |
| Other financing sources (uses) | | | | |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>(402)</u> | <u>\$ (402)</u> | <u>(868)</u> |
| Fund balance | | | | |
| Beginning of year - July 1 | | <u>47,583</u> | | <u>48,451</u> |
| End of year - June 30 | | <u>\$ 47,181</u> | | <u>\$ 47,583</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, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|----------------------|----------------------|------------------------------------|----------------------|
| | Budget | Actual | | |
| Operating revenues | | | | |
| Charges for services | \$ 5,242,400 | \$ 4,220,716 | \$ (1,021,684) | \$ 4,615,491 |
| Other operating revenue | 11,388 | 11,388 | - | 11,388 |
| Solid waste fees | 5,160,381 | 5,835,700 | 675,319 | 4,975,987 |
| Total operating revenues | 10,414,169 | 10,067,804 | (346,365) | 9,602,866 |
| Nonoperating revenues and other financing sources | | | | |
| Interest earned on investments | 188,550 | 442,280 | 253,730 | 183,559 |
| Gain (loss) on disposal of capital assets | - | 69,987 | 69,987 | 194,768 |
| Miscellaneous | 189,572 | 24,704 | (164,868) | 28,384 |
| Grant revenue | 601,322 | 734,831 | 133,509 | 3,384,721 |
| Transfers in | 12,251,188 | - | (12,251,188) | - |
| Total Nonoperating revenues and other financing sources | 13,230,632 | 1,271,802 | (11,958,830) | 3,791,432 |
| Appropriated fund balance | 1,425,523 | - | (1,425,523) | - |
| Total revenues, other financing sources and fund balance appropriations | \$ 25,070,324 | \$ 11,339,606 | \$ (13,730,718) | \$ 13,394,298 |
| Operating expenditures | | | | |
| Salaries and employee benefits | \$ 4,269,746 | \$ 2,982,475 | \$ 1,287,271 | \$ 3,519,965 |
| Repairs and maintenance | 1,628,240 | 1,566,692 | 61,548 | 1,344,493 |
| Utilities | 177,700 | 148,778 | 28,922 | 126,969 |
| Administrative costs | 5,552,349 | 4,347,741 | 1,204,608 | 3,794,838 |
| Landfill closure and postclosure care costs | 700,000 | 852,930 | (152,930) | 648,547 |
| Total operating expenditures | 12,328,035 | 9,898,616 | 2,429,419 | 9,434,812 |
| Other expenditures and financing uses | | | | |
| Capital outlay | 12,435,766 | 8,441,259 | 3,994,507 | 2,327,953 |
| Transfers out | 306,523 | - | 306,523 | - |
| Total other expenditures and financing uses | 12,742,289 | 8,441,259 | 4,301,030 | 2,327,953 |
| Total expenditures and other financing uses | \$ 25,070,324 | \$ 18,339,875 | \$ 6,730,449 | \$ 11,762,765 |
| Reconciliation of modified accrual basis to full accrual basis | | | | |
| Total revenues and other financing sources | | \$ 11,339,606 | | |
| Total expenditures and other financing uses | | 18,339,875 | | |
| | | (7,000,269) | | |
| Capital outlay | | 8,441,259 | | |
| Depreciation | | (880,483) | | |
| Change in net pension liability | | 201,014 | | |
| Change in deferred outflows of resources - pensions | | (229,170) | | |
| Change in deferred inflows of resources - pensions | | 9,371 | | |
| Change in net OPEB liability | | 345,878 | | |
| Change in deferred outflows of resources - OPEB | | 180,508 | | |
| Change in deferred inflows of resources - OPEB | | (783,565) | | |
| Change in net position | | \$ 284,543 | | |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Cumberland County Crown Center Fund
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|----------------------|----------------------|------------------------------------|---------------------|
| | Budget | Actual | | |
| Operating revenues | | | | |
| Charges for services | \$ - | \$ 1,892,840 | \$ 1,892,840 | \$ 1,853,954 |
| Total operating revenues | - | 1,892,840 | 1,892,840 | 1,853,954 |
| Nonoperating revenues and other financing sources | | | | |
| Interest earned on investments | - | 44,334 | (44,334) | 30,342 |
| Motel occupancy tax | 1,301,839 | 1,503,020 | (201,181) | 1,529,650 |
| Gain (loss) on disposal of capital assets | - | - | - | 1,415 |
| Grant revenue | 898,942 | 42,971 | 855,971 | - |
| Installment purchase proceeds | 6,604,004 | 1,286,756 | 5,317,248 | - |
| Transfers in | 7,443,231 | 5,737,863 | 1,705,368 | 5,640,545 |
| Total Nonoperating revenues and other financing sources | 16,248,016 | 8,614,944 | 7,633,072 | 7,201,952 |
| Appropriated fund balance | 198,285 | - | 198,285 | - |
| Total revenues, other financing sources and fund balance appropriations | \$ 16,446,301 | \$ 10,507,784 | \$ 9,724,197 | \$ 9,055,906 |
| Operating expenditures | | | | |
| Repairs and maintenance | \$ 93,135 | \$ 100,004 | \$ (6,869) | \$ 20,478 |
| Administrative costs | 117,197 | 1,592 | 115,605 | (14,994) |
| Global Spectrum, LP | 4,886,083 | 4,982,570 | (96,487) | 4,616,654 |
| Total operating expenditures | 5,096,415 | 5,084,166 | 12,249 | 4,622,138 |
| Capital outlay | 7,608,096 | 1,135,759 | 6,472,337 | - |
| Interest expense | 1,001,778 | 1,179,765 | (177,987) | 1,141,392 |
| Nonoperating expenditures | 8,609,874 | 2,315,524 | 6,294,350 | 1,141,392 |
| Other expenditures and financing uses | | | | |
| Principal payments | 2,651,800 | 2,651,800 | - | 2,613,761 |
| Transfers out | 88,212 | - | 88,212 | - |
| Total other expenditures and financing uses | 2,740,012 | 2,651,800 | 88,212 | 2,613,761 |
| Total expenditures and other financing uses | \$ 16,446,301 | \$ 10,051,490 | \$ 6,394,811 | \$ 8,377,291 |
| Reconciliation of modified accrual basis to full accrual basis | | | | |
| Total revenues and other financing sources | | \$ 10,507,784 | | |
| Total expenditures and other financing uses | | 10,051,490 | | |
| | | 456,294 | | |
| Capital outlay | | 1,135,759 | | |
| Depreciation | | (1,954,215) | | |
| Principal payments | | 2,651,800 | | |
| Installment purchase revenue | | (1,286,756) | | |
| Premium amortization | | 136,961 | | |
| Change in net position | | \$ 1,139,843 | | |

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, 2018

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Closed Projects</u> | <u>Current Year</u> | <u>Total</u> |
|---|----------------------------------|------------------------|----------------------------|-------------------------|--------------------|
| Revenues | | | | | |
| Interest earned on investments | \$ 64,551 | \$ (2,227) | \$ - | \$ 5,990 | \$ 3,763 |
| Miscellaneous | - | 2,227 | - | - | 2,227 |
| Total revenues | <u>64,551</u> | <u>-</u> | <u>-</u> | <u>5,990</u> | <u>5,990</u> |
| Expenditures | | | | | |
| Capital outlay | | | | | |
| Other | 8,765,739 | 374,215 | - | 7,522,798 | 7,897,013 |
| Total expenditures | <u>8,765,739</u> | <u>374,215</u> | <u>-</u> | <u>7,522,798</u> | <u>7,897,013</u> |
| Revenues over (under) expenditures | <u>(8,701,188)</u> | <u>(374,215)</u> | <u>-</u> | <u>(7,516,808)</u> | <u>(7,891,023)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 8,701,188 | 7,803,441 | - | 306,523 | 8,109,964 |
| Total other financing sources | <u>8,701,188</u> | <u>7,803,441</u> | <u>-</u> | <u>306,523</u> | <u>8,109,964</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>\$ 7,429,226</u> | <u>\$ -</u> | <u>\$ (7,210,285)</u> | <u>\$ 218,941</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, 2018

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Closed Projects</u> | <u>Current Year</u> | <u>Total</u> |
|---|----------------------------------|------------------------|----------------------------|-------------------------|---------------------|
| Revenues | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | | |
| Capital outlay | | | | | |
| Economic & Physical Development | 6,604,004 | - | - | 938,641 | 938,641 |
| Total expenditures | 6,604,004 | - | - | 938,641 | 938,641 |
| Revenues over (under) expenditures | (6,604,004) | - | - | (938,641) | (938,641) |
| Other financing sources (uses) | | | | | |
| Installment purchase revenue | 6,604,004 | - | - | - | |
| Transfers in | 88,212 | 88,212 | - | - | 88,212 |
| Transfers out | (88,212) | (88,212) | - | - | (88,212) |
| Total other financing sources | 6,604,004 | - | - | - | - |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | (938,641) | <u>\$ (938,641)</u> |
| Fund balance | | | | | |
| Beginning of year - July 1 | | | | - | |
| End of year - June 30 | | | | <u>\$ (938,641)</u> | |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Kelly Hills Water and Sewer District Fund
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|---|------------------|--------------------|------------------------------------|------------------|
| | Budget | Actual | | |
| Operating revenues | | | | |
| Charges for services | \$ 84,136 | \$ 79,303 | \$ (4,833) | \$ 77,952 |
| Interest earned on investments | - | 1,426 | 1,426 | 346 |
| Total operating revenues | <u>84,136</u> | <u>80,729</u> | <u>(3,407)</u> | <u>78,298</u> |
| Total revenues | <u>\$ 84,136</u> | <u>\$ 80,729</u> | <u>\$ (3,407)</u> | <u>\$ 78,298</u> |
| Operating expenditures | | | | |
| Repairs and maintenance | \$ 77,662 | \$ 39,573 | \$ 38,089 | \$ 48,374 |
| Administrative | 99,581 | 2,801 | 96,780 | 3,194 |
| Miscellaneous | - | - | - | 116 |
| Capital Outlay | (93,107) | - | (93,107) | - |
| Total operating expenditures | <u>84,136</u> | <u>42,374</u> | <u>41,762</u> | <u>51,684</u> |
| Total expenditures | <u>\$ 84,136</u> | <u>\$ 42,374</u> | <u>\$ 41,762</u> | <u>\$ 51,684</u> |
| Reconciliation of modified accrual basis to full accrual basis | | | | |
| Total revenues and other financing sources | | \$ 80,729 | | |
| Total expenditures and other financing uses | | <u>42,374</u> | | |
| | | 38,355 | | |
| Depreciation | | <u>(66,429)</u> | | |
| Change in net position | | <u>\$ (28,074)</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, 2018
 (With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|-------------------|---------------------|------------------------------------|-------------------|
| | Budget | Actual | | |
| Operating revenues | | | | |
| Charges for services | \$ 516,989 | \$ 347,257 | \$ (169,732) | \$ 350,328 |
| Interest earned on investments | - | 1,385 | 1,385 | 806 |
| Total operating revenues | <u>516,989</u> | <u>348,642</u> | <u>(168,347)</u> | <u>351,134</u> |
| Total Nonoperating revenues and other financing sources | <u>-</u> | <u>3,860</u> | <u>3,860</u> | <u>-</u> |
| Appropriated fund balance | <u>15,438</u> | <u>-</u> | <u>(15,438)</u> | <u>-</u> |
| Total revenues, other financing sources and fund balance appropriations | <u>\$ 532,427</u> | <u>\$ 352,502</u> | <u>\$ (179,925)</u> | <u>\$ 351,134</u> |
| Operating expenditures | | | | |
| Repairs and maintenance | \$ 121,686 | \$ 122,752 | \$ (1,066) | \$ 298,314 |
| Utilities | 326,425 | 203,089 | 123,336 | 223,178 |
| Administrative costs | 17,931 | 2,709 | 15,222 | 8,888 |
| Total operating expenditures | <u>466,042</u> | <u>328,550</u> | <u>137,492</u> | <u>530,380</u> |
| Nonoperating expenditures | | | | |
| Interest expense | 66,385 | 44,309 | 22,076 | 45,179 |
| Total nonoperating expenditures | <u>66,385</u> | <u>44,309</u> | <u>22,076</u> | <u>45,179</u> |
| Other expenditures and financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures and other financing uses | <u>\$ 532,427</u> | <u>\$ 372,859</u> | <u>\$ 159,568</u> | <u>\$ 575,559</u> |
| Reconciliation of modified accrual basis to full accrual basis | | | | |
| Total revenues and other financing sources | | \$ 352,502 | | |
| Total expenditures and other financing uses | | <u>372,859</u> | | |
| | | <u>(20,357)</u> | | |
| Depreciation | | <u>(228,228)</u> | | |
| Change in net position | | <u>\$ (248,585)</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, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|---|------------------|------------------|------------------------------------|------------------|
| | Budget | Actual | | |
| Operating revenues | | | | |
| Charges for services | \$ 28,117 | \$ 36,491 | \$ 8,374 | \$ 35,754 |
| Interest earned on investments | - | 799 | 799 | 192 |
| Total operating revenues | <u>28,117</u> | <u>37,290</u> | <u>9,173</u> | <u>35,946</u> |
| Total revenues | <u>\$ 28,117</u> | <u>\$ 37,290</u> | <u>\$ 9,173</u> | <u>\$ 35,946</u> |
| Operating expenditures | | | | |
| Miscellaneous | \$ 2,844 | \$ 2,670 | \$ 174 | \$ 2,878 |
| Utilities | 15,138 | 3,645 | 11,493 | 4,645 |
| Administrative costs | 5,139 | 3,310 | 1,829 | 6,620 |
| Total operating expenditures | <u>23,121</u> | <u>9,625</u> | <u>13,496</u> | <u>14,143</u> |
| Nonoperating expenditures | | | | |
| Total nonoperating expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other expenditures | | | | |
| Principal payments | 4,996 | - | 4,996 | - |
| Total other expenditures | <u>4,996</u> | <u>-</u> | <u>4,996</u> | <u>-</u> |
| Total expenditures and other financing uses | <u>\$ 28,117</u> | <u>\$ 9,625</u> | <u>\$ 18,492</u> | <u>\$ 14,143</u> |
| Reconciliation of modified accrual basis to full accrual basis | | | | |
| Total revenues and other financing sources | | \$ 37,290 | | |
| Total expenditures and other financing uses | | <u>9,625</u> | | |
| | | 27,665 | | |
| Depreciation | | <u>(11,793)</u> | | |
| Change in net position | | <u>\$ 15,872</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, 2018

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Closed Projects</u> | <u>Current Year</u> | <u>Total</u> |
|---|----------------------------------|------------------------|----------------------------|-------------------------|--------------------|
| Revenues | | | | | |
| Interest earned on investments | \$ - | \$ 3,065 | \$ - | \$ - | \$ 3,065 |
| USDA Rural Development grant | 3,099,000 | 1,380,422 | - | 1,424,958 | 2,805,380 |
| Total revenues | <u>3,099,000</u> | <u>1,383,487</u> | <u>-</u> | <u>1,424,958</u> | <u>2,808,445</u> |
| Expenditures | | | | | |
| Capital outlay | | | | | |
| Economic & Physical Development | 4,575,700 | 2,756,228 | - | 1,507,194 | 4,263,422 |
| Total expenditures | <u>4,575,700</u> | <u>2,756,228</u> | <u>-</u> | <u>1,507,194</u> | <u>4,263,422</u> |
| Revenues over (under) expenditures | <u>(1,476,700)</u> | <u>(1,372,741)</u> | <u>-</u> | <u>(82,236)</u> | <u>(1,454,977)</u> |
| Other financing sources (uses) | | | | | |
| Bond issuance proceeds | 1,379,000 | 1,379,000 | - | - | 1,379,000 |
| Debt issuance costs | - | - | - | (5,458) | (5,458) |
| Transfers in | - | 99,500 | - | - | 99,500 |
| Transfers out | 97,700 | - | - | 47,000 | 47,000 |
| Total other financing sources | <u>1,476,700</u> | <u>1,478,500</u> | <u>-</u> | <u>41,542</u> | <u>1,520,042</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>\$ 105,759</u> | <u>\$ -</u> | <u>(40,694)</u> | <u>\$ 65,065</u> |
| Fund balance | | | | | |
| Beginning of year - July 1 | | | | <u>105,759</u> | |
| End of year - June 30 | | | | <u>\$ 65,065</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, 2018

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Net Position
Internal Service Funds
June 30, 2018**

| Assets | Group Insurance Fund | Employee Flexible Benefit Fund | Workers' Compensation Fund | General Litigation Fund | Vehicle Insurance Fund | Total |
|--|-------------------------------------|---|---|--|---------------------------------------|---------------------|
| Current assets | | | | | | |
| Other receivables, net | \$ 227,756 | \$ 109 | \$ 81,676 | \$ 281 | \$ 184 | \$ 310,006 |
| Inventories | 228,915 | - | - | - | - | 228,915 |
| Total current assets | <u>456,671</u> | <u>109</u> | <u>81,676</u> | <u>281</u> | <u>184</u> | <u>538,921</u> |
| Noncurrent assets | | | | | | |
| Restricted: | | | | | | |
| Cash and cash equivalents | 9,287,229 | 103,328 | 4,400,903 | 566,364 | 366,988 | 14,724,812 |
| Total noncurrent assets | <u>9,287,229</u> | <u>103,328</u> | <u>4,400,903</u> | <u>566,364</u> | <u>366,988</u> | <u>14,724,812</u> |
| Total assets | <u>9,743,900</u> | <u>103,437</u> | <u>4,482,579</u> | <u>566,645</u> | <u>367,172</u> | <u>15,263,733</u> |
| Deferred outflows of resources | | | | | | |
| Pension | 46,047 | - | 20,563 | - | - | 66,610 |
| OPEB | 10,618 | - | 6,571 | - | - | 17,189 |
| | <u>56,665</u> | <u>-</u> | <u>27,134</u> | <u>-</u> | <u>-</u> | <u>83,799</u> |
| Liabilities and net position | | | | | | |
| Current liabilities | | | | | | |
| Accounts and vouchers payable | 607,943 | - | 1,515 | - | 1,604 | 611,062 |
| Accrued payroll | 13,509 | - | 4,975 | - | - | 18,484 |
| Incurred but not reported | 1,612,464 | - | 3,622,800 | - | - | 5,235,264 |
| Current portion of long-term debt and accrued vacation | 19,577 | - | 10,032 | - | - | 29,609 |
| Total current liabilities | <u>2,253,493</u> | <u>-</u> | <u>3,639,322</u> | <u>-</u> | <u>1,604</u> | <u>5,894,419</u> |
| Noncurrent liabilities | | | | | | |
| Accrued vacation | 1,030 | - | 528 | - | - | 1,558 |
| Net pension liability | 56,361 | - | 15,386 | - | - | 71,747 |
| Other postemployment benefits liability | 620,814 | - | 367,522 | - | - | 988,336 |
| Total noncurrent liabilities | <u>678,205</u> | <u>-</u> | <u>383,436</u> | <u>-</u> | <u>-</u> | <u>1,061,641</u> |
| Total liabilities | <u>2,931,698</u> | <u>-</u> | <u>4,022,758</u> | <u>-</u> | <u>1,604</u> | <u>6,956,060</u> |
| Deferred inflows of resources | | | | | | |
| Pension | 22,507 | - | 27,384 | - | - | 49,891 |
| OPEB | 56,780 | - | 33,614 | - | - | 90,394 |
| | <u>79,287</u> | <u>-</u> | <u>60,998</u> | <u>-</u> | <u>-</u> | <u>140,285</u> |
| Net position | | | | | | |
| Restricted net position - claims | 9,287,229 | 103,328 | 4,400,903 | 566,364 | 366,988 | 14,724,812 |
| Unrestricted | (2,497,649) | 109 | (3,974,946) | 281 | (1,420) | (6,473,625) |
| Total net position | <u>\$ 6,789,580</u> | <u>\$ 103,437</u> | <u>\$ 425,957</u> | <u>\$ 566,645</u> | <u>\$ 365,568</u> | <u>\$ 8,251,187</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2018**

| | Group Insurance Fund | Employee Flexible Benefit Fund | Workers' Compensation Fund | General Litigation Fund | Vehicle Insurance Fund | Total |
|---|-------------------------------------|---|---|--|---------------------------------------|---------------------|
| Operating revenues | | | | | | |
| Contributions | \$ - | \$ 347,298 | \$ 2,493,438 | \$ - | \$ 828,255 | \$ 3,668,991 |
| Contributions - Group health insurance | 22,671,073 | - | - | - | - | 22,671,073 |
| Pharmacy services | 2,937,359 | - | - | - | - | 2,937,359 |
| Total operating revenues | <u>25,608,432</u> | <u>347,298</u> | <u>2,493,438</u> | <u>-</u> | <u>828,255</u> | <u>29,277,423</u> |
| Operating expenses | | | | | | |
| Salaries and employee benefits | - | 363,402 | 183,614 | - | - | 547,016 |
| Administrative costs | - | - | 43,479 | 41,088 | 829,309 | 913,876 |
| Workers' compensation claims | - | - | 1,296,515 | - | - | 1,296,515 |
| Group health insurance | 20,407,849 | - | - | - | - | 20,407,849 |
| Employee pharmacy | 3,599,710 | - | - | - | - | 3,599,710 |
| Employee clinic | 360,069 | - | - | - | - | 360,069 |
| Employee wellness program | 112,567 | - | - | - | - | 112,567 |
| Total operating expenses | <u>24,480,195</u> | <u>363,402</u> | <u>1,523,608</u> | <u>41,088</u> | <u>829,309</u> | <u>27,237,602</u> |
| Operating income (loss) | <u>1,128,237</u> | <u>(16,104)</u> | <u>969,830</u> | <u>(41,088)</u> | <u>(1,054)</u> | <u>2,039,821</u> |
| Nonoperating revenue (expense) | | | | | | |
| Interest earned on investments | 44,404 | 163 | 25,793 | 4,206 | 1,498 | 76,064 |
| Miscellaneous | 175 | - | - | - | 25,206 | 25,381 |
| Total nonoperating revenue (expense) | <u>44,579</u> | <u>163</u> | <u>25,793</u> | <u>4,206</u> | <u>26,704</u> | <u>101,445</u> |
| Income (loss) before transfers | 1,172,816 | (15,941) | 995,623 | (36,882) | 25,650 | 2,141,266 |
| Transfers in | - | - | - | 100,000 | - | 100,000 |
| Change in net position | <u>1,172,816</u> | <u>(15,941)</u> | <u>995,623</u> | <u>63,118</u> | <u>25,650</u> | <u>2,241,266</u> |
| Total net position - beginning | 6,106,498 | 119,378 | 2,915,966 | 503,527 | 339,918 | 9,985,287 |
| Restatement - OPEB | (489,734) | - | (157,100) | - | - | (646,834) |
| Restatement - IBNR | - | - | (3,328,532) | - | - | (3,328,532) |
| Total net position - beginning, restated | <u>5,616,764</u> | <u>119,378</u> | <u>(569,666)</u> | <u>503,527</u> | <u>339,918</u> | <u>6,009,921</u> |
| Total net position - ending | <u>\$ 6,789,580</u> | <u>\$ 103,437</u> | <u>\$ 425,957</u> | <u>\$ 566,645</u> | <u>\$ 365,568</u> | <u>\$ 8,251,187</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018**

| | Group Insurance Fund | Employee Flexible Benefit Fund | Workers' Compensation Fund | General Litigation Fund | Vehicle Insurance Fund | Total Internal Service Funds |
|---|-------------------------------------|---|---|--|---------------------------------------|---|
| Operating activities | | | | | | |
| Contributions | \$ 22,671,073 | \$ 347,298 | \$ 2,487,326 | \$ - | \$ 828,255 | \$ 26,333,952 |
| Cash paid to employees | (34,543) | (363,402) | 7,439 | - | - | (390,506) |
| Cash paid for goods and services | - | - | - | (41,088) | (833,146) | (874,234) |
| Cash received for goods and services | 3,113,154 | (69) | (37,915) | - | - | 3,075,170 |
| Cash paid for claims | (24,588,213) | - | (1,369,702) | - | - | (25,957,915) |
| Net cash provided by (used in) operating activities | <u>1,161,471</u> | <u>(16,173)</u> | <u>1,087,148</u> | <u>(41,088)</u> | <u>(4,891)</u> | <u>2,186,467</u> |
| Noncapital financing activities | | | | | | |
| Transfers in | - | - | - | 100,000 | - | 100,000 |
| Net cash provided (used) by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>100,000</u> | <u>-</u> | <u>100,000</u> |
| Capital and related financing activities | - | - | - | - | 25,206 | 25,206 |
| Investing activities | | | | | | |
| Investment earnings | 44,404 | 163 | 25,793 | 3,995 | 1,364 | 75,719 |
| Net cash provided (used) in investing activities | <u>44,404</u> | <u>163</u> | <u>25,793</u> | <u>3,995</u> | <u>1,364</u> | <u>75,719</u> |
| Net increase (decrease) in cash and cash equivalents/investments | <u>1,205,875</u> | <u>(16,010)</u> | <u>1,112,941</u> | <u>62,907</u> | <u>21,679</u> | <u>2,387,392</u> |
| Cash and cash equivalents | | | | | | |
| Beginning of year | <u>8,081,354</u> | <u>119,338</u> | <u>3,287,962</u> | <u>503,457</u> | <u>345,309</u> | <u>12,337,420</u> |
| End of year | <u>\$ 9,287,229</u> | <u>\$ 103,328</u> | <u>\$ 4,400,903</u> | <u>\$ 566,364</u> | <u>\$ 366,988</u> | <u>\$ 14,724,812</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018**

| | Group Insurance Fund | Employee Flexible Benefit Fund | Workers' Compensation Fund | General Litigation Fund | Vehicle Insurance Fund | Total Internal Service Funds |
|--|-------------------------------------|---|---|--|---------------------------------------|---|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | | | |
| Operating income (loss) | \$ 1,128,237 | \$ (16,104) | \$ 969,830 | \$ (41,088) | \$ (1,054) | \$ 2,039,821 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Change in assets and liabilities | | | | | | |
| (Increase) decrease in other receivables | 30,632 | (69) | (6,112) | - | - | 24,451 |
| (Increase) decrease in inventories | 93,193 | - | - | - | - | 93,193 |
| Increase (decrease) in accounts payable and accrued liabilities | (108,077) | - | 110,427 | - | (3,837) | (1,487) |
| Increase (decrease) in net pension asset | (23,966) | - | (10,874) | - | - | (34,840) |
| Increase (decrease) in deferred outflows of resources - pensions | 25,165 | - | 12,135 | - | - | 37,300 |
| Increase (decrease) in deferred inflows of resources - pensions | (1,117) | - | (506) | - | - | (1,623) |
| Increase (decrease) in compensated absences payable | (3,693) | - | 40 | - | - | (3,653) |
| Increase (decrease) in OPEB | (25,065) | - | (14,835) | - | - | (39,900) |
| Increase (decrease) in deferred outflows of resources - OPEB | (10,618) | - | (6,571) | - | - | (17,189) |
| Increase (decrease) in deferred inflows of resources - OPEB | 56,780 | - | 33,614 | - | - | 90,394 |
| Total adjustments | <u>33,234</u> | <u>(69)</u> | <u>117,318</u> | <u>-</u> | <u>(3,837)</u> | <u>146,646</u> |
| Net cash provided by (used in) operating activities | <u>\$ 1,161,471</u> | <u>\$ (16,173)</u> | <u>\$ 1,087,148</u> | <u>\$ (41,088)</u> | <u>\$ (4,891)</u> | <u>\$ 2,186,467</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|----------------------|----------------------|------------------------------------|----------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Operating revenues | | | | |
| Contributions - Group health insurance | \$ 23,119,700 | \$ 22,671,073 | \$ (448,627) | \$ 24,598,900 |
| Pharmacy services | 2,490,917 | 2,937,359 | 446,442 | 3,182,529 |
| | <u>25,610,617</u> | <u>25,608,432</u> | <u>(2,185)</u> | <u>27,781,429</u> |
| Non-operating revenues | | | | |
| Litigation settlement | - | 175 | 175 | 25 |
| Interest earned on investments | 300 | 44,404 | 44,104 | 14,352 |
| | <u>300</u> | <u>44,579</u> | <u>44,279</u> | <u>14,377</u> |
| Other financing sources | | | | |
| Transfers in | 2,500,000 | | (2,500,000) | 110,000 |
| Appropriated fund balance | - | - | - | - |
| Total revenues and other financing sources | <u>\$ 28,110,917</u> | <u>\$ 25,653,011</u> | <u>\$ (2,457,906)</u> | <u>\$ 27,905,806</u> |
| Operating expenditures | | | | |
| Employee pharmacy | \$ 3,979,861 | \$ 3,578,531 | \$ 401,330 | \$ 3,590,037 |
| Employee clinic | 403,200 | 360,069 | 43,131 | 353,889 |
| Group health insurance | 23,501,209 | 20,407,849 | 3,093,360 | 18,980,400 |
| Employee wellness program | 226,647 | 112,567 | 114,080 | 134,761 |
| | <u>28,110,917</u> | <u>24,459,016</u> | <u>3,651,901</u> | <u>23,059,087</u> |
| Other financing uses | | | | |
| Transfers out | - | - | - | - |
| Total expenditures and other financing uses | <u>\$ 28,110,917</u> | <u>\$ 24,459,016</u> | <u>\$ 3,651,901</u> | <u>\$ 23,059,087</u> |
| Reconciliation of income before transfers | | | | |
| Total revenues and other financing sources | | \$ 25,653,011 | | |
| Total expenditures and other financing uses | | <u>24,459,016</u> | | |
| Subtotal | | <u>1,193,995</u> | | |
| Change in net pension liability | | 23,966 | | |
| Change in deferred outflows of resources - pensions | | (25,165) | | |
| Change in deferred inflows of resources - pensions | | 1,117 | | |
| Change in net OPEB liability | | 25,065 | | |
| Change in deferred outflows of resources - OPEB | | 10,618 | | |
| Change in deferred inflows of resources - OPEB | | <u>(56,780)</u> | | |
| Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position | | <u>\$ 1,172,816</u> | | |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|-------------------|--------------------|------------------------------------|-------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Operating revenues | | | | |
| Contributions | \$ 600,000 | \$ 347,298 | \$ (252,702) | \$ 566,134 |
| Non-operating revenues | | | | |
| Interest earned on investments | - | 163 | 163 | 202 |
| Total non-operating revenues | - | 163 | 163 | 202 |
| Total revenues | <u>\$ 600,000</u> | <u>\$ 347,461</u> | <u>\$ (252,539)</u> | <u>\$ 566,336</u> |
| Operating expenditures | | | | |
| Salaries and employee benefits | \$ 600,000 | \$ 363,402 | \$ 236,598 | \$ 547,760 |
| Other financing uses | | | | |
| Transfers out | - | - | - | 110,000 |
| Total expenditures and other financing uses | <u>\$ 600,000</u> | <u>\$ 363,402</u> | <u>\$ 236,598</u> | <u>\$ 657,760</u> |
| Reconciliation of income before transfers | | | | |
| Total revenues and other financing sources | | \$ 347,461 | | |
| Total expenditures and other financing uses | | <u>363,402</u> | | |
| Subtotal | | <u>(15,941)</u> | | |
| Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position | | <u>\$ (15,941)</u> | | |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|---------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Operating revenues | | | | |
| Contributions | \$ 1,752,939 | \$ 2,493,438 | \$ 740,499 | \$ 2,263,471 |
| Non-operating revenues | | | | |
| Interest earned on investments | - | 25,793 | 25,793 | 6,206 |
| Total revenues | <u>\$ 1,752,939</u> | <u>\$ 2,519,231</u> | <u>\$ 766,292</u> | <u>\$ 2,269,677</u> |
| Operating expenditures | | | | |
| Administrative costs | \$ 50,900 | \$ 43,479 | \$ 7,421 | \$ 45,869 |
| Workers' compensation claims | 1,510,930 | 1,296,515 | 214,415 | - |
| Salaries and employee benefits | 205,109 | 170,651 | 34,458 | 1,440,451 |
| Total expenditures | <u>1,766,939</u> | <u>1,510,645</u> | <u>256,294</u> | <u>1,486,320</u> |
| Total expenditures and other financing uses | <u>\$ 1,766,939</u> | <u>\$ 1,510,645</u> | <u>\$ 256,294</u> | <u>\$ 1,486,320</u> |
| Reconciliation of income before transfers | | | | |
| Total revenues and other financing sources | | \$ 2,519,231 | | |
| Total expenditures | | <u>1,510,645</u> | | |
| Subtotal | | <u>1,008,586</u> | | |
| Change in net pension liability | | 10,874 | | |
| Change in deferred outflows of resources - pensions | | (12,135) | | |
| Change in deferred inflows of resources - pensions | | 506 | | |
| Change in net OPEB liability | | 14,835 | | |
| Change in deferred outflows of resources - OPEB | | 6,571 | | |
| Change in deferred inflows of resources - OPEB | | <u>(33,614)</u> | | |
| Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position | | <u>\$ 995,623</u> | | |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|-------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Operating revenues | \$ - | \$ - | \$ - | \$ - |
| Non-operating revenues | | | | |
| Interest earned on investments | 600 | 4,206 | 3,606 | 1,003 |
| Other financing sources | | | | |
| Transfers in | 100,000 | 100,000 | - | 102,200 |
| Appropriated fund balance | - | - | - | - |
| Total revenues and other financing sources | <u>\$ 100,600</u> | <u>\$ 104,206</u> | <u>\$ 3,606</u> | <u>\$ 103,203</u> |
| Operating expenditures | | | | |
| Administrative costs | \$ 100,600 | \$ 41,088 | \$ 59,512 | \$ 8,622 |
| Other financing uses | | | | |
| Transfers out | - | - | - | - |
| Total expenditures and other financing uses | <u>\$ 100,600</u> | <u>\$ 41,088</u> | <u>\$ 59,512</u> | <u>\$ 8,622</u> |
| Reconciliation of income before transfers | | | | |
| Total revenues and other financing sources | | \$ 104,206 | | |
| Total expenditures | | <u>41,088</u> | | |
| Subtotal | | <u>63,118</u> | | |
| Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position | | <u>\$ 63,118</u> | | |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

**Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|-------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | |
| Revenues | | | | |
| Operating revenues | | | | |
| Contributions | \$ 825,638 | \$ 828,255 | \$ 2,617 | \$ 719,421 |
| Interest | - | 1,498 | 1,498 | 749 |
| Miscellaneous | 25,206 | 25,206 | - | - |
| Appropriated fund balance | 11,457 | - | (11,457) | - |
| | <u>\$ 862,301</u> | <u>\$ 854,959</u> | <u>\$ (7,342)</u> | <u>\$ 720,170</u> |
| Operating expenditures | | | | |
| Administrative costs | <u>\$ 862,301</u> | <u>\$ 829,309</u> | <u>\$ 32,992</u> | <u>\$ 709,838</u> |
| Reconciliation of income before transfers | | | | |
| Total revenues and other financing sources | | \$ 854,959 | | |
| Total expenditures | | <u>829,309</u> | | |
| Subtotal | | <u>25,650</u> | | |
| Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position | | <u>\$ 25,650</u> | | |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018**

| | City Tax Fund | Payee Account Fund | Inmate Payee Fund | Inter- Governmental Custodial Fund | Stormwater Utility Fund | Vehicle Interest Fund | Totals |
|--------------------------------------|------------------------------|-----------------------------------|----------------------------------|---|--|--------------------------------------|---------------------|
| Assets | | | | | | | |
| Taxes receivable | \$ 3,251,800 | \$ - | \$ - | \$ - | \$ 8,664 | \$ - | \$ 3,260,464 |
| Due from other governments | 867,990 | - | - | - | - | - | 867,990 |
| Restricted cash and cash equivalents | 177,639 | 464,013 | 128,990 | 124,876 | 30,258 | - | 925,776 |
| Total assets | \$ 4,297,429 | \$ 464,013 | \$ 128,990 | \$ 124,876 | \$ 38,922 | \$ - | \$ 5,054,230 |
| Liabilities | | | | | | | |
| Accounts and vouchers payable | \$ 4,262,560 | \$ 464,013 | \$ 128,990 | \$ 124,876 | \$ 38,922 | \$ - | \$ 5,019,361 |
| Due to other governments | 34,869 | - | - | - | - | - | 34,869 |
| Total liabilities | \$ 4,297,429 | \$ 464,013 | \$ 128,990 | \$ 124,876 | \$ 38,922 | \$ - | \$ 5,054,230 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2018**

| | <u>July 1, 2017</u> | <u>Additions</u> | <u>Deductions</u> | <u>June 30, 2018</u> |
|--|---------------------|-----------------------|-----------------------|----------------------|
| <u>City Tax Fund</u> | | | | |
| Assets | | | | |
| Taxes receivable | \$ 3,330,108 | \$ 88,055,237 | \$ 88,133,545 | \$ 3,251,800 |
| Due from other governments | 880,766 | 890,583 | 903,359 | 867,990 |
| Restricted cash and cash equivalents | 142,005 | 97,874,641 | 97,839,007 | 177,639 |
| Total assets | \$ 4,352,879 | \$ 186,820,461 | \$ 186,875,911 | \$ 4,297,429 |
| Liabilities | | | | |
| Accounts and vouchers payable | \$ 4,332,217 | \$ 186,785,592 | \$ 186,855,249 | \$ 4,262,560 |
| Due to other governments | 20,662 | 34,869 | 20,662 | 34,869 |
| Total liabilities | \$ 4,352,879 | \$ 186,820,461 | \$ 186,875,911 | \$ 4,297,429 |
| <u>Payee Account Fund</u> | | | | |
| Assets | | | | |
| Restricted cash and cash equivalents | \$ 390,942 | \$ 926,363 | \$ 853,292 | \$ 464,013 |
| Total assets | \$ 390,942 | \$ 926,363 | \$ 853,292 | \$ 464,013 |
| Liabilities | | | | |
| Accounts and vouchers payable | \$ 390,942 | \$ 926,363 | \$ 853,292 | \$ 464,013 |
| Total liabilities | \$ 390,942 | \$ 926,363 | \$ 853,292 | \$ 464,013 |
| <u>Inmate Payee Fund</u> | | | | |
| Assets | | | | |
| Restricted cash and cash equivalents | \$ 102,716 | \$ 1,755,515 | \$ 1,729,241 | \$ 128,990 |
| Total assets | \$ 102,716 | \$ 1,755,515 | \$ 1,729,241 | \$ 128,990 |
| Liabilities | | | | |
| Accounts and vouchers payable | \$ 102,716 | \$ 1,755,515 | \$ 1,729,241 | \$ 128,990 |
| Total liabilities | \$ 102,716 | \$ 1,755,515 | \$ 1,729,241 | \$ 128,990 |
| <u>Intergovernmental Custodial Fund</u> | | | | |
| Assets | | | | |
| Restricted cash and cash equivalents | \$ 79,728 | \$ 1,614,569 | \$ 1,569,421 | \$ 124,876 |
| Total assets | \$ 79,728 | \$ 1,614,569 | \$ 1,569,421 | \$ 124,876 |
| Liabilities | | | | |
| Accounts and vouchers payable | \$ 79,728 | \$ 1,614,569 | \$ 1,569,421 | \$ 124,876 |
| Total liabilities | \$ 79,728 | \$ 1,614,569 | \$ 1,569,421 | \$ 124,876 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2018**

| | <u>July 1, 2017</u> | <u>Additions</u> | <u>Deductions</u> | <u>June 30, 2018</u> |
|--|---------------------|-----------------------|-----------------------|----------------------|
| <u>Stormwater Utility Fund</u> | | | | |
| Assets | | | | |
| Taxes receivable | \$ 11,704 | \$ 3,690 | \$ 6,730 | \$ 8,664 |
| Restricted cash and cash equivalents | 37,230 | 3,343 | 10,315 | 30,258 |
| Total assets | \$ 48,934 | \$ 7,033 | \$ 17,045 | \$ 38,922 |
| Liabilities | | | | |
| Accounts and vouchers payable | \$ 48,934 | \$ 7,033 | \$ 17,045 | \$ 38,922 |
| Total liabilities | \$ 48,934 | \$ 7,033 | \$ 17,045 | \$ 38,922 |
| <u>Vehicle Interest Fund</u> | | | | |
| Assets | | | | |
| Restricted cash and cash equivalents | \$ - | \$ 170 | \$ 170 | \$ - |
| Total assets | \$ - | \$ 170 | \$ 170 | \$ - |
| Liabilities | | | | |
| Due to other governments | \$ - | \$ 170 | \$ 170 | \$ - |
| Total liabilities | \$ - | \$ 170 | \$ 170 | \$ - |
| <u>TOTAL - ALL AGENCY FUNDS</u> | | | | |
| Assets | | | | |
| Taxes receivable | \$ 3,341,812 | \$ 88,058,927 | \$ 88,140,275 | \$ 3,260,464 |
| Due from other governments | 880,766 | 890,583 | 903,359 | 867,990 |
| Restricted cash and cash equivalents | 752,621 | 102,174,601 | 102,001,446 | 925,776 |
| Total assets | \$ 4,975,199 | \$ 191,124,111 | \$ 191,045,080 | \$ 5,054,230 |
| Liabilities | | | | |
| Accounts and vouchers payable | \$ 4,954,537 | \$ 191,089,072 | \$ 191,024,248 | \$ 5,019,361 |
| Due to other governments | 20,662 | 35,039 | 20,832 | 34,869 |
| Total liabilities | \$ 4,975,199 | \$ 191,124,111 | \$ 191,045,080 | \$ 5,054,230 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Combining Statement of Fiduciary Assets and Liabilities
Agency Fund - City Tax Fund
June 30, 2018**

| | Fayetteville Tax Fund | Downtown Revitalization Tax Fund | Falcon Tax Fund | Godwin Tax Fund | Hope Mills Tax Fund | Linden Tax Fund | Spring Lake Tax Fund | Stedman Tax Fund | Wade Tax Fund | Eastover Tax Fund | Totals |
|--------------------------------------|----------------------------------|---|----------------------------|----------------------------|------------------------------------|----------------------------|-------------------------------------|-----------------------------|--------------------------|------------------------------|---------------------|
| Assets | | | | | | | | | | | |
| Taxes receivable | \$ 2,860,572 | \$ 3,915 | \$ 1,316 | \$ 978 | \$ 124,054 | \$ 862 | \$ 227,815 | \$ 8,852 | \$ 3,500 | \$ 19,936 | \$ 3,251,800 |
| Due from other governments | 771,878 | 679 | 279 | 527 | 53,737 | - | 27,625 | 4,715 | 836 | 7,714 | 867,990 |
| Restricted cash and cash equivalents | 134,951 | - | - | 103 | 7,080 | 203 | 31,447 | 172 | 321 | 3,362 | 177,639 |
| Total assets | \$ 3,767,401 | \$ 4,594 | \$ 1,595 | \$ 1,608 | \$ 184,871 | \$ 1,065 | \$ 286,887 | \$ 13,739 | \$ 4,657 | \$ 31,012 | \$ 4,297,429 |
| Liabilities | | | | | | | | | | | |
| Accounts and vouchers payable | \$ 3,735,829 | \$ 1,478 | \$ 1,473 | \$ 1,607 | \$ 184,813 | \$ 1,065 | \$ 286,887 | \$ 13,739 | \$ 4,657 | \$ 31,012 | \$ 4,262,560 |
| Due to other governments | 31,572 | 3,116 | 122 | 1 | 58 | - | - | - | - | - | 34,869 |
| Total liabilities | \$ 3,767,401 | \$ 4,594 | \$ 1,595 | \$ 1,608 | \$ 184,871 | \$ 1,065 | \$ 286,887 | \$ 13,739 | \$ 4,657 | \$ 31,012 | \$ 4,297,429 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Eastover Sanitary District
Statement of Net Position
June 30, 2018

| Assets | |
|---|---------------------|
| Current assets | |
| Cash and cash equivalents | \$ 1,731,359 |
| Accounts receivable, net | 207,900 |
| Other receivables, net | 979 |
| Total current assets | <u>1,940,238</u> |
| Noncurrent assets | |
| Restricted: | |
| Cash and cash equivalents | 279,189 |
| Capital assets, net of accumulated depreciation | 18,522,147 |
| Total noncurrent assets | <u>18,801,336</u> |
| Total assets | <u>20,741,574</u> |
| Liabilities and net position | |
| Current liabilities | |
| Accounts and vouchers payable | 72,834 |
| Accrued interest payable | 36,361 |
| Other payables | 9,678 |
| Current portion of long-term debt | 281,981 |
| Total current liabilities | <u>400,854</u> |
| Noncurrent liabilities | |
| Long-term debt | 10,695,978 |
| Total noncurrent liabilities | <u>10,695,978</u> |
| Total liabilities | <u>11,096,832</u> |
| Net position | |
| Net investment in capital assets | 7,551,500 |
| Restricted net position - debt service | 221,949 |
| Restricted net position - facility investment fee | 57,240 |
| Unrestricted | 1,814,053 |
| Total net position | <u>\$ 9,644,742</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Eastover Sanitary District
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018

| | |
|---|---------------------|
| Operating revenues | |
| Charges for services | \$ 2,169,779 |
| Total operating revenues | <u>2,169,779</u> |
| Operating expenses | |
| Salaries and employee benefits | 156,318 |
| Repairs and maintenance | 21,446 |
| Utilities | 17,359 |
| Administrative costs | 150,279 |
| Bulk water purchases | 328,975 |
| Sewer treatment | 83,517 |
| Contracted services | 278,460 |
| Depreciation | 594,817 |
| Total operating expenses | <u>1,631,171</u> |
| Operating income (loss) | <u>538,608</u> |
| Nonoperating revenue (expense) | |
| Interest earned on investments | 15,169 |
| Miscellaneous | 63,404 |
| Interest expense | (465,378) |
| Total nonoperating revenue (expense) | <u>(386,805)</u> |
| Income (loss) before capital contributions | 151,803 |
| Capital contributions | <u>214,040</u> |
| Change in net position | 365,843 |
| Total net position - beginning | <u>9,278,899</u> |
| Total net position - ending | <u>\$ 9,644,742</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Discretely Presented Component Unit
Eastover Sanitary District
Statement of Cash Flows
Year Ended June 30, 2018**

| | |
|--|---------------------|
| Operating activities | |
| Cash received from customers | \$ 2,163,200 |
| Cash paid to employees | (151,728) |
| Cash paid for goods and services | (882,983) |
| Net cash provided by (used in) operating activities | <u>1,128,489</u> |
| Net cash provided (used) by noncapital financing activities | <u>-</u> |
| Capital and related financing activities | |
| Acquisition and construction of capital assets | (160,094) |
| Principal paid on long-term debt | (294,600) |
| Interest paid on debt | (466,616) |
| Other miscellaneous transactions | 63,404 |
| Net cash provided (used) by capital and related financing activities | <u>(857,906)</u> |
| Investing activities | |
| Investment earnings | 14,441 |
| Net cash provided (used) in investing activities | <u>14,441</u> |
| Net increase in cash and cash equivalents | <u>285,024</u> |
| Cash and cash equivalents | |
| Beginning of year | <u>1,725,524</u> |
| End of year | <u>\$ 2,010,548</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | |
| Operating income (loss) | \$ 538,608 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | |
| Depreciation | 594,817 |
| Change in assets and liabilities | |
| (Increase) decrease in accounts receivable | (6,579) |
| Increase (decrease) in accounts payable and accrued liabilities | (5,669) |
| Total adjustments | <u>589,881</u> |
| Net cash provided by (used in) operating activities | <u>\$ 1,128,489</u> |
| Reconciliation to cash and cash equivalents | |
| Cash and cash equivalents - unrestricted | \$ 1,731,359 |
| Cash and cash equivalents - restricted | 279,189 |
| | <u>\$ 2,010,548</u> |
| Noncash investing, capital, and financing activities: | |
| Contributed assets | <u>\$ 214,040</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Eastover Sanitary District
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|---|---------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | |
| Operating revenues | | | | |
| Charges for services | \$ 1,986,750 | \$ 2,169,779 | \$ 183,029 | \$ 2,112,628 |
| Total operating revenues | 1,986,750 | 2,169,779 | 183,029 | 2,112,628 |
| Nonoperating revenues and other financing sources | | | | |
| Interest earned on investments | 3,000 | 15,169 | 12,169 | 4,071 |
| Miscellaneous | 51,496 | 63,404 | 11,908 | 2,741 |
| Grant revenue | - | - | - | 30,349 |
| Transfers in | 835,087 | 785,085 | (50,002) | 784,508 |
| Capital contributions | - | 214,040 | 214,040 | 388,289 |
| Total nonoperating revenues and other financing sources | 889,583 | 1,077,698 | 188,115 | 1,209,958 |
| Appropriated fund balance | 111,593 | - | (111,593) | - |
| Total revenues, other financing sources and fund balance appropriations | \$ 2,987,926 | \$ 3,247,477 | \$ 259,551 | \$ 3,322,586 |
| Operating expenditures | | | | |
| Salaries and employee benefits | \$ 160,547 | \$ 156,318 | \$ 4,229 | \$ 160,704 |
| Repairs and maintenance | 106,888 | 21,446 | 85,442 | 44,260 |
| Utilities | 19,200 | 17,359 | 1,841 | 15,658 |
| Administrative costs | 423,233 | 150,279 | 272,954 | 157,256 |
| Bulk water purchases | 319,768 | 328,975 | (9,207) | 309,004 |
| Sewer treatment | 95,000 | 83,517 | 11,483 | 82,130 |
| Contracted services | 283,116 | 278,460 | 4,656 | 281,667 |
| Miscellaneous | 10,000 | - | 10,000 | - |
| Total operating expenditures | 1,417,752 | 1,036,354 | 381,398 | 1,050,679 |
| Nonoperating expenditures | | | | |
| Debt Service | 785,087 | 465,378 | 319,709 | 476,520 |
| Total nonoperating expenditures | 785,087 | 465,378 | 319,709 | 476,520 |
| Other expenditures and financing uses | | | | |
| Transfers out | 785,087 | 785,085 | 2 | 784,508 |
| Capital outlay | - | 160,094 | (160,094) | - |
| Total other expenditures and financing uses | 785,087 | 945,179 | (160,092) | 784,508 |
| Total expenditures and other financing uses | \$ 2,987,926 | \$ 2,446,911 | \$ 541,015 | \$ 2,311,707 |
| Reconciliation of modified accrual basis to full accrual basis | | | | |
| Total revenues and other financing sources | | \$ 3,247,477 | | |
| Total expenditures and other financing uses | | 2,446,911 | | |
| | | 800,566 | | |
| Capital outlay | | 160,094 | | |
| Depreciation | | (594,817) | | |
| Income (loss) per Statement of Revenues, Expenses, and Changes in Net Position | | \$ 365,843 | | |

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, 2018

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Net Position
June 30, 2018

| Assets | |
|-------------------------------------|-------------------|
| Current assets | |
| Cash and cash equivalents | \$ 1,553,395 |
| Other receivables, net | <u>543</u> |
| Total current assets | <u>1,553,938</u> |
| Total assets | <u>1,553,938</u> |
| | |
| Liabilities and net position | |
| Current liabilities | |
| Accounts and vouchers payable | <u>691,885</u> |
| Total liabilities | <u>691,885</u> |
| | |
| Net position | |
| Unrestricted | <u>862,053</u> |
| Total net position | <u>\$ 862,053</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018

| | |
|---|--------------------------|
| Operating revenues | |
| Occupancy taxes | \$ 6,144,980 |
| Operating expenses | |
| Cultural and recreational | <u>6,158,127</u> |
| Operating income (loss) | <u>(13,147)</u> |
| Nonoperating revenue (expense) | |
| Interest earned on investments | <u>3,310</u> |
| Income (loss) before transfers and contributions | <u>(9,837)</u> |
| Change in net position | (9,837) |
| Total net position - beginning | <u>871,890</u> |
| Total net position - ending | <u><u>\$ 862,053</u></u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit
Tourism Development Authority
Statement of Cash Flows
Year Ended June 30, 2018

| | |
|---|---------------------|
| Operating activities | |
| Cash received from operations | \$ 6,144,980 |
| Cash paid for goods and services | <u>(6,119,225)</u> |
| Net cash provided by (used in) operating activities | <u>25,755</u> |
| Net cash provided (used) by capital and related financing activities | <u>-</u> |
| Net cash provided (used) in investing activities | <u>2,992</u> |
| Net increase in cash and cash equivalents | <u>28,747</u> |
| Cash and cash equivalents | |
| Beginning of year | <u>1,524,648</u> |
| End of year | <u>\$ 1,553,395</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | |
| Operating income (loss) | \$ (13,147) |
| Change in assets and liabilities | |
| Increase (decrease) in accounts payable and accrued liabilities | <u>38,902</u> |
| Total adjustments | <u>38,902</u> |
| Net cash provided by (used in) operating activities | <u>\$ 25,755</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Tourism Development Authority
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)**

| | 2018 | | Variance Positive (Negative) | 2017 |
|--|---------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | |
| Operating revenues | | | | |
| Charges for services | \$ 6,234,038 | \$ 6,144,980 | \$ (89,058) | \$ 6,253,674 |
| Nonoperating revenues | | | | |
| Interest | - | 3,310 | 3,310 | 2,855 |
| Total revenues | <u>\$ 6,254,038</u> | <u>\$ 6,148,290</u> | <u>\$ (105,748)</u> | <u>\$ 6,256,529</u> |
| Operating expenditures | | | | |
| Cultural and recreational | \$ 6,254,038 | \$ 6,158,127 | \$ 95,911 | \$ 6,299,386 |
| Total expenditures | <u>\$ 6,254,038</u> | <u>\$ 6,158,127</u> | <u>\$ 95,911</u> | <u>\$ 6,299,386</u> |
| Reconciliation of modified accrual basis to full accrual basis | | | | |
| Total revenues | | \$ 6,148,290 | | |
| Total expenditures | | <u>6,158,127</u> | | |
| | | <u>(9,837)</u> | | |
| Income (loss) before transfers and contributions per Statement of Revenues, Expenses, and Changes in Net Position | | <u>\$ (9,837)</u> | | |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Current Tax Levy
Year Ended June 30, 2018**

| | County-Wide | | | Total Levy | |
|---|--------------------------------|---------|------------------|--|---------------------------------|
| | Total Property Valuation | Rate | Amount of Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy | | | | | |
| County-wide | \$ 22,963,705,266 | 0.00799 | \$ 183,173,866 | | |
| Late listing penalties | | 0.10000 | <u>114,182</u> | \$ 183,288,048 | \$ 18,834,865 |
| Discoveries | | | | | |
| County-wide | 114,619,598 | 0.00799 | 915,811 | | |
| Late listing penalties | | 0.10000 | <u>238,163</u> | 1,153,974 | 17,496 |
| Abatements | | | | | |
| County wide | (85,237,300) | 0.00799 | (681,046) | | |
| Late listing penalties | | 0.10000 | <u>(139,897)</u> | <u>(820,943)</u> | <u>(4,037)</u> |
| | <u>\$ 22,993,087,564</u> | | | | |
| Adjusted tax levy | | | | 183,621,079 | 18,848,324 |
| Uncollected taxes at June 30, 2018 | | | | <u>(1,494,182)</u> | <u>(111,693)</u> |
| Current year's taxes collected | | | | <u>\$ 182,126,897</u> | <u>\$ 18,736,631</u> |
| Percent of current year's taxes collected | | | | <u>99.19%</u> | <u>99.41%</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Schedule of Ad Valorem Taxes Receivable
June 30, 2018**

| Fiscal Year | Uncollected Balance July 1, 2017 | Additions | Collections and Credits | Uncollected Balance June 30, 2018 |
|---|---|-----------------------|--|--|
| 2016-2017 | \$ - | \$ 183,621,079 | \$ 182,126,897 | \$ 1,494,182 |
| Prior years | 7,359,824 | - | 1,694,400 | 5,665,424 |
| | <u>\$ 7,359,824</u> | <u>\$ 183,621,079</u> | <u>\$ 183,821,297</u> | 7,159,606 |
| Less allowance for uncollectible ad valorem taxes receivable | | | | <u>(5,307,485)</u> |
| | | | | <u>\$ 1,852,121</u> |

RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES

| | |
|--|-----------------------|
| Collections and credits per above | \$ 183,821,297 |
| Interest | 544,701 |
| Processing fees | 35,320 |
| Rental Car/Equipment Taxes | 920,694 |
| Other | (15,719) |
| Releases from prior years | <u>(520,702)</u> |
| Ad Valorem Taxes - General Fund (per report) | <u>\$ 184,785,591</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

**Emergency Telephone System Unspent Balance
PSAP Reconciliation
June 30, 2018**

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 | \$ | 36,120 |
| Market adjustment on investments after PSAP report submitted | | - |
| Ineligible 911 expenditures - prior years | | - |
| | | <hr/> |
| Beginning Balance, PSAP Revenue-Expenditure Report*** | | 2,356,892 |
| | | <hr/> |
| Ending Balance, PSAP Revenue-Expenditure Report | \$ | <u>2,393,012</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 | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 113,222,386 | \$ 130,423,459 | \$ 145,718,565 | \$ 144,858,779 | \$ 152,206,505 | \$ 159,441,226 | \$ 160,482,008 | \$ 161,376,329 | \$ 163,004,686 | \$ 161,369,905 |
| Restricted | 32,513,194 | 31,401,643 | 91,003,476 | 54,474,736 | 51,350,047 | 55,508,183 | 51,285,265 | 54,946,069 | 66,301,394 | 75,001,538 |
| Unrestricted | (43,920,792) | (62,322,028) | (136,915,906) | (102,125,872) | (107,618,490) | (120,546,496) | (119,598,444) | (112,796,933) | (119,952,268) | (282,762,923) |
| Prior period adjustment | - | - | - | (1,464,823) | - | - | - | - | - | - |
| Total governmental activities net position | <u>\$ 101,814,788</u> | <u>\$ 99,503,074</u> | <u>\$ 99,806,135</u> | <u>\$ 95,742,820</u> | <u>\$ 95,938,062</u> | <u>\$ 94,402,913</u> | <u>\$ 92,168,829</u> | <u>\$ 103,525,465</u> | <u>\$ 109,353,812</u> | <u>\$ (46,391,480)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 35,922,541 | \$ 37,024,911 | \$ 36,170,451 | \$ 32,823,195 | \$ 32,095,383 | \$ 31,819,848 | \$ 31,557,533 | \$ 33,490,377 | \$ 37,152,240 | \$ 46,331,906 |
| Restricted | 8,544,807 | 8,646,797 | 8,927,040 | 11,838,655 | 11,525,551 | 19,988,485 | 14,589,748 | - | 10,374,109 | 3,759,889 |
| Unrestricted | 26,985,168 | 26,701,894 | 26,268,296 | 25,781,447 | 25,993,379 | 18,426,927 | 24,812,220 | 39,387,855 | 30,809,678 | 27,028,957 |
| Prior period adjustment | - | - | - | (254,826) | - | - | - | - | - | - |
| Total business-type activities net position | <u>\$ 71,452,516</u> | <u>\$ 72,373,602</u> | <u>\$ 71,365,787</u> | <u>\$ 70,188,471</u> | <u>\$ 69,614,313</u> | <u>\$ 70,235,260</u> | <u>\$ 70,959,501</u> | <u>\$ 72,878,232</u> | <u>\$ 78,336,027</u> | <u>\$ 77,120,752</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 149,144,927 | \$ 167,448,370 | \$ 181,889,016 | \$ 177,681,974 | \$ 184,301,888 | \$ 191,261,074 | \$ 192,039,541 | \$ 194,866,706 | \$ 200,156,926 | \$ 207,701,811 |
| Restricted | 41,058,001 | 40,048,440 | 99,930,516 | 66,313,391 | 62,875,598 | 75,496,668 | 65,875,013 | 54,946,069 | 76,675,503 | 78,761,427 |
| Unrestricted | (16,935,624) | (35,620,134) | (110,647,610) | (76,344,425) | (81,625,111) | (102,119,569) | (94,786,224) | (73,409,078) | (89,142,590) | (255,733,966) |
| Prior period adjustment | - | - | - | (1,719,649) | - | - | - | - | - | - |
| Total primary government net position | <u>\$ 173,267,304</u> | <u>\$ 171,876,676</u> | <u>\$ 171,171,922</u> | <u>\$ 165,931,291</u> | <u>\$ 165,552,375</u> | <u>\$ 164,638,173</u> | <u>\$ 163,128,330</u> | <u>\$ 176,403,697</u> | <u>\$ 187,689,839</u> | <u>\$ 30,729,272</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 27,423,609 | \$ 23,337,278 | \$ 26,113,873 | \$ 26,438,229 | \$ 26,044,059 | \$ 28,905,546 | \$ 26,795,436 | \$ 29,528,752 | \$ 30,128,456 | \$ 29,507,515 |
| Public safety | 52,605,678 | 57,441,883 | 57,268,195 | 59,658,090 | 61,955,844 | 66,897,589 | 65,033,036 | 68,675,832 | 70,034,152 | 68,374,946 |
| Economic & physical development | 15,361,627 | 18,944,001 | 16,199,629 | 13,147,908 | 12,806,612 | 12,557,762 | 11,911,261 | 13,667,168 | 13,008,901 | 13,777,811 |
| Human services | 115,362,990 | 113,529,432 | 115,603,566 | 117,628,689 | 110,237,271 | 105,177,910 | 101,196,588 | 107,291,125 | 110,361,150 | 95,495,386 |
| Cultural & recreational | 14,464,541 | 15,095,287 | 16,019,975 | 16,416,067 | 17,031,729 | 17,973,551 | 16,715,175 | 17,100,127 | 17,527,672 | 15,818,615 |
| Education | 98,329,043 | 98,360,208 | 93,248,232 | 92,463,573 | 96,686,785 | 94,841,212 | 99,040,656 | 97,089,412 | 97,230,388 | 104,859,935 |
| Interest on long-term debt | 10,948,170 | 8,285,618 | 8,080,259 | 7,322,300 | 6,746,530 | 6,049,811 | 5,259,142 | 4,684,877 | 4,010,962 | 2,380,138 |
| Total governmental activities expenses | \$ 334,495,658 | \$ 334,993,707 | \$ 332,533,729 | \$ 333,074,856 | \$ 331,508,830 | \$ 332,403,381 | \$ 325,951,294 | \$ 338,037,293 | \$ 342,301,681 | \$ 330,214,346 |
| Business type activities | | | | | | | | | | |
| Solid Waste | \$ 8,088,765 | \$ 9,268,378 | \$ 10,631,856 | \$ 10,362,349 | \$ 9,717,623 | \$ 7,274,208 | \$ 8,367,442 | \$ 9,382,539 | \$ 10,189,981 | \$ 11,055,063 |
| Crown Center | 10,062,189 | 9,166,951 | 9,348,450 | 9,227,595 | 9,134,040 | 9,004,249 | 7,829,562 | 7,436,596 | 7,745,790 | 8,081,185 |
| Kelly Hills Water and Sewer District | 66,862 | 66,845 | 66,855 | 72,569 | 75,337 | 68,661 | 67,709 | 139,826 | 118,113 | 108,803 |
| NORCRESS Water and Sewer District | 469,528 | 531,425 | 560,100 | 667,009 | 517,050 | 576,691 | 572,121 | 872,557 | 803,787 | 601,087 |
| Southpoint Water District | - | - | - | - | 3,529 | 24,674 | 30,673 | 26,564 | 25,936 | 21,418 |
| Overhills Park Water and Sewer District | - | - | - | - | - | - | - | - | 29,118 | 7,490 |
| Total business-type activities | \$ 18,687,344 | \$ 19,033,599 | \$ 20,607,261 | \$ 20,329,522 | \$ 19,447,579 | \$ 16,948,483 | \$ 16,867,507 | \$ 17,858,082 | \$ 18,912,725 | \$ 19,875,046 |
| Total primary government expenses | \$ 353,183,002 | \$ 354,027,306 | \$ 353,140,990 | \$ 353,404,378 | \$ 350,956,409 | \$ 349,351,864 | \$ 342,818,801 | \$ 355,895,375 | \$ 361,214,406 | \$ 350,089,392 |
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 2,746,345 | \$ 2,858,960 | \$ 2,832,221 | \$ 3,099,848 | \$ 2,773,636 | \$ 2,302,492 | \$ 2,264,053 | \$ 2,277,018 | \$ 2,410,131 | \$ 2,333,837 |
| Public safety | 2,822,042 | 3,419,961 | 3,310,454 | 3,847,775 | 4,190,473 | 3,588,254 | 4,176,589 | 3,571,955 | 3,824,951 | 4,077,437 |
| Economic & physical development | 907,184 | 969,652 | 1,660,379 | 1,509,164 | 1,440,607 | 1,387,921 | 1,330,020 | 1,394,180 | 1,354,788 | 1,177,033 |
| Human services | 11,672,005 | 12,388,227 | 10,466,993 | 11,018,446 | 8,358,643 | 4,858,269 | 5,092,117 | 6,144,958 | 6,093,677 | 6,056,500 |
| Cultural & recreational | 316,123 | 364,878 | 347,121 | 325,891 | 290,288 | 227,669 | 196,460 | 206,028 | 181,280 | 152,129 |
| Operating grants and contributions | | | | | | | | | | |
| General government | 766,005 | 752,384 | 1,362,164 | 1,343,499 | 1,273,932 | 1,210,508 | 1,210,223 | 1,290,179 | 2,207,743 | 1,407,281 |
| Public safety | 3,000,993 | 1,274,393 | 1,251,625 | 924,305 | 572,249 | 553,242 | 646,878 | 948,585 | 611,451 | 491,006 |
| Economic & physical development | 5,880,722 | 10,942,151 | 7,901,581 | 4,401,963 | 5,031,215 | 4,570,441 | 5,209,718 | 7,193,042 | 6,680,711 | 7,472,115 |
| Human services | 58,022,758 | 61,167,757 | 67,653,598 | 62,937,668 | 59,693,157 | 53,687,957 | 57,238,248 | 59,695,265 | 61,630,079 | 49,480,015 |
| Cultural & recreational | 1,148,277 | 886,957 | 739,007 | 739,007 | 690,144 | 940,764 | 629,495 | 644,904 | 690,437 | 747,975 |
| Capital grants and contributions | | | | | | | | | | |
| General government | 3,397,118 | 6,046,938 | 7,566,686 | 4,230,817 | 5,397,336 | 3,863,323 | 3,802,117 | 3,724,973 | 3,674,258 | 3,592,098 |
| Public safety | 752,035 | 746,372 | 228,701 | 293,661 | 467,535 | 774,769 | 56,472 | 171,196 | 301,935 | 166,330 |
| Economic & physical development | 1,349,603 | 1,336,432 | 1,153,621 | 929,630 | 935,972 | 1,165,423 | 917,914 | 1,180,957 | 957,955 | 677,334 |
| Human services | 497,549 | 348,341 | - | - | - | - | - | - | - | - |
| Cultural & recreational | - | - | - | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities programs revenues | \$ 93,278,759 | \$ 103,503,403 | \$ 106,594,184 | \$ 95,601,704 | \$ 91,115,187 | \$ 79,131,032 | \$ 82,770,304 | \$ 88,443,240 | \$ 90,619,396 | \$ 77,831,090 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

| | Fiscal Year | | | | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Solid Waste | \$ 3,824,892 | \$ 3,304,501 | \$ 3,725,540 | \$ 3,523,978 | \$ 2,897,533 | \$ 2,884,517 | \$ 3,407,640 | \$ 3,948,096 | \$ 4,626,879 | \$ 4,232,104 |
| Crown Center | 2,482,167 | 2,467,261 | 2,515,822 | 2,466,218 | 2,392,763 | 2,035,391 | 1,785,734 | 1,834,124 | 1,853,954 | 1,892,840 |
| Kelly Hills Water and Sewer District | - | - | 1,951 | 2,082 | 6,097 | 5,641 | 2,856 | 93,318 | 77,952 | 79,303 |
| NORCRESS Water and Sewer district | 250,755 | 294,027 | 370,612 | 391,357 | 385,599 | 392,137 | 423,601 | 397,195 | 350,328 | 347,257 |
| Southpoint Water District | - | - | - | - | 4,700 | 32,009 | 31,371 | 41,013 | 35,754 | 36,491 |
| Overhills Park Water and Sewer District | - | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | | | | | | | | | | |
| Solid Waste | 10,472 | 518,723 | 591,983 | 456,766 | 729,269 | 589,023 | 621,463 | 493,139 | 3,384,721 | 734,831 |
| Crown Center | - | - | - | - | - | - | - | - | 159,663 | 42,971 |
| Capital grants and contributions | | | | | | | | | | |
| Kelly Hills Water and Sewer District | - | - | - | - | - | - | - | - | - | - |
| NORCRESS Water and Sewer District | - | - | - | - | - | - | - | - | - | - |
| Southpoint Water and Sewer District | - | - | - | - | 361,239 | 40,053 | - | - | - | - |
| Overhills Park Water and Sewer District | - | - | - | - | - | - | - | - | 1,380,422 | 1,424,958 |
| Total business-type activities program revenues | <u>\$ 6,568,286</u> | <u>\$ 6,584,512</u> | <u>\$ 7,205,908</u> | <u>\$ 6,840,401</u> | <u>\$ 6,777,200</u> | <u>\$ 5,978,771</u> | <u>\$ 6,272,665</u> | <u>\$ 6,806,885</u> | <u>\$ 11,869,673</u> | <u>\$ 8,790,755</u> |
| Total primary government program revenues | <u>\$ 99,847,045</u> | <u>\$ 110,087,915</u> | <u>\$ 113,800,092</u> | <u>\$ 102,442,105</u> | <u>\$ 97,892,387</u> | <u>\$ 85,109,803</u> | <u>\$ 89,042,969</u> | <u>\$ 95,250,125</u> | <u>\$ 102,489,069</u> | <u>\$ 86,621,845</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (241,216,899) | \$ (231,490,304) | \$ (225,939,545) | \$ (237,473,152) | \$ (240,393,643) | \$ (253,272,349) | \$ (243,180,990) | \$ (249,594,053) | \$ (251,682,285) | \$ (252,383,256) |
| Business-type activities | (12,119,058) | (12,449,087) | (13,401,353) | (13,489,121) | (12,670,379) | (10,969,712) | (10,594,842) | (11,051,197) | (7,043,052) | (11,084,291) |
| Total primary government net expense | <u>\$ (253,335,957)</u> | <u>\$ (243,939,391)</u> | <u>\$ (239,340,898)</u> | <u>\$ (250,962,273)</u> | <u>\$ (253,064,022)</u> | <u>\$ (264,242,061)</u> | <u>\$ (253,775,832)</u> | <u>\$ (260,645,250)</u> | <u>\$ (258,725,337)</u> | <u>\$ (263,467,547)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Ad valorem taxes | \$ 155,334,243 | \$ 168,579,799 | \$ 167,672,376 | \$ 171,683,119 | \$ 176,659,705 | \$ 184,443,830 | \$ 182,564,817 | \$ 185,971,389 | \$ 189,961,506 | \$ 197,423,713 |
| Other taxes | 60,658,983 | 50,815,261 | 50,238,808 | 53,075,353 | 54,126,583 | 54,497,219 | 57,502,019 | 59,433,120 | 60,818,546 | 61,690,570 |
| Unrestricted grants and contributions | 9,354,732 | 10,663,034 | 10,313,488 | 10,614,999 | 10,434,412 | 11,708,537 | 11,250,145 | 12,746,032 | 12,493,334 | 13,609,843 |
| Investment earnings | 2,237,751 | 423,070 | 307,459 | 212,121 | 204,969 | 187,033 | 188,401 | 350,879 | 499,798 | 1,283,268 |
| Miscellaneous | 10,958,032 | 6,045,932 | 5,772,310 | 5,587,620 | 4,874,901 | 6,141,380 | 5,606,531 | 6,033,427 | 7,109,669 | 6,533,566 |
| Transfers | (7,276,945) | (7,348,506) | (8,061,835) | (6,298,552) | (5,711,685) | (5,141,299) | (5,441,959) | (5,680,022) | (5,552,333) | (5,784,863) |
| Total governmental activities | <u>\$ 231,266,796</u> | <u>\$ 229,178,590</u> | <u>\$ 226,242,606</u> | <u>\$ 234,874,660</u> | <u>\$ 240,588,885</u> | <u>\$ 251,836,700</u> | <u>\$ 251,669,954</u> | <u>\$ 258,854,825</u> | <u>\$ 265,330,520</u> | <u>\$ 274,756,097</u> |
| Business-type activities: | | | | | | | | | | |
| Other taxes | \$ 5,827,811 | \$ 5,811,507 | \$ 6,051,624 | \$ 6,097,110 | \$ 6,181,215 | \$ 6,189,859 | \$ 6,349,741 | \$ 6,328,374 | \$ 6,505,637 | \$ 7,338,720 |
| Investment earnings | 1,336,681 | 190,657 | 193,799 | 73,141 | 123,773 | 123,409 | 123,897 | 263,733 | 218,310 | 490,373 |
| Miscellaneous | 290,162 | 19,503 | 153,030 | 97,828 | 79,548 | 36,592 | - | 697,799 | 224,567 | 98,551 |
| Transfers | 7,276,945 | 7,348,506 | 8,061,835 | 6,298,552 | 5,711,685 | 5,141,299 | 5,441,959 | 5,680,022 | 5,552,333 | 5,784,863 |
| Total business-type activities | <u>\$ 14,731,599</u> | <u>\$ 13,370,173</u> | <u>\$ 14,460,288</u> | <u>\$ 12,566,631</u> | <u>\$ 12,096,221</u> | <u>\$ 11,491,159</u> | <u>\$ 11,915,597</u> | <u>\$ 12,969,928</u> | <u>\$ 12,500,847</u> | <u>\$ 13,712,507</u> |
| Total primary government | <u>\$ 245,998,395</u> | <u>\$ 242,548,763</u> | <u>\$ 240,702,894</u> | <u>\$ 247,441,291</u> | <u>\$ 252,685,106</u> | <u>\$ 263,327,859</u> | <u>\$ 263,585,551</u> | <u>\$ 271,824,753</u> | <u>\$ 277,831,367</u> | <u>\$ 288,468,604</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (9,950,103) | \$ (2,311,714) | \$ 303,061 | \$ (2,598,492) | \$ 195,242 | \$ (1,435,649) | \$ 8,488,964 | \$ 9,260,772 | \$ 13,648,235 | \$ 22,372,841 |
| Business-type activities | 2,612,541 | 921,086 | 1,058,935 | (922,490) | (574,158) | 521,447 | 1,320,755 | 1,918,731 | 5,457,795 | 2,628,216 |
| Total primary government | <u>\$ (7,337,562)</u> | <u>\$ (1,390,628)</u> | <u>\$ 1,361,996</u> | <u>\$ (3,520,982)</u> | <u>\$ (378,916)</u> | <u>\$ (914,202)</u> | <u>\$ 9,809,719</u> | <u>\$ 11,179,503</u> | <u>\$ 19,106,030</u> | <u>\$ 25,001,057</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

| | Fiscal Year | | | | | | | | | |
|--------------------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Fund | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Inventories | \$ 194,096 | \$ 156,802 | \$ 179,164 | \$ 144,603 | \$ 139,885 | \$ 161,583 | \$ 172,503 | \$ 191,535 | \$ 174,458 | \$ 155,968 |
| Prepays | - | - | - | - | - | 2,387,765 | 2,381,625 | 210 | 11,628 | 5,400 |
| Restricted: | | | | | | | | | | |
| Mental Health programs | - | - | 14,331,047 | - | - | - | - | - | - | - |
| Stabilization by state statute | 29,184,653 | 27,238,569 | 30,902,011 | 28,676,134 | 29,317,680 | 34,692,443 | 30,590,474 | 27,929,111 | 29,406,164 | 32,308,498 |
| Register of Deeds | 461,343 | 498,743 | 498,743 | 623,297 | 820,471 | 714,243 | 754,325 | 867,507 | 901,098 | 1,022,258 |
| Public health | - | - | - | - | - | - | - | - | - | 3,952,885 |
| County Schools | - | - | 5,796,008 | 4,746,081 | 5,439,575 | 4,996,993 | 6,529,769 | 8,294,625 | 12,184,346 | 11,086,455 |
| Committed: | | | | | | | | | | |
| Tax revaluation | - | - | 416,927 | 443,426 | 494,773 | 631,503 | 758,093 | 602,906 | 1,167,295 | 1,877,327 |
| Capital investment fund | - | - | - | - | - | - | - | - | - | 8,090,585 |
| LEOSSA pension obligation | - | - | - | - | - | - | - | 2,215,961 | 2,290,100 | 1,756,915 |
| Hope VI project | 3,375,000 | 3,375,000 | - | - | - | - | - | - | - | - |
| Assigned | | | | | | | | | | |
| Subsequent year's expenditures | 12,606,247 | 18,261,131 | 12,245,321 | 6,289,246 | 13,214,992 | 18,376,960 | 14,523,875 | 16,337,899 | 8,889,652 | 7,447,195 |
| Finance & tax office software | 1,175,000 | 1,175,000 | 1,175,000 | 1,175,000 | 7,175,000 | 4,000,000 | 4,500,000 | 4,500,000 | 4,406,300 | 4,406,300 |
| Water and sewer industrial expansion | - | - | 5,897,670 | 6,236,961 | 5,845,409 | 4,421,513 | 4,876,523 | 4,626,523 | 4,527,610 | - |
| Economic development incentives | - | - | 2,531,854 | 1,500,448 | 1,500,448 | 695,665 | 1,500,000 | 968,841 | 1,065,139 | 4,000,000 |
| Mental Health services | - | - | - | 14,364,212 | 10,448,756 | 7,849,970 | 4,633,970 | 2,364,920 | 2,160,841 | - |
| Public Health | - | - | - | - | - | - | - | 2,510,625 | 3,200,854 | - |
| Capital investment fund | - | - | - | - | - | - | - | - | 1,324,938 | 10,583,825 |
| Renovations and maintenance | 3,536,479 | 2,265,121 | 2,258,117 | 1,641,942 | 3,472,205 | - | 5,131,898 | 3,621,105 | 1,250,000 | - |
| Jail expansion | - | - | 6,274,760 | 6,274,760 | - | - | - | - | - | - |
| Health department renovations | 5,682,892 | 3,882,892 | - | - | - | - | - | - | - | - |
| Special purposes | - | - | - | 9,025,135 | 267,719 | - | 2,500,000 | 4,500,000 | 2,247,143 | 809,045 |
| Technology | - | - | - | - | - | - | 2,500,000 | 2,000,000 | 1,500,000 | - |
| Unassigned | 39,869,822 | 39,409,785 | 28,994,728 | 31,043,762 | 31,763,738 | 32,584,014 | 31,823,417 | 32,603,540 | 47,016,763 | 53,191,505 |
| Total general fund | \$ 96,085,532 | \$ 96,263,043 | \$ 111,501,350 | \$ 112,185,007 | \$ 109,900,651 | \$ 111,512,652 | \$ 113,176,472 | \$ 114,135,308 | \$ 123,724,329 | \$ 140,694,161 |

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| All other governmental funds | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Prepays | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 37,334 | \$ 35,715 | \$ - | \$ 500 | \$ - |
| Restricted: | | | | | | | | | | |
| Stabilization by state statute | 5,771,716 | 5,759,546 | 3,294,515 | 1,458,636 | 1,491,278 | 1,356,802 | 995,242 | 1,120,972 | 1,688,092 | 1,551,077 |
| Inmates | 23,566 | 23,566 | 125,212 | 135,440 | 264,683 | 374,799 | 466,736 | 638,782 | 505,070 | 280,761 |
| Cemetery | 41,139 | 42,296 | 42,540 | 42,565 | 44,980 | 45,587 | 45,923 | 48,451 | 47,583 | 47,181 |
| School capital | - | - | 19,091,481 | 6,158,810 | 1,744,183 | 344,806 | 314,714 | - | - | - |
| Fire protection | - | - | 299,841 | 403,678 | 227,257 | 201,946 | 195,046 | 180,022 | 194,844 | 191,596 |
| Public safety | - | - | 1,846,688 | 2,026,803 | 1,168,645 | 1,968,231 | 2,253,584 | 2,722,758 | 3,029,407 | 2,705,302 |
| Economic and physical development | - | - | 315,108 | 315,276 | 583,024 | 468,277 | 682,412 | 796,225 | 674,215 | 465,406 |
| Human services | - | - | 1,826,613 | 1,878,210 | 119,324 | 81,672 | 94,776 | 1,398,421 | 168,535 | 164,891 |
| Cultural and recreational | - | - | 4,354,582 | 3,281,232 | 3,689,809 | 4,998,917 | 2,893,538 | 5,134,837 | 6,487,337 | 6,506,330 |
| 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 | - | - | - | - | 2,276,469 | 295,689 | 3,177,259 | 1,803,902 | 1,803,902 | 3,398,261 |
| Unassigned reported in other major funds | | | | | | | | | | |
| Special revenue | 6,802,625 | 6,391,536 | - | - | - | - | - | - | - | - |
| Capital projects | 10,008,587 | 2,702,773 | - | - | - | - | - | - | - | - |
| Assigned reported in nonmajor funds | | | | | | | | | | |
| Subsequent year's expenditures- special revenue | 3,155,966 | 5,182,510 | 1,588,147 | 1,588,147 | - | - | - | - | - | - |
| Unassigned reported in nonmajor funds | | | | | | | | | | |
| Special revenue | 14,664,366 | 13,022,215 | (978,187) | (773,963) | (743,450) | (573,862) | (582,116) | (299,551) | (1,265,317) | (1,345,025) |
| Capital projects | 20,229,259 | 14,942,491 | - | - | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 60,697,224</u> | <u>\$ 48,066,933</u> | <u>\$ 34,571,346</u> | <u>\$ 20,338,398</u> | <u>\$ 16,164,682</u> | <u>\$ 9,796,633</u> | <u>\$ 10,695,219</u> | <u>\$ 13,544,819</u> | <u>\$ 13,334,168</u> | <u>\$ 13,965,780</u> |
| Change in fund classification | | | | | \$ (99,500) | | | | | |
| Total all governmental funds | <u>\$ 156,782,756</u> | <u>\$ 144,329,976</u> | <u>\$ 146,072,696</u> | <u>\$ 132,523,405</u> | <u>\$ 125,965,833</u> | <u>\$ 121,309,285</u> | <u>\$ 123,871,691</u> | <u>\$ 127,680,127</u> | <u>\$ 137,058,497</u> | <u>\$ 154,659,941</u> |

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

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

Schedule 4

| | Fiscal Year | | | | | | | | | |
|---|------------------------|------------------------|---------------------|------------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues | | | | | | | | | | |
| Ad valorem taxes | \$ 154,079,637 | \$ 169,741,239 | \$ 167,525,335 | \$ 172,060,308 | \$ 176,550,408 | \$ 186,599,051 | \$ 184,434,796 | \$ 186,035,597 | \$ 188,871,898 | \$ 197,023,861 |
| Other taxes | 60,658,983 | 50,836,545 | 50,238,808 | 53,075,353 | 54,126,583 | 54,497,219 | 57,502,019 | 59,433,120 | 60,818,546 | 61,690,570 |
| Unrestricted Intergovernmental | 9,396,585 | 11,655,040 | 11,034,949 | 11,568,980 | 11,175,941 | 11,708,537 | 11,255,038 | 12,746,032 | 12,493,334 | 13,609,843 |
| Restricted Intergovernmental | 74,559,352 | 83,468,125 | 88,077,437 | 75,813,478 | 74,586,602 | 66,766,427 | 69,639,674 | 74,823,227 | 76,705,822 | 64,130,538 |
| Licenses and permits | 2,630,642 | 2,471,947 | 2,626,234 | 2,573,132 | 2,628,527 | 2,291,257 | 2,263,956 | 2,248,884 | 2,533,749 | 2,481,724 |
| Sales and services | 16,181,728 | 16,570,637 | 15,169,052 | 16,166,037 | 13,438,278 | 10,073,348 | 10,793,783 | 11,325,255 | 11,276,669 | 11,306,162 |
| Investment earnings | 2,253,863 | 411,269 | 323,232 | 213,148 | 204,317 | 184,759 | 186,167 | 343,238 | 477,286 | 1,207,204 |
| Other general revenues | 10,244,184 | 5,976,393 | 5,758,820 | 5,479,404 | 5,467,383 | 6,085,295 | 5,408,695 | 5,813,705 | 7,376,388 | 5,338,704 |
| Total revenues | 330,004,974 | 341,131,195 | 340,753,867 | 336,949,840 | 338,178,039 | 338,205,893 | 341,484,128 | 352,769,058 | 360,553,692 | 356,788,606 |
| Expenditures | | | | | | | | | | |
| General government | 24,297,883 | 20,405,042 | 23,007,884 | 22,839,074 | 23,036,995 | 24,675,393 | 25,668,164 | 26,250,791 | 27,720,014 | 25,902,953 |
| Public safety | 46,240,025 | 50,997,670 | 52,273,973 | 53,893,878 | 63,336,548 | 66,757,676 | 61,760,956 | 63,152,331 | 63,749,936 | 63,382,917 |
| Economic and physical development | 14,440,533 | 17,912,506 | 15,566,827 | 12,555,173 | 11,295,650 | 12,312,111 | 10,594,359 | 13,511,856 | 13,002,856 | 14,710,741 |
| Human services | 108,391,349 | 106,044,694 | 107,562,119 | 108,744,079 | 101,970,567 | 97,163,671 | 98,724,331 | 100,953,854 | 104,321,862 | 89,808,120 |
| Cultural and recreational | 12,678,564 | 13,112,830 | 14,934,525 | 14,674,542 | 14,950,120 | 15,864,055 | 15,233,536 | 15,519,128 | 15,780,744 | 15,000,134 |
| Education | 110,002,055 | 98,360,208 | 105,744,251 | 105,549,244 | 100,386,158 | 94,993,970 | 97,713,376 | 97,090,796 | 97,230,388 | 104,859,935 |
| Capital outlay | 24,897,478 | 30,506,601 | - | - | - | - | - | - | - | - |
| Debt service | | | | | | | | | | |
| Principal | 15,538,661 | 15,848,042 | 18,067,605 | 18,530,350 | 18,325,685 | 18,711,637 | 18,838,421 | 19,310,871 | 19,149,018 | 17,999,414 |
| Interest and fees | 10,713,417 | 8,779,875 | 8,259,775 | 7,639,054 | 7,524,594 | 6,647,785 | 5,848,011 | 5,349,679 | 4,785,439 | 3,967,289 |
| Debt issuance costs | - | - | - | - | - | - | - | - | 10,697 | 314,767 |
| Total expenditures | 367,199,965 | 361,967,468 | 345,416,959 | 344,425,394 | 340,826,317 | 337,126,298 | 334,381,154 | 341,139,306 | 345,750,954 | 335,946,270 |
| Revenues over (under) expenditures | (37,194,991) | (20,836,273) | (4,663,092) | (7,475,554) | (2,648,278) | 1,079,595 | 7,102,974 | 11,629,752 | 14,802,738 | 20,842,336 |
| Other financing sources (uses) | | | | | | | | | | |
| Sale of capital assets | 547,666 | 174,040 | 172,674 | 239,985 | 221,680 | 215,878 | 348,691 | 273,441 | 230,165 | 1,230,515 |
| Installment purchase proceeds | - | - | - | - | 3,198,130 | - | 3,000,000 | 1,100,000 | - | 1,114,148 |
| Proceeds from refunding bonds | - | - | - | 5,528,808 | - | 15,070,000 | - | - | - | 23,005,000 |
| Premium on debt issuance | 3,331,681 | - | - | - | - | - | - | - | - | 4,285,557 |
| Payment to escrow agent for refunding | (55,622,909) | (36,414,948) | - | (55,560,424) | - | (15,204,915) | - | - | - | (27,245,984) |
| County contribution | - | - | - | - | - | - | - | - | - | 254,735 |
| Proceeds from debt issuance | 74,656,315 | 51,862,540 | 14,805,000 | 50,490,000 | - | - | - | - | - | - |
| Discount on issuance of bonds | (29,238) | - | - | - | - | - | - | - | - | - |
| Debt issuance costs | 846,413 | 320,367 | (300,027) | (371,354) | - | (73,607) | (45,100) | (33,399) | - | - |
| Transfers in | 11,226,447 | 9,379,386 | 5,138,793 | 1,165,227 | 10,672,931 | 1,016,060 | 1,076,789 | 3,481,990 | 987,026 | 779,712 |
| Transfers out | (18,722,297) | (16,937,892) | (13,410,628) | (7,565,979) | (17,486,816) | (6,759,559) | (8,920,948) | (14,739,212) | (6,641,559) | (6,664,575) |
| Payment from/to component unit | - | - | - | - | (425,520) | - | - | - | - | - |
| Total other financing sources (uses) | 16,234,078 | 8,383,493 | 6,405,812 | (6,073,737) | (3,819,595) | (5,736,143) | (4,540,568) | (9,917,180) | (5,424,368) | (3,240,892) |
| Net change in fund balances | \$ (20,960,913) | \$ (12,452,780) | \$ 1,742,720 | \$ (13,549,291) | \$ (6,467,873) | \$ (4,656,548) | \$ 2,562,406 | \$ 1,712,572 | \$ 9,378,370 | \$ 17,601,444 |
| Debt service as a percentage of noncapital expenditures | 7.69% | 7.44% | 7.62% | 7.97% | 7.92% | 7.75% | 7.45% | 7.30% | 6.99% | 6.65% |

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

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

Sources of Governmental Funds Tax Revenues

| Fiscal Year | Ad Valorem Tax | Sales Tax | Video Sales Tax | Beer and Wine Tax | Real Estate Transfer Tax | Dog and Cat Registration Tax | Prepared Food and Beverage Tax | Total Tax |
|--------------------|-----------------------|------------------|------------------------|--------------------------|---------------------------------|-------------------------------------|---------------------------------------|------------------|
| 2009 | 154,079,637 | 53,117,161 | 755,814 | 473,232 | 875,787 | 333,916 | 5,103,073 | 214,738,620 |
| 2010 | 169,741,239 | 43,711,312 | 643,799 | 110,064 | 820,502 | 323,484 | 5,227,384 | 220,577,784 |
| 2011 | 167,525,335 | 42,771,418 | 527,836 | 350,202 | 845,975 | 312,250 | 5,431,127 | 217,764,143 |
| 2012 | 172,060,308 | 45,358,069 | 624,782 | 372,519 | 793,061 | 312,494 | 5,614,428 | 225,135,661 |
| 2013 | 176,550,408 | 46,171,161 | 584,555 | 348,753 | 840,163 | 372,925 | 5,809,026 | 230,676,991 |
| 2014 | 186,599,051 | 46,568,851 | 557,477 | 388,608 | 795,980 | 289,249 | 5,897,054 | 241,096,270 |
| 2015 | 184,434,796 | 49,211,337 | 525,750 | 420,124 | 869,424 | 204,911 | 6,270,473 | 241,936,815 |
| 2016 | 186,035,597 | 50,951,553 | 509,025 | 381,333 | 879,459 | 213,492 | 6,498,258 | 245,468,717 |
| 2017 | 188,871,898 | 51,932,970 | 513,433 | 392,044 | 1,091,362 | 208,931 | 6,679,806 | 249,690,444 |
| 2018 | 197,023,861 | 52,705,079 | 498,872 | 376,218 | 1,096,191 | 165,152 | 6,849,058 | 258,714,431 |

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

| Fiscal Year Ended June 30 | Real Property | Public Service ¹ | Personal Property | | Less: Tax Exempt Property | Total Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value ² | Assessed Value as a Percentage of Actual Value ³ |
|---------------------------|---------------|-----------------------------|-------------------|-----------|---------------------------|----------------------|-----------------------|---|---|
| | | | Motor Vehicle | Other | | | | | |
| 2009 | 15,256,387 | 313,954 | 2,126,672 | 1,175,694 | 2,051,163 | 16,821,544 | 1.0150 | 20,584,366 | 81.72% |
| 2010 | 19,873,921 | 353,743 | 2,058,957 | 1,196,304 | 2,829,620 | 20,653,305 | 0.9210 | 20,676,049 | 99.89% |
| ⁴ 2011 | 21,827,755 | 348,880 | 2,050,229 | 1,239,005 | 4,463,684 | 21,002,185 | 0.9025 | 21,035,842 | 99.84% |
| 2012 | 22,414,175 | 369,870 | 2,132,938 | 1,310,970 | 4,670,700 | 21,557,253 | 0.9025 | 21,542,173 | 100.07% |
| 2013 | 21,274,270 | 375,488 | 2,233,690 | 1,369,721 | 3,104,069 | 22,149,100 | 0.9025 | 22,115,926 | 100.15% |
| 2014 | 21,692,891 | 367,912 | 2,813,072 | 1,430,381 | 3,157,526 | 23,146,730 | 0.9025 | 22,368,904 | 103.48% |
| 2015 | 22,096,679 | 365,032 | 2,203,857 | 1,504,336 | 3,225,523 | 22,944,381 | 0.9025 | 22,064,505 | 103.99% |
| 2016 | 22,340,806 | 429,285 | 2,296,048 | 1,461,372 | 3,272,888 | 23,254,623 | 0.9025 | 22,241,399 | 104.56% |
| 2017 | 22,590,259 | 429,243 | 2,374,525 | 1,712,686 | 3,356,676 | 23,750,037 | 0.9025 | 22,601,863 | 105.08% |
| ⁴ 2018 | 22,057,995 | 439,286 | 2,395,619 | 1,847,541 | 3,747,353 | 22,993,088 | 0.9615 | 23,099,345 | 99.54% |

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

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

³ Estimated actual values and the ratio of total assessed value to total estimated actual value has been adjusted to reflect updated sales assessment ratio percentages from the North Carolina Department of Revenue.

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

Source: Cumberland County Tax Department

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

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

| Fiscal Year Ended June 30 | County of Cumberland Direct Rates | | | | | Overlapping Rates Levied by Municipalities | | | | | | | | | |
|---------------------------|-----------------------------------|------------------------|-------------------------------|---------------------------|-------------------|--|--------------------------------------|--------------------|-------------------------|----------------------|----------------|----------------|--------------------|-----------------|--------------|
| | County Basic Rate | County Recreation Rate | Fire Protection Districts (1) | Special Fire District (2) | Total Direct Rate | City of Fayetteville (3) | Fayetteville Revitalization District | Town of Hope Mills | Town of Spring Lake (3) | Town of Eastover (4) | Town of Falcon | Town of Godwin | Town of Linden (3) | Town of Stedman | Town of Wade |
| 2009 | 0.860 | 0.050 | 0.100 | 0.0050 | 1.0150 | 0.5300 | 0.1000 | 0.4600 | 0.7600 | 0.2050 | 0.1500 | 0.1950 | 0.1500 | 0.3700 | 0.2400 |
| 2010 | 0.766 | 0.050 | 0.100 | 0.0050 | 0.9210 | 0.4560 | 0.1000 | 0.3900 | 0.6600 | 0.2050 | 0.1500 | 0.1950 | 0.1500 | 0.3000 | 0.2400 |
| 2011 | 0.740 | 0.050 | 0.100 | 0.0125 | 0.9025 | 0.4560 | 0.1000 | 0.4200 | 0.6600 | 0.2050 | 0.1500 | 0.1950 | 0.1500 | 0.3200 | 0.2400 |
| 2012 | 0.740 | 0.050 | 0.100 | 0.0125 | 0.9025 | 0.4560 | 0.1000 | 0.4200 | 0.6600 | 0.2050 | 0.1500 | 0.1950 | 0.1500 | 0.3200 | 0.2400 |
| 2013 | 0.740 | 0.050 | 0.100 | 0.0125 | 0.9025 | 0.4560 | 0.1000 | 0.4200 | 0.6600 | 0.2050 | 0.1500 | 0.1950 | 0.1500 | 0.3200 | 0.2400 |
| 2014 | 0.740 | 0.050 | 0.100 | 0.0125 | 0.9025 | 0.4560 | 0.1000 | 0.4200 | 0.6600 | 0.2050 | 0.1500 | 0.1950 | 0.2000 | 0.3200 | 0.2400 |
| 2015 | 0.740 | 0.050 | 0.100 | 0.0125 | 0.9025 | 0.4860 | 0.1000 | 0.4600 | 0.7000 | 0.2050 | 0.1500 | 0.2400 | 0.2000 | 0.3200 | 0.2500 |
| 2016 | 0.740 | 0.050 | 0.100 | 0.0125 | 0.9025 | 0.4860 | 0.1000 | 0.4600 | 0.7000 | 0.2050 | 0.1500 | 0.2400 | 0.2500 | 0.3200 | 0.2500 |
| 2017 | 0.740 | 0.050 | 0.100 | 0.0125 | 0.9025 | 0.4995 | 0.1000 | 0.4600 | 0.7000 | 0.2050 | 0.1500 | 0.2400 | 0.2500 | 0.3200 | 0.2500 |
| 2018 | 0.799 | 0.050 | 0.100 | 0.0125 | 0.9615 | 0.4995 | 0.1000 | 0.4600 | 0.7000 | 0.2050 | 0.1500 | 0.2400 | 0.3000 | 0.3200 | 0.2500 |

- (1) Cumberland County has seventeen fire protection districts
- (2) Established in FY1990 to assist fire departments that have limited resources available for funding
- (3) Municipalities that are excluded from paying the County Recreation Tax
- (4) Town of Eastover was incorporated in FY2008

Source: Cumberland County Tax Department

COUNTY OF CUMBERLAND, NORTH CAROLINA

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

| Taxpayer | Fiscal Year 2018 | | | Fiscal Year 2009 | | |
|--------------------------------|--------------------------------------|------|---|--------------------------------------|------|---|
| | 2017 Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | 2008 Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Goodyear Tire & Rubber Co. | \$ 364,772 | 1 | 1.59% | \$ 225,896 | 1 | 1.35% |
| Wal-Mart Stores, Inc. | 163,186 | 2 | 0.71% | \$ 105,245 | 2 | 0.63% |
| Cross Creek Mall, LLC | 158,662 | 3 | 0.69% | 85,999 | 3 | 0.51% |
| Duke Energy Progress, Inc. | 96,472 | 4 | 0.42% | | | |
| Fayetteville, VA Co., LLC | 91,132 | 5 | 0.40% | | | |
| Piedmont Natural Gas Co., Inc. | 66,613 | 6 | 0.29% | 49,048 | 7 | 0.29% |
| Purolator Filters NA, LLC | 64,341 | 7 | 0.28% | 51,617 | 6 | 0.31% |
| DAK Americas, LLC | 62,930 | 8 | 0.27% | 39,703 | 9 | 0.24% |
| South River EMC | 55,343 | 9 | 0.24% | | | |
| Cargill | 54,807 | 10 | 0.24% | | | |
| Carolina Telephone | | | | 79,922 | 4 | 0.48% |
| Progress Energy | | | | 61,869 | 5 | 0.37% |
| South River EMC | | | | 32,332 | 10 | 0.19% |
| Centurion Aviation Services | | | | 45,110 | 8 | 0.27% |
| | <u>\$ 1,178,258</u> | | <u>5.13%</u> | <u>\$ 776,741</u> | | <u>4.64%</u> |

Source: Cumberland County Tax Department

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

| Fiscal Year Ended June 30 | Total Tax Levy | Collected within the Fiscal Year of the Levy | | | Total Collections to Date | |
|---------------------------|--------------------------|--|-------------------------------|--|---------------------------|--|
| | | Current Tax Collections | Percent of Net Levy Collected | ² Collections in Subsequent Years | Total Tax Collections | Percent of Total Tax Collections To Net Levy |
| 2009 | 144,914,639 | 140,776,733 | 97.14% | 3,338,682 | 144,115,415 | 99.45% |
| 2010 | ¹ 158,424,003 | 154,634,400 | 97.61% | 3,045,093 | 157,679,493 | 99.53% |
| 2011 | 155,671,269 | 151,707,302 | 97.45% | 3,169,052 | 154,876,354 | 99.49% |
| 2012 | 159,824,747 | 155,867,130 | 97.52% | 3,148,681 | 159,015,811 | 99.49% |
| 2013 | 164,274,193 | 160,024,057 | 97.41% | 3,287,182 | 163,311,239 | 99.41% |
| 2014 | 171,641,426 | 169,217,802 | 98.59% | 1,839,486 | 171,057,288 | 99.66% |
| 2015 | 170,223,065 | 168,914,935 | 99.23% | 1,065,331 | 169,980,266 | 99.86% |
| 2016 | 172,307,349 | 170,999,219 | 99.24% | 924,167 | 171,923,386 | 99.78% |
| 2017 | 175,933,805 | 173,906,079 | 98.85% | 836,892 | 174,742,971 | 99.32% |
| 2018 | ¹ 183,621,079 | 182,126,897 | 99.19% | NA | 182,126,897 | 99.19% |

Source: Cumberland County Tax Department

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

² Collections for FY2009 include all collections through 9th prior year.
Collections for FY2010 include all collections through 8th prior year.
Collections for FY2011 include all collections through 7th prior year.
Collections for FY2012 include all collections through 6th prior year.
Collections for FY2013 include all collections through 5th prior year.
Collections for FY2014 include all collections through 4th prior year.
Collections for FY2015 include all collections through 3rd prior year.
Collections for FY2016 include all collections through 2nd prior year.
Collections for FY2017 include all collections through 1st prior year.

NA - Not Applicable

COUNTY OF CUMBERLAND, NORTH CAROLINA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income ⁽¹⁾ | Per Capita ⁽²⁾ |
|-------------|--------------------------|-----------------------------------|----------------|----------------------|--------------------------|---------------|-----------------------------------|----------------------|--------------------------|--|---------------------------|
| | General Obligation Bonds | COPS and Limited Obligation Bonds | Capital Leases | Installment Purchase | General Obligation Bonds | Revenue Bonds | COPS and Limited Obligation Bonds | Installment Purchase | | | |
| 2009 | 84,127,362 | 78,247,122 | 3,562,009 | 46,666,905 | 1,221,000 | - | 40,630,262 | - | 254,454,660 | 1.94% | 793 |
| 2010 | 76,686,270 | 89,702,189 | 3,201,690 | 43,274,182 | 1,205,000 | - | 37,048,301 | 3,118,000 | 254,235,632 | 1.85% | 784 |
| 2011 | 68,316,237 | 97,733,506 | 2,827,016 | 40,025,000 | 1,189,000 | - | 35,949,129 | 2,806,200 | 248,846,088 | NA | 762 |
| 2012 | 60,755,177 | 128,414,197 | 2,437,416 | - | 1,172,000 | - | 34,052,849 | 2,494,400 | 229,326,039 | NA | 700 |
| 2013 | 52,440,072 | 118,020,741 | 2,032,294 | 2,878,317 | 1,154,000 | - | 32,046,017 | 2,182,600 | 210,754,041 | NA | 636 |
| 2014 | 43,428,866 | 107,612,285 | 1,611,032 | 2,238,691 | 1,136,000 | - | 29,921,676 | 1,870,800 | 187,819,350 | NA | 565 |
| 2015 | 35,206,484 | 97,178,829 | 1,172,987 | 4,599,065 | 1,117,000 | - | 27,709,715 | 1,648,919 | 168,632,999 | NA | 512 |
| 2016 | 27,189,102 | 86,685,373 | 717,492 | 4,459,439 | 1,097,000 | - | 25,407,754 | 1,332,124 | 146,888,284 | NA | 447 |
| 2017 | 19,457,140 | 76,156,917 | 243,850 | 3,219,813 | 1,076,000 | - | 23,020,793 | 2,394,328 | 125,568,841 | NA | 388 |
| 2018 | 12,473,758 | 67,166,896 | - | 3,414,148 | 1,054,000 | 1,379,000 | 20,543,832 | 1,985,289 | 108,016,923 | NA | 327 |

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

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

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

NA: Information not available

COUNTY OF CUMBERLAND, NORTH CAROLINA
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

| Fiscal Year | Total General Obligation Bonds | Percentage of Personal Income (1) | Percentage of Actual Taxable Value of Property (2) | G.O. Debt Per Capita (1) |
|--------------------|---------------------------------------|--|---|---------------------------------|
| 2009 | 85,348,362 | 0.65% | 0.41% | 266 |
| 2010 | 77,891,270 | 0.57% | 0.38% | 240 |
| 2011 | 69,505,237 | 0.61% | 0.33% | 213 |
| 2012 | 61,927,177 | 0.54% | 0.29% | 189 |
| 2013 | 53,594,072 | 0.46% | 0.24% | 162 |
| 2014 | 44,564,866 | 0.38% | 0.20% | 134 |
| 2015 | 36,323,484 | 0.30% | 0.16% | 110 |
| 2016 | 28,286,102 | NA | 0.13% | 86 |
| 2017 | 20,533,140 | NA | 0.09% | 63 |
| 2018 | 13,527,758 | NA | 0.06% | 41 |

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 | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Debt limit | \$ 1,509,817 | \$ 1,878,634 | \$ 2,037,270 | \$ 2,098,236 | \$ 2,020,254 | \$ 2,104,340 | \$ 2,093,592 | \$ 2,122,201 | \$ 2,168,537 | \$ 2,139,235 |
| Total net debt applicable to limit | 82,295 | 73,815 | 65,845 | 56,830 | 49,115 | 42,711 | 34,857 | 27,207 | 19,771 | 12,984 |
| Legal debt margin | <u>\$ 1,427,522</u> | <u>\$ 1,804,819</u> | <u>\$ 1,971,425</u> | <u>\$ 2,041,406</u> | <u>\$ 1,971,139</u> | <u>\$ 2,061,629</u> | <u>\$ 2,058,735</u> | <u>\$ 2,094,994</u> | <u>\$ 2,148,766</u> | <u>\$ 2,126,251</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 5.45% | 3.93% | 3.23% | 2.71% | 2.43% | 2.03% | 1.66% | 1.28% | 0.91% | 0.61% |

Legal Debt Margin Calculation for Fiscal Year 2017

| | |
|---|----------------------|
| Assessed Property Value | \$ 22,993,088 |
| Plus : Exempt Property | 3,747,353 |
| Total Assessed Value | <u>\$ 26,740,441</u> |
| Debt Limit (8% of total assessed value) | 2,139,235 |
| Debt applicable to limit: | |
| Total Bonded debt | 12,984 |
| Revenue bonds | 1,379 |
| Authorized and unissued debt | 3,195 |
| | <u>17,558</u> |
| Less: Statutory deductions | |
| Authorized and unissued debt | 3,195 |
| Revenue bonds | 1,379 |
| | <u>4,574</u> |
| Total amount of debt applicable to debt limit | <u>12,984</u> |
| Legal debt margin | <u>\$ 2,126,251</u> |

COUNTY OF CUMBERLAND, NORTH CAROLINA

Demographic and Economic Statistics

Last Ten Fiscal Years

Unaudited

| Fiscal Year Ended June 30 | Population ¹ | Personal Income ² | Per Capita Income ² | Median Age ³ | School Enrollment ¹ | Unemployment Rate ⁴ |
|--|--------------------------------|---|---|------------------------------------|---|---|
| 2009 | 321,071 | 13,121,121,789 | 41,627 | NA | 53,162 | 8.8% |
| 2010 | 324,225 | 13,732,225,650 | 42,354 | NA | 52,187 | 9.5% |
| 2011 | 326,673 | 11,306,461,000 | 34,911 | NA | 52,400 | 9.8% |
| 2012 | 327,643 | 11,563,587,000 | 35,785 | NA | 52,166 | 10.2% |
| 2013 | 331,279 | 11,567,254,000 | 35,444 | NA | 52,729 | 8.2% |
| 2014 | 332,553 | 11,780,298,000 | 36,157 | NA | 51,845 | 6.4% |
| 2015 | 329,411 | 12,179,768,000 | 37,611 | NA | 51,855 | 6.7% |
| 2016 | 328,860 | 12,376,828,000 | 37,835 | 31.5 | 50,939 | 6.1% |
| 2017 | 323,838 | * | * | * | 50,655 | 5.3% |
| 2018 | 329,824 | * | * | * | 49,641 | 5.4% |

Sources:

1. North Carolina Office of State Budget and Management
2. U.S. Bureau of Economic Analysis, Per Capita Personal Income in Cumberland County, NC (2016 data is now available, 2017 and 2018 data is not available)
3. U.S. Bureau of the Census
4. U.S. Bureau of Labor Statistics, Unemployment Rate in Cumberland County, NC

* data not available

COUNTY OF CUMBERLAND, NORTH CAROLINA

Principal Employers
Current Year and Nine Years Ago
Unaudited

| Employer | Fiscal Year 2018 | | | Fiscal Year 2009 | | |
|---|------------------|------|---------------------------------------|------------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| U.S. Department of Defense-Civilians | 14,000 | + 1 | 11.58% | 10,618 | 1 | 8.73% |
| Cape Fear Valley Health System | 7,000 | + 2 | 5.81% | 4,500 | 3 | 3.70% |
| Cumberland County Schools | 6,500 | + 3 | 5.56% | 6,952 | 2 | 5.72% |
| Wal-Mart Associates Inc. | 3,000 | + 4 | 2.78% | 4,426 | 4 | 3.64% |
| Goodyear Tire & Rubber Co. | 2,500 | + 5 | 2.04% | 2,650 | 5 | 2.18% |
| Cumberland County Government | 2,500 | + 6 | 2.00% | 2,399 | 6 | 1.97% |
| City of Fayetteville | 1,500 | + 7 | 1.44% | 2,094 | 7 | 1.72% |
| Veterans Administration | 1,000 | + 8 | 1.23% | | | |
| Fayetteville Technical Community College | 1,000 | + 9 | 1.10% | 1,340 | 9 | |
| Mann & Hummel | 1,000 | + 10 | 1.01% | | | |
| State of North Carolina | | | | 1,429 | 8 | 1.17% |
| Black & Decker Manufacturing Corp | | | | 1,312 | 10 | 1.08% |
| Total Employment (Ten Largest Civilian Employers) | <u>40,000</u> | | <u>34.55%</u> | <u>37,720</u> | | <u>29.91%</u> |
| Total Employment | <u>122,257</u> | | | <u>121,641</u> | | |

Sources:

Cumberland County Chamber of Commerce

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

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

| Function/Program | Fiscal Year | | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Government | 245 | 238 | 239 | 232 | 250 | 248 | 247 | 245 | 234 | 242 |
| Public Safety | | | | | | | | | | |
| Sheriff | 385 | 378 | 377 | 377 | 378 | 395 | 395 | 398 | 322 | 348 |
| Detention Facility | 187 | 190 | 188 | 200 | 254 | 266 | 266 | 251 | 255 | 228 |
| Other | 73 | 91 | 96 | 101 | 97 | 97 | 101 | 55 | 54 | 93 |
| Human Services | | | | | | | | | | |
| Public Health | 239 | 247 | 251 | 289 | 280 | 276 | 274 | 242 | 245 | 196 |
| Mental Health | 218 | 208 | 145 | 72 | 5 | 4 | 4 | - | - | - |
| Social Services | 635 | 652 | 643 | 636 | 636 | 636 | 655 | 608 | 602 | 605 |
| Other | 7 | 73 | 76 | 77 | 77 | 77 | 80 | 75 | 161 | 75 |
| Cultural & Recreation | | | | | | | | | | |
| Library | 175 | 195 | 191 | 188 | 188 | 188 | 186 | 153 | 178 | 137 |
| Economic and Physical Development | 105 | 106 | 102 | 102 | 80 | 80 | 86 | 79 | 78 | 63 |
| Crown Center | 41 | 40 | 40 | 40 | 40 | - | - | - | - | - |
| Solid Waste | 60 | 68 | 68 | 68 | 68 | 68 | 68 | 59 | 55 | 57 |
| Total | 2,370 | 2,486 | 2,416 | 2,382 | 2,353 | 2,335 | 2,362 | 2,165 | 2,184 | 2,044 |

Source: Munis

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

| | Fiscal Year | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Government | | | | | | | | | | |
| Number of persons voting in elections | 128,873 | 53,454 | 69,644 | 53,878 | 134,566 | 63,062 | 76,615 | 90,038 | 198,833 | 61,497 |
| Number of registered voters * | 208,513 | 194,383 | 195,242 | 199,194 | 215,084 | 202,486 | 204,462 | 202,770 | 211,971 | 212,599 |
| Number of birth certificates processed | 8,800 | 8,547 | 8,502 | 8,401 | 8,865 | 8,973 | 8,206 | 8,035 | 7,844 | 7,845 |
| Number of death certificates processed | 2,715 | 2,657 | 2,862 | 2,842 | 2,985 | 3,015 | 3,101 | 2,976 | 3,098 | 3,109 |
| Number of land record instruments | 47,970 | 45,072 | 43,487 | 46,217 | 49,619 | 41,770 | 39,515 | 39,206 | 41,309 | 39,466 |
| Number of marriage licenses issued | 4,676 | 3,967 | 4,407 | 3,946 | 3,964 | 3,751 | 3,772 | 3,591 | 3,676 | 3,573 |
| Number of pieces of mail handled | 709,172 | 676,736 | 674,100 | 837,402 | 683,304 | 502,486 | 626,820 | 613,235 | 671,513 | 669,366 |
| * List Maintenance every 4 years (non-voters removed) | | | | | | | | | | |
| Public Safety | | | | | | | | | | |
| Number of fire calls answered | 11,585 | 18,135 | 15,113 | 30,632 | 14,968 | 14,080 | 15,327 | 15,753 | 16,653 | 18,704 |
| Number fire permits issued | 381 | 324 | 161 | 122 | 223 | 243 | 193 | 220 | 211 | 138 |
| Number of emergency calls dispatched | 190,041* | 221,147 | 367,109 | 326,410 | 309,872 | 303,011 | 322,475 | 341,488 | 323,491 | 320,806 |
| Number of sheriff calls answered | 152,069 | 145,879 | 189,149 | 190,335 | 174,953 | 172,367 | 189,184 | 213,486 | 212,864 | 195,227 |
| Number of civil court papers handled | 62,574 | 47,723 | 50,363 | 47,142 | 47,419 | 47,893 | 45,368 | 44,119 | 43,220 | 44,130 |
| Average daily inmate population | 541 | 563 | 586 | 601 | 658 | 721 | 740 | 714 | 766 | 760 |
| Number of inmates admitted | 12,044 | 12,128 | 12,280 | 12,537 | 11,359 | 11,253 | 11,643 | 12,065 | 11,565 | 14,748 |
| Number of animals impounded (dogs and cats) | 12,162 | 17,786 | 15,691 | 14,111 | 14,143 | 12,987 | 12,208 | 11,085 | 11,072 | 10,629 |
| Number of animal investigations | 17,223 | 19,555 | 15,093 | 21,121 | 33,424 | 43,075 | 41,518 | 35,085 | 31,118 | 30,868 |
| *2009 consolidated emergency service and sheriff dispatchers | | | | | | | | | | |
| Human Services | | | | | | | | | | |
| Number of health dept. clinical services | 33,515 | 47,721 | 32,918 | 34,724 | 36,701 | 40,739 | 44,039 | 45,275 | 35,643 | 32,287 |
| Number of health dept. lab tests processed | 67,919 | 28,279 | 33,339 | 36,179 | 35,233 | 39,506 | 49,047 | 47,433 | 42,513 | 39,807 |
| Number of health dept. prescriptions filled | 35,635 | 39,856 | 40,566 | 16,146 | 40,574 | 42,799 | 40,521 | 40,689 | 38,321 | 29,452 |
| Amount of health care provided with no compensation | \$2,029,511 | \$1,895,768 | \$1,997,502 | \$2,626,841 | \$2,428,495 | \$2,938,037 | \$2,831,271 | \$3,354,545 | \$3,439,278 | \$3,503,641 |
| Number of WIC Clients | 168,342 | 168,114 | 171,260 | 147,977 | 170,450 | 167,541 | 159,461 | 156,032 | 144,476 | 141,287 |
| Number of food stamp ave monthly households | 20,926 | 24,071 | 28,644 | 31,491 | 32,011 | 32,731 | 34,201 | 33,302 | 34,625 | 32,462 |
| Average active Medicaid * | 34,555 | 34,784 | 36,546 | 36,980 | 36,983 | 34,115 | 60,048 | 67,199 | 68,235 | 71,149 |
| Average TANF active cases | 1,423 | 1,343 | 1,324 | 1,297 | 1,219 | 1,025 | 965 | 436 | 317 | 292 |
| Number of protective services referrals | 5,784 | 5,319 | 5,502 | 6,105 | 5,413 | 5,427 | 5,242 | 5,984 | 5,623 | 5,372 |
| Number of veterans claims processed ** | 5,882 | 3,978 | 2,454 | 4,040 | 4,122 | 2,405 | 5,028 | 2,309 | NA | NA |
| Number of veterans served in office | 9,241 | 8,753 | 8,553 | 10,014 | 8,517 | 10,803 | 10,821 | 9,061 | 6,787 | 4,923 |

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

**no longer available

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

| | Fiscal Year | | | | | | | | | |
|--|-------------|-------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Human Services (continued) | | | | | | | | | | |
| Number of veterans served by telephone | 26,410 | 35,151 | 19,695 | 24,247 | 24,040 | 27,696 | 29,962 | 24,656 | 12,918 | 12,825 |
| Number of mental health days of service (24 hrs) | 31,795 | 46,620 | 69,943 | 42,339 | 32,758 | NA | NA | NA | NA | NA |
| Number of mental health outpatients served | 6,785 | 5,785 | 6,265 | 6,508 | 5,538 | NA | NA | NA | NA | NA |
| Number of workforce development applicants*** | 2,095 | 2,189 | 1,046 | NA | NA | NA | NA | 5,278 | NA | NA |
| Number of workforce initiative opportunity applicants**** | | | | | | | | 16,789 | 18,910 | 18,837 |
| **clients no longer contracted with hospital | | | | | | | | | | |
| ***Workforce Development not part of County FY12-15 | | | | | | | | | | |
| ****residents entered Career Center for basic services; new reporting standards - NCWorks Online System | | | | | | | | | | |
| Economic and Physical Development | | | | | | | | | | |
| Number of inspections performed | 19,353 | 22,159 | 20,702 | 19,988 | 16,700 | 16,291 | 16,146 | 14,688 | 14,704 | 14,266 |
| Number of building permits issued | 1,300 | 1,105 | 1,081 | 1,037 | 1,046 | 1,038 | 955 | 786 | 915 | 795 |
| Culture and Recreation | | | | | | | | | | |
| Number of library books | 587,093 | 591,357 | 592,186 | 485,469 | 490,528 | 549,798 | 478,071 | 472,567 | 474,701 | 464,460 |
| Number of materials circulated | 1,965,299 * | 2,005,059 * | 2,177,794 | 2,644,472 * | 2,377,598 * | 2,220,865 * | 2,078,733 * | 1,689,681 * | 1,538,035 * | 1,423,364 * |
| Number of public visits | 1,093,931 | 1,238,738 | 1,342,587 | 1,431,217 | 1,447,152 | 1,346,026 | 1,345,163 | 1,262,216 | 1,214,921 | 1,208,774 |
| Number of E-audio, E-video & E-periodical collections | | | | | | | | 23,243 | 26,961 | 35,591 |
| * includes books and audio visual materials | | | | | | | | | | |
| Business Activities | | | | | | | | | | |
| Number of civic center event days | 326 | 316 | 291 | 320 | 266 | 190 | 227 | 166 | 155 | 143 |
| Number in attendance | 576,673 | 533,092 | 567,936 | 518,103 | 519,485 | 485,290 | 486,951 | 479,606 | 416,962 | 440,413 |
| Number of solid waste tonnages processed | 262,427 | 263,996 | 263,410 | 261,952 | 235,295 | 270,571 | 260,194 | 291,643 | 310,852 | 250,962 |

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 | | | | | | | | | |
|--|-------------|---------|-----------|---------|---------|---------|---------|---------|---------|---------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Fire | | | | | | | | | | |
| Number of volunteer stations | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 21 | 21 | 21 |
| Sheriff | | | | | | | | | | |
| Number of stations | 5 | 5 | 5 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Number of patrol vehicles | 324 | 324 | 333 | 342 | 344 | 355 | 375 | 382 | 361 | 371 |
| Detention facility beds | 568 | 568 | 568 | 568 | 592 | 884 | 884 | 884 | 884 | 884 |
| Culture and Recreation | | | | | | | | | | |
| Number of libraries | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 8 |
| Library collections | 637,731 | 639,119 | 558,186 * | 546,909 | 555,557 | 611,496 | 536,145 | 537,235 | 540,686 | 525,333 |
| E-book collections** | | | 10,384 | 9,503 | 16,551 | 53,045 | 218,420 | 61,095 | 90,362 | 106,844 |
| Number of parks | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Park acreage | 185 | 170 | 170 | 170 | 170 | 170 | 170 | 177 | 177 | 177 |
| Number of ball fields | 63 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| Number of tennis courts | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| *Discarded outdated materials and foreign language collection | | | | | | | | | | |
| **Includes local ebooks, NC Digital Library ebooks and NC Live ebooks | | | | | | | | | | |
| Facilities and services not included in primary government | | | | | | | | | | |
| Education: | | | | | | | | | | |
| Number of schools | 87 | 87 | 85 | 86 | 87 | 87 | 87 | 87 | 87 | 87 |
| Number of students | 53,162 | 52,187 | 52,400 | 53,063 | 52,729 | 52,725 | 52,740 | 51,846 | 51,480 | 50,937 |
| Colleges & universities | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Community colleges | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Hospitals: | | | | | | | | | | |
| Number of county hospitals | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of patient beds | 546 | 546 | 546 | 546 | 546 | 606 | 606 | 606 | 606 | 606 |

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

NA: Information not available.

CONTINUING DISCLOSURE INFORMATION
(Unaudited)

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

COUNTY OF CUMBERLAND, NORTH CAROLINA
SEC Rule 15c2-12 Continuing Disclosures (Unaudited)
June 30, 2018

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, 2018 were \$312,772,361. The major sources of General Fund revenues include property taxes (59.1%), sales taxes (14.1%), and intergovernmental revenues (20.6%). The County's property tax rate for FY 2018 increased from \$0.74 to \$0.799 per \$100 of assessed value. The value of one penny on the tax rate is \$2,279,130. 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 \$543,758) at June 30, 2018 is \$12,984,000 and is significantly less than the legal limit of approximately \$2 billion. Debt service payments represent 4.12% of total budgeted expenditures for FY2018 and 3.59% of total adopted budget expenditures for FY2019.

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, 2018 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2023:

| <u>Fiscal Year Ended June 30 (1)</u> | <u>Historical Receipts (2)</u> |
|--|------------------------------------|
| 2014 | \$ 5,843,580 |
| 2015 | 6,216,979 |
| 2016 | 6,443,541 |
| 2017 | 6,623,400 |
| 2018 | 6,792,048 |
| | |
| <u>Fiscal Year Ended June 30</u> | <u>Forecasted Receipts (3)</u> |
| 2019 | \$ 6,961,849 |
| 2020 | 7,135,895 |
| 2021 | 7,314,293 |
| 2022 | 7,497,150 |
| 2023 | 7,684,579 |

- (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 \$53,474 to \$57,009 per year.
- (3) Forecasted receipts assume 2.5% annual growth in tax revenue and 2.5% annual growth in the cost of collection.

COUNTY OF CUMBERLAND, NORTH CAROLINA
SEC Rule 15c2-12 Continuing Disclosures (Unaudited)
June 30, 2018

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, 2018 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2023:

| <u>Fiscal Year Ended June 30</u> | <u>Historical Receipts (1)</u> |
|--------------------------------------|------------------------------------|
| 2014 | \$ 1,214,817 |
| 2015 | 1,336,237 |
| 2016 | 1,329,245 |
| 2017 | 1,483,761 |
| 2018 | 1,457,929 |
| | |
| <u>Fiscal Year Ended June 30</u> | <u>Forecasted Receipts (2)</u> |
| 2019 | \$ 1,487,088 |
| 2020 | 1,516,830 |
| 2021 | 1,547,166 |
| 2022 | 1,578,110 |
| 2023 | 1,609,672 |

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee.
(2) Forecasted receipts assume 2.0% annual growth rate less fixed 3% collection fee.

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

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proceeds, whether or not a default occurs, and although the County has no reason to believe that either event will take place, no assurance can be given that the Occupancy Tax and the Food and Beverage Tax will not be reduced or repealed by the General Assembly or the Board of County Commissioners. The General Assembly is not precluded by any existing statutory or constitutional provision from enacting legislation that may repeal, reduce or otherwise adversely affect the County's authority to impose the Occupancy Tax and the Food and Beverage Tax.

DEBT INFORMATION

RATINGS

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

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

DEFEASANCE OF GENERAL OBLIGATION DEBT

In prior years, the County defeased various general obligation bond issues by creating separate irrevocable trust funds with various escrow agents. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been removed from the County's liabilities. As of June 30, 2018, all prior year defeased general obligation debt has been fully paid by the various escrow agents.

OUTSTANDING GENERAL OBLIGATION DEBT

| | Principal Outstanding as of | | | |
|--------------------------|------------------------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2015</u> | <u>June 30, 2016</u> | <u>June 30, 2017</u> | <u>June 30, 2018</u> |
| General Obligation Bonds | | | | |
| School | \$ 32,518,415 | \$ 25,084,931 | \$ 17,868,861 | \$ 11,526,346 |
| Library Facilities | 1,221,585 | 1,025,069 | 826,139 | 403,654 |
| NORCRESS Sewer | <u>1,117,000</u> | <u>1,097,000</u> | <u>1,076,000</u> | <u>1,054,000</u> |
| Total G.O. Principal | \$ 34,857,000 | \$ 27,207,000 | \$ 19,771,000 | \$ 12,984,000 |
| Premium | <u>1,466,484</u> | <u>1,079,102</u> | <u>762,140</u> | <u>543,758</u> |
| G.O. Debt Carrying Value | <u>\$ 36,323,484</u> | <u>\$ 28,286,102</u> | <u>\$ 20,533,140</u> | <u>\$ 13,527,758</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 (\$3,106,000), 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 \$2,126,251,000 as of June 30, 2018.

GENERAL OBLIGATION DEBT RATIOS

| <u>At July 1</u> | <u>Total G.O. Debt (1)</u> | <u>Assessed Valuation</u> | <u>Ratio of G.O. Debt To Assessed Valuation</u> | <u>Population (2)</u> | <u>Total G.O. Debt Per Capita</u> |
|------------------|--------------------------------|-------------------------------|---|-----------------------|---|
| 2014 | \$ 42,711,000 | \$ 23,146,730,000 | 0.18% | 332,553 | \$ 128.43 |
| 2015 | 34,857,000 | 22,944,381,000 | 0.15% | 329,411 | 105.82 |
| 2016 | 27,207,000 | 23,254,623,000 | 0.12% | 328,860 | 82.73 |
| 2017 | 19,771,000 | 23,750,037,000 | 0.08% | 323,838 | 61.05 |
| 2018 | 12,984,000 | 22,993,088,000 | 0.06% | 329,824 | 39.37 |

(1) General obligation principal balances shown before amortization of premium.

(2) North Carolina Office of State Budget & Management – State Demographics Section.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

| <u>Cumberland County</u> | | | | | | |
|----------------------------------|---|-------------------------------------|---|-------------------------------------|---|-------------------------------------|
| <u>FY Ending June 30</u> | <u>Schools (Including Related 2014 Refunding)</u> | | <u>Libraries (Including Related 2014 Refunding)</u> | | <u>NORCRESS Sanitary Sewer (Blended Component Unit)</u> | |
| | <u>Principal</u> | <u>Principal & Interest</u> | <u>Principal</u> | <u>Principal & Interest</u> | <u>Principal</u> | <u>Principal & Interest</u> |
| 2019 | \$ 6,171,346 | \$ 6,544,812 | \$ 403,654 | \$ 409,265 | \$ 22,000 | \$ 65,478 |
| 2020 | 2,405,000 | 2,605,975 | - | - | 23,000 | 65,570 |
| 2021 | 2,285,000 | 2,368,725 | - | - | 24,000 | 65,621 |
| 2022 | 500,000 | 516,600 | - | - | 25,000 | 65,631 |
| 2023 | 165,000 | 168,300 | - | - | 26,000 | 65,600 |
| 2024 | - | - | - | - | 27,000 | 65,528 |
| 2025 | - | - | - | - | 29,000 | 66,413 |
| 2026 | - | - | - | - | 30,000 | 66,218 |
| 2027 | - | - | - | - | 31,000 | 65,980 |
| 2028 | - | - | - | - | 32,000 | 65,701 |
| 2029-33 | - | - | - | - | 182,000 | 329,428 |
| 2034-38 | - | - | - | - | 223,000 | 329,672 |
| 2039-43 | - | - | - | - | 268,000 | 324,925 |
| 2044-48 | - | - | - | - | 112,000 | 118,930 |
| | <u>\$ 11,526,346</u> | <u>\$ 12,204,412</u> | <u>\$ 403,654</u> | <u>\$ 409,265</u> | <u>\$ 1,054,000</u> | <u>\$ 1,760,695</u> |

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GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED

| <u>Purpose</u> | <u>Date Approved</u> | <u>Authorized and Unissued</u> ⁽¹⁾ |
|------------------|----------------------|---|
| School Refunding | June 6, 2011 | \$ 2,265,000 |
| Refunding | February 20, 2014 | 930,000 |
| | | <u>\$ 3,195,000</u> |

(1) The County does not intend to issue the balance of the above bonds.

GENERAL OBLIGATION DEBT INFORMATION FOR UNDERLYING UNITS AS OF JUNE 30, 2018

Please refer to the report "Analysis of Debt of North Carolina Counties, Municipalities and Districts at June 30, 2018" filed with the MSRB by the North Carolina Department of State Treasurer, Division of State and Local Government Finance.

OTHER LONG-TERM COMMITMENTS

| <u>Purpose</u> | <u>Original Amount/Costs</u> | <u>Principal & Interest Repayment/Requirements</u> | <u>FY2019 Principal And Interest Requirements</u> | <u>Balance June 30, 2018</u> |
|---|------------------------------|--|---|------------------------------|
| Certificates of Participation - Series 2009A (Elementary School & Branch Library) Partially Refunded on 8/2/17: (\$10,620,000 refunded by 2017 Refunding LOBS) | \$ 22,425,000 | Principal payable annually and interest payable semi-annually in arrears ending December 1, 2019. Annual principal and interest payments range from \$171,742 to \$2,104,000; payable from General Fund. | \$ 1,250,063 | \$ 2,360,000 |
| 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. | 5,797,263 | 31,580,000 |
| Certificates of Participation - Tax Credit Qualified School Construction Bonds Series 2009 | 15,900,000 | Annual sinking fund (principal) payments of \$993,750 beginning December 15, 2010 and ending December 15, 2025 plus semi-annual interest payments of \$99,375 beginning June 15, 2010 and ending December 15, 2025. The interest rate is 1.25%; payable from the General Fund. | 1,192,500 | 7,950,000 |

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| Purpose | Original Amount/Costs | Principal & Interest Repayment/Requirements | FY2019 Principal and Interest Requirements | Balance June 30, 2018 |
|---|--------------------------|--|---|--------------------------|
| Limited Obligation Bonds - Qualified School Construction Bonds Series 2011A <i>(Partially Refunded on 8/2/17; \$10,620,000 refunded by 2017 Refunding LOBS)</i> | \$ 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 | \$ 7,896,000 |
| Limited Obligation Refunding Bonds Series 2017 – Partial refunding of COPS Series 2009as and refunding LOBS Series 2011B | 23,005,000 | Interest only payments for first three years. Thereafter, annual principal and semi-annual interest payments in arrears ending November 1, 2028. Annual principal and interest payments range from \$254,861 to \$770,311; payable from the General Fund. | 1,030,900 | 23,005,000 |
| 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. | 217,523 | 396,000 |
| 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. | 125,021 | 227,600 |

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| Purpose | Original Amount/Costs | Principal & Interest Repayment/Requirements | FY2019 Principal and Interest Requirements | Balance June 30, 2018 |
|---|--------------------------|---|---|--------------------------|
| Limited Obligation Refunding Bonds Series 2011B - Refund Public Health Building and Gray's Creek Middle School <i>(Partially Refunded on 8/2/17; \$13,530,000 refunded by 2017 Refunding LOBS)</i> | \$ 37,755,000 | Principal payable annually and interest payable semi-annually in arrears ending November 1, 2021. Annual principal and interest payments range from \$459,281 to \$3,783,713; payable from the General Fund. | \$ 2,505,000 | \$ 8,565,000 |
| 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 | 74,933 |
| 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 | 615,452 | 1,200,000 |
| Installment Financing - Governmental Capital Improvement Projects | 1,100,000 | Interest only payments for two years, then principal of \$183,333 plus interest of 1.84% for six years; payable from the General Fund | 203,573 | 1,100,000 |
| Advance Draw Program - Governmental & Enterprise Capital Improvement Projects | <u>2,400,904</u> | Credit line with maximum total draw of \$11,220,000. Variable rate interest only payments monthly for 3 years with principal maturity on September 20, 2020 | 144,183 <u>(estimated)</u> | 2,400,904 |
| USDA Revenue Bonds – Series 2018 A&B -Overhills Park Sewer Project | <u>1,379,000</u> | Annual interest only payments for 2 years. Thereafter, annual principal and interest payments ranging from \$27,769 to \$53,551 ending June 1, 2058; payable from Enterprise Fund. | <u>27,769</u> | <u>1,379,000</u> |
| Total: | <u>\$ 214,478,227</u> | | <u>\$ 15,004,348</u> | <u>\$ 88,134,437</u> |

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The County's payment obligations (principal & interest) at June 30, 2018 for the non-general obligation installment financing arrangements described in the preceding table are as follows:

| Fiscal Year Ending June 30 | 2009A Certificates Debt Service | 2009B Refunding Certificates Debt Service | 2011B Refunding LOBS Debt Service | 2017 Refunding LOBS Debt Service | Other Agreements Debt Service | Total Non-General Obligation Debt Service |
|-----------------------------------|--|--|--|---|--------------------------------------|--|
| 2019 | \$ 1,250,063 | \$ 5,797,263 | \$ 2,505,000 | \$ 1,030,900 | \$ 4,421,122 | \$ 15,004,348 |
| 2020 | 1,203,600 | 5,689,762 | 2,408,250 | 1,030,900 | 4,504,133 | 14,836,645 |
| 2021 | - | 5,563,138 | 2,306,125 | 2,128,500 | 5,762,215 | 15,759,978 |
| 2022 | - | 5,447,387 | 2,203,750 | 2,073,900 | 3,334,093 | 13,059,130 |
| 2023 | - | 5,330,356 | - | 4,129,950 | 3,330,210 | 12,790,516 |
| 2024 | - | 5,213,600 | - | 3,976,200 | 3,327,326 | 12,517,126 |
| 2025 | - | 3,269,750 | - | 3,816,850 | 3,140,084 | 10,226,684 |
| 2026 | - | - | - | 3,659,750 | 2,589,620 | 6,249,370 |
| 2027 | - | - | - | 3,495,375 | 58,392 | 3,553,767 |
| 2028 | - | - | - | 3,336,125 | 57,816 | 3,393,941 |
| 2029 | - | - | - | 1,465,750 | 57,242 | 1,522,992 |
| 2030 | - | - | - | - | 57,666 | 57,666 |
| 2031 | - | - | - | - | 58,069 | 58,069 |
| 2032 | - | - | - | - | 58,452 | 58,452 |
| 2033 | - | - | - | - | 57,815 | 57,815 |
| 2034 | - | - | - | - | 52,180 | 52,180 |
| 2035 | - | - | - | - | 52,541 | 52,541 |
| 2036 | - | - | - | - | 52,879 | 52,879 |
| 2037 | - | - | - | - | 53,200 | 53,200 |
| 2038 | - | - | - | - | 52,497 | 52,497 |
| 2039 | - | - | - | - | 52,795 | 52,795 |
| 2040 | - | - | - | - | 53,069 | 53,069 |
| 2041 | - | - | - | - | 53,326 | 53,326 |
| 2042 | - | - | - | - | 52,560 | 52,560 |
| 2043 | - | - | - | - | 52,794 | 52,794 |
| 2044 | - | - | - | - | 53,004 | 53,004 |
| 2045 | - | - | - | - | 53,197 | 53,197 |
| 2046 | - | - | - | - | 52,368 | 52,368 |
| 2047 | - | - | - | - | 52,538 | 52,538 |
| 2048 | - | - | - | - | 53,684 | 53,684 |
| 2049 | - | - | - | - | 52,790 | 52,790 |
| 2050 | - | - | - | - | 52,896 | 52,896 |
| 2051 | - | - | - | - | 51,979 | 51,979 |
| 2052 | - | - | - | - | 53,061 | 53,061 |
| 2053 | - | - | - | - | 53,104 | 53,104 |
| 2054 | - | - | - | - | 52,123 | 52,123 |
| 2055 | - | - | - | - | 53,141 | 53,141 |
| 2056 | - | - | - | - | 53,120 | 53,120 |
| 2057 | - | - | - | - | 53,075 | 53,075 |
| 2058 | - | - | - | - | 50,006 | 50,006 |
| | <u>\$ 2,453,663</u> | <u>\$ 36,311,256</u> | <u>\$ 9,423,125</u> | <u>\$ 30,144,200</u> | <u>\$ 32,132,182</u> | <u>\$ 110,464,426</u> |
| Premium | 11,262 | 1,624,237 | 782,865 | 3,936,364 | - | 6,354,728 |
| Carrying Value | <u>\$ 2,464,925</u> | <u>\$ 37,935,493</u> | <u>\$ 10,205,990</u> | <u>\$ 34,080,564</u> | <u>\$ 32,132,182</u> | <u>\$ 116,819,154</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 (\$7,864,647) and the ABC Board (\$45,834).

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The obligations of the County under the installment financing arrangements described above are not secured by a pledge of the taxing power of the County. In the event of a default by the County, the sole recourse of the obligee is to foreclose on, or otherwise realize upon its security interest in, the property acquisition or improvement of which was financed. No deficiency judgment may be rendered against the County.

DEFEASANCE OF OTHER (NON-GENERAL OBLIGATION) DEBT

On August 2, 2017, the County issued \$23,005,000 Limited Obligation Refunding Bonds Series 2017 to advance refund a portion of Certificates of Participation Series 2009A (\$10,620,000) and a portion of Limited Obligation Refunding Bonds Series 2011B (\$13,520,000). Proceeds from the refunding have been used to purchase U.S. government securities and have been placed in trust with US Bank (2009A COPS) and Regions Bank (2011B Refunding LOBS). 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 is considered defeased and has been removed from the County's liabilities.

At June 30, 2018, the balance of the defeased debt, payable by the escrow agents, is \$10,620,000 for the 2009A COPS maturing December 1, 2019 and \$13,530,000 for the 2011B Refunding LOBS maturing November 1, 2021. The County has no other defeased debt that has not matured.

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 school construction and other governmental and enterprise capital improvements.

TAX INFORMATION

GENERAL TAX INFORMATION

| | <u>Fiscal Year Ended or Ending June 30,</u> | | |
|---|---|------------------------|---------------------------|
| | <u>2017</u> | <u>2018</u> | <u>2019⁽³⁾</u> |
| | | (Amounts in thousands) | |
| Assessment Ratio ⁽¹⁾ | 100% | 100% | 100% |
| Real Property | \$ 19,247,028 | \$ 18,469,623 | \$ 18,658,422 |
| Personal Property | 1,699,241 | 1,688,560 | 1,798,131 |
| Vehicles | 2,374,525 | 2,395,619 | 2,419,575 |
| Public Service Companies ⁽²⁾ | <u>429,243</u> | <u>439,286</u> | <u>456,289</u> |
| Total Assessed Valuation | \$ 23,750,037 | \$ 22,993,088 | \$ 23,332,417 |
| Assessed Valuation Per Capita | 73.33 | 69.71 | 70.77 |
| Rate per \$100 | .740 | .799 | .799 |
| County-wide Levy | \$ 175,750 | \$ 183,715 | \$ 186,426 |

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

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

(3) Valuation estimates are as of October 31, 2018 for the fiscal year ending June 30, 2019. Population figures used for assessed valuation per capita are 323,838, 329,824, and 329,686 for FY2017, FY2018, and FY2019, respectively.

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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>2017</u> | <u>2018</u> | <u>2019</u> ⁽¹⁾ |
|------------------------|-----------------------|-----------------------|----------------------------|
| County-wide | \$ 175,750,274 | \$ 183,714,773 | \$ 186,426,012 |
| Recreation District | 3,821,458 | 3,715,105 | 3,776,529 |
| Special Fire Districts | <u>7,281,485</u> | <u>7,049,679</u> | <u>7,149,765</u> |
| Total Levy | <u>\$ 186,853,217</u> | <u>\$ 194,479,557</u> | <u>\$ 197,352,306</u> |

1) Valuation estimates as of October 31, 2018 for the fiscal year ending June 30, 2019.

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> |
|---------------------------|--|--|--|
| 2014 | \$3,699,779 | \$169,217,802 | 98.59% |
| 2015 | 2,110,827 | 168,914,935 | 99.23% |
| 2016 | 1,474,789 | 170,999,219 | 99.24% |
| 2017 | 1,108,199 | 173,906,079 | 98.85% |
| 2018 | 1,694,400 | 182,126,897 | 99.19% |

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 2018 (TAX YEAR 2017)

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>TY2017 Taxable Assessed Valuation*</u> | <u>% of Total Taxable Assessed Valuation</u> |
|--------------------------------|---------------------------|---|--|
| Goodyear Tire & Rubber Co. | Tire Manufacturer | \$ 364,772 | 1.59% |
| Wal-Mart Stores, Inc. | Retail/Distribution | 163,186 | 0.71 |
| Cross Creek Mall, LLC | Retail Mall | 158,662 | 0.69 |
| Duke Progress Energy, Inc. | Electric Utility | 96,472 | 0.42 |
| Fayetteville VA Co., LLC | Veterans' health Services | 91,132 | 0.40 |
| Piedmont Natural Gas Co., Inc. | Gas Utility | 66,613 | 0.29 |
| Purolator Filters NA, LLC | Auto Filter Manufacturer | 64,341 | 0.28 |
| Dak Americas, LLC | Textiles | 62,930 | 0.27 |
| South River EMC | Electric Utility | 55,343 | 0.24 |
| Cargill | Soybean Processor | <u>54,807</u> | <u>0.24</u> |
| | | <u>\$ 1,178,258</u> | <u>5.13%</u> |

* Amounts expressed in thousands.

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Compiled Budget - Annually Budgeted Funds
Year Ended June 30, 2018
(Unaudited)

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Enterprise Funds</u> |
|--|-------------------------|--------------------------------------|-----------------------------|
| Estimated revenues: | | | |
| Ad valorem taxes | \$ 181,751,285 | \$ 13,079,782 | \$ - |
| Other taxes | 53,254,049 | 6,209,304 | 6,486,220 |
| Unrestricted intergovernmental | 11,907,769 | - | - |
| Restricted intergovernmental | 64,036,159 | 37,697,354 | 1,668,392 |
| Licenses and permits | 1,903,000 | - | 11,388 |
| Sales and services | 10,102,217 | 323,138 | 5,903,424 |
| Interest earned on investments | 355,433 | 8,339 | 100,000 |
| Miscellaneous | 4,886,337 | 18,000 | 189,572 |
| Total estimated revenues | <u>328,196,249</u> | <u>57,335,917</u> | <u>14,358,996</u> |
| Appropriations: | | | |
| General government | 40,383,306 | - | - |
| Public safety | 59,388,533 | 9,377,816 | - |
| Economic and physical development | 8,590,834 | 37,833,197 | - |
| Human services | 98,854,693 | 1,799,779 | - |
| Cultural and recreation | 11,164,937 | 5,177,651 | - |
| Education | 112,662,065 | - | - |
| Salaries and employee benefits | - | - | 4,269,746 |
| Repairs and maintenance | - | - | 1,628,240 |
| Utilities | - | - | 177,700 |
| Administrative costs | - | - | 4,878,134 |
| Landfill closure and postclosure | - | - | 700,000 |
| Other operating - crown center | - | - | 6,100,507 |
| Capital outlay | - | - | 794,243 |
| Water and sewer | - | - | 802,266 |
| Debt service: | | | |
| Principal retirement | 17,999,414 | - | 2,713,271 |
| Interest and fees | 3,983,807 | - | 1,075,738 |
| Issuance costs | 297,264 | - | - |
| Total appropriations | <u>353,324,853</u> | <u>54,188,443</u> | <u>23,139,845</u> |
| Estimated revenues over (under) appropriations | <u>(25,128,604)</u> | <u>3,147,474</u> | <u>(8,780,849)</u> |
| Other financing sources (uses): | | | |
| Transfers from other funds: | | | |
| General fund | - | 920,516 | - |
| Special revenue funds | 80,406 | - | 7,355,019 |
| Capital projects | - | - | (306,523) |
| Internal service funds | - | - | - |
| Enterprise funds | - | - | - |
| Transfers to other funds: | | | |
| General fund | - | (80,406) | - |
| Special revenue funds | (920,516) | - | - |
| Capital projects | (47,000) | - | - |
| Internal service funds | (2,600,000) | - | - |
| Enterprise funds | - | (7,355,019) | - |
| Proceeds of general long term debt | 23,005,000 | - | - |
| Premium on debt issuance | 4,285,558 | - | - |
| County contribution | 254,736 | - | - |
| Refunding escrow payment | (27,245,985) | - | - |
| Sale of fixed assets | - | - | - |
| Appropriated fund balances | 28,316,405 | 3,367,435 | 1,732,353 |
| Total other financing sources | <u>25,128,604</u> | <u>(3,147,474)</u> | <u>8,780,849</u> |
| Estimated revenues and other sources over appropriations and other uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Compiled for the Primary Government by the Cumberland County finance department from the FY2018 budget at June 30, 2018.

The General Fund includes a legally budgeted County School Fund and a legally budgeted Capital Investment Fund which are consolidated into the General Fund for reporting purposes to comply with GASB 54. Transfers between the General Fund, the County School Fund, and the Capital Investment Fund have been eliminated.

COUNTY OF CUMBERLAND, NORTH CAROLINA
Compiled Budget - Annually Budgeted Funds
Year Ending June 30, 2019
(Unaudited)

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Enterprise Funds</u> |
|--|-------------------------|--------------------------------------|-----------------------------|
| Estimated revenues: | | | |
| Ad valorem taxes | \$ 184,632,000 | \$ 12,899,710 | \$ - |
| Other taxes | 55,215,800 | 6,546,209 | 7,331,821 |
| Unrestricted intergovernmental | 12,156,891 | - | - |
| Restricted intergovernmental | 54,043,102 | 33,373,893 | 861,328 |
| Licenses and permits | 2,031,200 | - | - |
| Sales and services | 10,261,381 | 342,886 | 5,241,757 |
| Interest earned on investments | 663,739 | 2,663 | 280,968 |
| Miscellaneous | 6,364,627 | 22,000 | 15,500 |
| Total estimated revenues | <u>325,368,740</u> | <u>53,187,361</u> | <u>13,731,374</u> |
| Appropriations: | | | |
| General government | 36,885,208 | - | - |
| Public safety | 61,716,117 | 8,810,774 | - |
| Economic and physical development | 7,504,623 | 32,887,333 | - |
| Human services | 93,798,443 | 1,751,621 | - |
| Cultural and recreation | 11,192,690 | 4,731,089 | - |
| Education | 102,517,597 | - | - |
| Salaries and employee benefits | - | - | 3,628,802 |
| Repairs and maintenance | - | - | 1,266,700 |
| Utilities | - | - | 295,150 |
| Administrative costs | - | - | 4,184,138 |
| Landfill closure and postclosure | - | - | 700,000 |
| Other operating - crown center | - | - | 7,057,840 |
| Capital outlay | - | - | 4,250,700 |
| Water and sewer | - | - | 573,874 |
| Debt service: | | | |
| Principal retirement | 14,699,084 | - | 2,778,796 |
| Interest and fees | 3,532,975 | - | 1,034,638 |
| Issuance costs | - | - | - |
| Total appropriations | <u>331,846,737</u> | <u>48,180,817</u> | <u>25,770,638</u> |
| Estimated revenues over (under) appropriations | <u>(6,477,997)</u> | <u>5,006,544</u> | <u>(12,039,264)</u> |
| Other financing sources (uses): | | | |
| Transfers from other funds: | | | |
| General fund | - | 952,425 | - |
| Special revenue funds | 83,227 | - | 9,273,973 |
| Capital projects | - | - | - |
| Internal service funds | - | - | - |
| Enterprise funds | - | - | - |
| Transfers to other funds: | | | |
| General fund | - | (83,227) | - |
| Special revenue funds | (952,425) | - | - |
| Capital projects | - | - | - |
| Internal service funds | (100,000) | - | - |
| Enterprise funds | - | (9,273,973) | - |
| Proceeds of general long term debt | - | - | - |
| Refunding escrow payment | - | - | - |
| Sale of fixed assets | - | - | - |
| Appropriated fund balances | 7,447,195 | 3,398,231 | 2,765,291 |
| Total other financing sources | <u>6,477,997</u> | <u>(5,006,544)</u> | <u>12,039,264</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 FY2019 adopted budget ordinance at July 1, 2018.

The General Fund includes a legally budgeted County School Fund and a legally budgeted Capital Investment Fund which are consolidated into the General Fund for reporting purposes to comply with GASB 54. Transfers between the General Fund, the County School Fund, and the Capital Investment 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2018. Our report includes a reference to other auditors who audited the financial statements of the Cumberland County ABC Board, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Fayetteville Area Convention and Visitors Bureau and the Cumberland County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Chemy Bekaert LLP

Fayetteville, North Carolina
November 30, 2018

**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, 2018. 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 Federal and State statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

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 **2018-001**, **2018-003**, **2018-004**, and **2018-005**. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item **2018-002** that we consider to be a significant deficiency.

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

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

Chemy Bekaert LLP

Fayetteville, North Carolina
November 30, 2018

**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, 2018. 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 State statutes, regulations, and the terms and conditions of its State awards 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.

Basis for Qualified Opinion on State Foster Home Fund

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the State Foster Home Fund program as described in finding number **2018-006** for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on State Foster Home Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the State Foster Home Fund for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major State Programs

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 other major State programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

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 **2018-007**, **2018-008**, and **2018-009**. Our opinion on each major State 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 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.

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 have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item **2018-006** to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item **2018-007** to be a significant deficiency.

The County's responses to the internal control over the compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.

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

Chemy Bekaert LLP

Fayetteville, North Carolina
November 30, 2018

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

YEAR ENDED JUNE 30, 2018

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

YEAR ENDED JUNE 30, 2018

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

Identification of Major Federal Programs:

| <u>CFDA#</u> | <u>Program Name</u> |
|--------------|--|
| 10.557 | Special Supplemental Nutrition Program for Women, Infants & Children |
| | Energy Assistance Block Grant: |
| 93.568 | Administration |
| 93.568 | Low Income Home Energy Assistance Crisis Intervention |
| | Child Care Development Fund Cluster: |
| 93.596 | Child Care and Development Fund-Administration |
| 93.575 | Child Care and Development Fund-Discretionary |
| 93.596 | Child Care and Development Fund-Mandatory |
| 93.596 | Child Care and Development Fund-Match |
| | Foster Care and Adoption Assistance Cluster: |
| 93.658 | Foster Care – Title IV-E |
| 93.667 | Social Services Block Grant |
| 93.994 | Maternal and Child Health Services Block Grant |
| 97.036 | Disaster Grants - Public Assistance |

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, 2018

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

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 1,434,373

Auditee qualified as low-risk auditee? X Yes No

State Awards

Internal Control over Major State Programs:

- Material weakness(es) identified X Yes No

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

Noncompliance material to State awards X Yes No

Type of Auditor's Report Issued on
Compliance for Major State Programs: Qualified for State Foster Home Fund
Unmodified for all other Major State Programs

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

Identification of Major State Programs:

Program Name

State Foster Home Fund

State match on federal programs, included in the list of major federal programs above for the Foster Care and Adoption Assistance Cluster, the Child Care Development Fund Cluster, Disaster Grants - Public Assistance, and the Maternal and Child Health Services Block Grant.

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

YEAR ENDED JUNE 30, 2018

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

U. S. Department of Health and Human Services
Passed through the N.C Department of Health and Human Services, Division of Public Health
Foster Care and Adoption Assistance Cluster
CFDA # 93.658

Non-material noncompliance – Eligibility
Finding 2018-001

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

Condition: We noted three instances in which the Family Services Agreement was not renewed within 6 months or was missing from the client's file.

Questioned Costs: None. The lack of documentation in the client's file did not affect the client's eligibility.

Context: A total of 9 clients were selected for review during the period from July 2017 to June 2018.

Effect: The signed Family Services Agreements were not in the file.

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

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

Views of Responsible Officials: Management acknowledges the finding.

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

YEAR ENDED JUNE 30, 2018

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

U. S. Department of Health and Human Services
Passed through the N.C Department of Health and Human Services, Division of Public Health
Foster Care and Adoption Assistance Cluster
CFDA # 93.658

Significant Deficiency – Eligibility
Finding 2018-002

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

Condition: We noted one instance where Form DSS-5013 North Carolina Adoption Assistance Agreement was not signed by the program director or designee, only by the adoptive parents and the case worker.

Questioned Costs: None. The lack of documentation in the client's file did not affect the client's eligibility.

Context: A total of 22 clients were selected for review during the period from July 2017 to June 2018.

Effect: The agreement in the client file was not signed by the program director or designee.

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

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

Views of Responsible Officials: Management acknowledges the finding.

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

YEAR ENDED JUNE 30, 2018

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

U. S. Department of Agriculture
Passed through the N.C. Department of Health and Human Services, Division of Public Health
Special Supplemental Nutrition Program for Women, Infants, and Children ("WIC")
CFDA # 10.557

Non-material noncompliance - Eligibility
Finding 2018-003

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

Condition: We noted one instance in which there was no documentation in file indicating how the proof of residency was verified.

Questioned Costs: None. The lack of documentation in the client's file did not affect the client's eligibility.

Context: A total of 40 WIC clients were selected for review during the period from July 2017 to June 2018.

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

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

Recommendation: The County should implement policies and procedures to ensure that client 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

YEAR ENDED JUNE 30, 2018

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
Low-Income Home Energy Assistance Program ("LIHEAP")
CFDA # 93.568

Non-material noncompliance - Eligibility
Finding 2018-004

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

Condition: We noted the three instances where approved applications (2 LIHEAP, 1 Crisis Intervention) selected for testing did not have a signed Rights and Responsibilities page in the record.

Questioned Costs: None. The lack of documentation in the client's file did not affect the client's eligibility.

Context: A total of 40 clients were selected for review during the period July 2017 to June 2018.

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

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

Recommendation: The County should implement policies and procedures to ensure that client 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

YEAR ENDED JUNE 30, 2018

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
Low-Income Home Energy Assistance Program ("LIHEAP")
CFDA # 93.568

Non-material noncompliance – Subrecipient monitoring
Finding 2018-005

Criteria: In accordance with the Cumberland County's policies and procedures, agreements should outline all terms and conditions expected for the arrangement.

Condition: We noted seven of the 21 items required to be included in the subrecipient agreement were omitted.

Questioned Costs: None. The subrecipient has been performing the same duties for this program for over 15 years. The items which were omitted would not have affected the subrecipient's expectations, performance, or reporting under the agreement.

Context: The program has one subrecipient, whose agreement was reviewed during testing.

Effect: Subrecipient agreements excluded required elements that outline all terms and conditions of the arrangement, which could result in the subrecipient being unaware of all requirements.

Cause: Employee oversight over the information required to be included in the agreement.

Recommendation: The County should implement policies and procedures to ensure that subrecipient agreements include all required elements.

Views of Responsible Officials: Management acknowledges the finding.

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

YEAR ENDED JUNE 30, 2018

Section IV. State Award Findings and Questioned Costs

N.C. Department of Health and Human Services, Division of Social Services
State Foster Home Fund

Material weakness, material noncompliance – Eligibility

Finding 2018-006

| | |
|---------------------------------|--|
| Criteria: | The County should claim reimbursement for costs incurred for providing services to clients from the federal or state programs that the clients are eligible for. |
| Condition: | We noted one case where a client was determined to be eligible for the Federal IV-E foster care program, but reimbursement was claimed from the State Foster Home Program throughout fiscal year 2018. |
| Questioned Costs: | Known questioned costs are \$16,363, comprised of the monthly maintenance payments for each month of fiscal year 18 as reported on the PQA-020 reports. Likely questioned costs of \$140,951 were calculated as an extrapolation of the error rate in the sample (foster care and guardianship assistance program) to the population of total foster care and guardianship assistance program costs from the PQA-020, PQA-044 and PQA-045 reports for the fiscal year. |
| Context: | A total of 40 client files (38 foster care and 2 guardianship assistance program) were selected for review for the period July 2018 through June 2018. Of the 38 foster care client files tested, we noted one instance where the eligibility application prepared when the client was removed from the home documented that the client was eligible for Federal IV-E. However, reimbursement for the client's monthly maintenance payments was claimed from the State Foster Home Fund. |
| Effect: | The State paid for foster care services for a client who was eligible for federal services. |
| Cause: | Employee oversight during initial data entry after eligibility determination. |
| Recommendation: | The County should implement policies and procedures to ensure that data entry is accurate. |
| Views of Responsible Officials: | Management acknowledges the finding. |

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

YEAR ENDED JUNE 30, 2018

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

N.C. Department of Health and Human Services
DSS Crosscutting

Non-material noncompliance and significant deficiency – Special Tests and Provisions – Contract Procedures Applicable to all Social Services programs

Finding 2018-007

Criteria: Any service purchased by a County Department of Social Services/Human Services must have a contract unless a purchased service is covered in a specific program which does not require use of this specific contract and has Federal and/or State funding. Every contract must include a notarized Conflict of Interest Policy, notarized Statement of No Overdue Taxes, an indemnification clause, a pre-audit statement in accordance with G.S. 159-28, and documentation of the fund source.

Condition: Out of the two contracts selected for testing, we noted one contract that did not contain the required language noted above in the criteria.

Questioned Costs: None. The items which were omitted would not have affected the expectations, performance, or reporting under the agreement.

Context: Any service purchased by a County Department of Social Services/Human Services must have a contract unless a purchased service is covered in a specific program which does not require use of this specific contract and has Federal and/or State funding. The local Department of Social Services/Human Services should use the documents and instructions provided on the North Carolina Division of Social Services web-site as guidance when entering into any contract. If a county has its own contractual procedures, these are permissible but at a minimum must include the items outlined on the web-site which includes a notarized Conflict of Interest Policy and a notarized Statement of No Overdue Taxes, an indemnification clause, a pre-audit statement in accordance with G.S. 159-28, and documentation of the fund source.

Effect: The County is not in compliance with contract requirements provided by the North Carolina Division of Social Services.

Cause: The original contract was several years old and could not be located by the County.

Recommendation: The County should implement policies and procedures to ensure all County Department of Social Services contracts with Federal and/or State funding contain the language required by the North Carolina Department of Social Services and are kept on file for review.

Views of Responsible Officials: Management acknowledges the finding.

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

YEAR ENDED JUNE 30, 2018

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

N.C. Department of Health and Human Services, Division of Social Services
State Foster Home Fund

Non-material noncompliance – Eligibility
Finding 2018-008

Criteria: Certain documents should be maintained in the case files and reviewed and updated on a regular basis to comply with program requirements as noted in the Integrated Eligibility Manual.

Condition: We noted one instance where a case plan was not in a client's file.

Questioned Costs: None. The lack of case plan in the client's file did not affect the client's eligibility.

Context: A total of 40 client files (38 foster care and 2 guardianship assistance program) were selected for review for the period July 2018 through June 2018. Of the 38 foster care client files tested, we noted one instance where the client file did not have a case plan (Family Services Agreement).

Effect: The County did not have a case plan to guide County staff in providing agreed-upon services to the client.

Cause: Employee oversight during the initial eligibility determination or eligibility redetermination.

Recommendation: The County should implement policies and procedures to ensure that required documentation is completed and filed in the client 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, 2018

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

N.C. Department of Health and Human Services, Division of Social Services
State Foster Home Fund

Non-material noncompliance – Reporting
Finding 2018-009

| | |
|---------------------------------|--|
| Criteria: | County personnel must manually enter the amounts paid to foster parents and guardians each month into the State's system in order to be reimbursed for those monthly payments. |
| Condition: | We noted three payments which were not entered accurately into the State's system. |
| Questioned Costs: | \$30 known questioned costs. No additional likely questioned costs as the County underclaimed reimbursement overall by \$473. The net underclaimed costs extrapolate to an estimated \$39,822 of reimbursement not claimed from the State. |
| Context: | A total of 40 client files (38 foster care and 2 guardianship assistance program) were selected for review for the period July 2018 through June 2018. Of the 40 foster care and guardianship client files tested, we noted one instance where the County claimed reimbursement for \$30 more than was actually paid and two instances where the County claimed less reimbursement than was actually paid. |
| Effect: | The County received \$30 more than it should have for one payment but was underpaid a total of \$473 for two other payments. However, the errors in the payment amounts could just as easily been reversed with the County receiving a net overpayment. |
| Cause: | Employee oversight during the review of data entry. |
| Recommendation: | The County should implement policies and procedures to ensure that data is entered accurately when claiming reimbursement for program costs. |
| Views of Responsible Officials: | Management acknowledges the finding. |



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

DEPARTMENT OF PUBLIC HEALTH

Finding #: 2018-003

Name of Contact Person: Candi York, Accountant

Corrective Action Plan: The WIC Department currently completes quarterly reviews (internal audits) of client records to include eligibility reviews. The Proof of Residency field is a required field within Crossroads so we are unsure of how the clerk was able to continue with processing the record. Because of this finding, the WIC Director will ensure during the quarterly reviews that the proof of residency documentation is present. If this is found again she will reach out to the State for further research into the software issue.

Proposed Completion Date: Will be reviewed during quarterly reviews effective immediately. The next scheduled review will be conducted in 12/5/18.

BRENDA REID JACKSON

Director

ASSISTANT DIRECTORS

Bobbie Redding
Legal Services

Crystal Black
Adult Services

Sandy Connor
Children's Services

John Nalbene
Business Operations



DEPARTMENT OF SOCIAL SERVICES

SECTION CHIEFS

Sharon McLeod
Children's Services

Vivian Tookes
Economic Services

Kristin Bonoyer
Adult Services

Vacant
Business Operations

Single Audit Response and Corrective Action Plan

Finding #: 2018-001

Name of Contact Person: Heike Hammer, SW Supervisor III-Children's Services QA & Training

Corrective Action Plan: Refresher training addressing Family Service Agreements, Timeframes for updates, Parent Involvement or lack of involvement and submission of the Child Placement and Payment forms (DSS-5094) with the Foster Care Medicaid Application (DSS-5120) will be provided at the next Children's Services Section meeting. Sign in sheets verifying attendance will be maintained by Children's Services Trainers and the Human Services Planner Evaluator.

Proposed Completion Date: December 21, 2018

Finding #: 2018-002

Name of Contact Person: Heike Hammer, SW Supervisor III-Children's Services QA & Training

Corrective Action Plan: Refresher training addressing accurate completion of Form DSS-5013 North Carolina Adoption Assistance Agreement will be addressed at the next Adoptions Unit meeting. Sign in sheets verifying attendance will be maintained by Children's Services Trainers and the Human Services Planner Evaluator.

Proposed Completion Date: December 20, 2018

Finding #: 2018-004

Name of Contact Person: Patricia Crouch, IM Supervisor III-Economic Services Special Teams

Corrective Action Plan: Refresher training addressing accurate completion of the Rights and Responsibilities page of CIP and LIHEAP applications during each assessment have been conducted.

Proposed Completion Date: November 5th, 6th & 29th 2018

We stand united to strengthen individuals and families and to protect children and vulnerable adults...

Finding #: 2018-005

Name of Contact Person: Dawn Keeler, Accountant I-Business Operations Finance

Corrective Action Plan: An amendment, including the required contractual items in the subrecipient agreement with the Salvation Army for administration of the Energy Programs, has been completed. The amendment is being forwarded to the CCDSS Director and the Vendor for signatures.

Proposed Completion Date: January 31, 2018

Finding #: 2018-006

Name of Contact Person: Heike Hammer, SW Supervisor III-Children's Services QA & Training

Corrective Action Plan: The following procedures have been put into place to ensure that each child coming into care is identified and assessed for IV-E eligibility as quickly as possible. A designated QA Social Worker will notify the Foster Care Medicaid Team of children who enter care each month. FC Medicaid workers will ensure that they have received a Medicaid Application (DSS-5120) from the child's social worker, follow normal tracking/assessment processes and enter the appropriate fund source on the case. The FC Medicaid worker will notify the QA social worker of the fund source and DSS-5120 completion date. The QA social worker will update the Children Entering Custody report. There were 2 children on this case resulting in a total Foster Care Board Assistance Payment Adjustment from CCDSS to the Division of Social Services of \$22,220.89. Our Finance Unit has submitted the adjustments.

Proposed Completion Date: October 1, 2018

Finding #: 2018-007

Name of Contact Person: Dawn Keeler, Accountant I-Business Operations Finance

Corrective Action Plan: Once available, a copy of the updated County contract will be obtained and kept on file for future audits. Finance staff will ensure that a contract is obtained for contracted services.

Proposed Completion Date: Unknown-dependent upon County to provide.

Finding #: 2018-008

Name of Contact Person: Heike Hammer, SW Supervisor III-Children's Services QA & Training

Corrective Action Plan: Refresher training addressing Family Service Agreements, Timeframes for updates, Parent Involvement or lack of involvement and submission of the Child Placement and Payment forms (DSS-5094) with the Foster Care Medicaid Application (DSS-5120) will be provided at the next Children's Services Section meeting. Sign in sheets verifying attendance will be maintained by Children's Services Trainers and the Human Services Planner Evaluator.

Proposed Completion Date: December 21, 2018

Finding #: 2018-009

Name of Contact Person: Dawn Keeler, Accountant I-Business Operations Finance

Corrective Action Plan: Supervisory staff will check invoices against payment amounts that are entered into the Child Payment Placement System (CPPS) by the Acct Tech I each month. It is felt that this level of QA will sufficiently minimize keying errors.

The adjustment for the \$30 overpayment was sent by CCDSS to the Division of Social Services on August 31, 2018.

The adjustment for the \$473 underpayment was sent by CCDSS to the Division of Social Services on November 21, 2018.

One case was found to have a keying error. Despite the amount keyed being less than the actual amount paid out, CCDSS received the maximum reimbursement possible. Therefore, no adjustment was needed because the error did not cause a payment error.

Proposed Completion Date: November 21, 2018

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

YEAR ENDED JUNE 30, 2018

Finding #: 2017-001

Status: Corrected

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

YEAR ENDED JUNE 30, 2018

| 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 |
|--|---------------------------|---|---|-----------------------|---------------------------------------|-----------------------|
| Federal Awards: | | | | | | |
| <u>U.S. Dept. of Agriculture</u> | | | | | | |
| <u>Food and Consumer Service</u> | | | | | | |
| Passed-through N.C. Dept. of Agriculture: | | | | | | |
| Food Distribution | 10.550 | | \$ 1,745 | \$ - | \$ - | - |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | | |
| Division of Social Services: | | | | | | |
| Administration: | | | | | | |
| <u>Food Stamp Cluster:</u> | | | | | | |
| Food Stamp Incentive Retention | 10.551 | | 80,889 | - | - | - |
| State Administrative Matching Grants for the Food Stamp Program | 10.561 | | 3,907,006 | - | - | - |
| Total Food Stamp Cluster | | | <u>3,987,895</u> | - | - | - |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | | |
| Division of Public Health: | | | | | | |
| Special Supplemental Nutrition Program for Women, Infants, & Children | 10.557 | | 2,180,078 | - | - | - |
| Total U.S. Dept. of Agriculture | | | <u>6,169,718</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 | | 94,928 | 32,136 | - | - |
| Direct Program: | | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | 588,771 | - | - | - |
| CDGB-Disaster Recovery | 14.228 | | 42,014 | - | - | - |
| Supportive Housing Program | 14.235 | | 164,955 | - | 164,955 | - |
| HOME Investment Partnerships Program | 14.239 | | 465,623 | - | - | - |
| Total U.S. Dept. of Housing and Urban Development | | | <u>1,356,291</u> | 32,136 | 164,955 | - |
| <u>U.S. Dept. of Justice</u> | | | | | | |
| <u>Bureau of Justice Assistance</u> | | | | | | |
| Direct Program: | | | | | | |
| Paul Coverdell Forensic Sciences Improvement Grant Program | 16.742 | | | - | - | - |
| Passed-through the N.C. Dept. of Crime Control and Public Safety: | | | | | | |
| Crime Victim Assistance | 16.575 | | 78,815 | - | - | - |
| Direct Program: | | | | | | |
| Edward Byrne Memorial Justice Assistance Grant | 16.579 | | 99,369 | - | - | - |
| Paul Coverdell Forensic Sciences Improvement Grant Program | 16.742 | | (150) | - | - | - |
| Total U.S. Dept. of Justice | | | <u>178,034</u> | - | - | - |
| <u>U.S. Dept. of Labor</u> | | | | | | |
| <u>Employment and Training Administration</u> | | | | | | |
| Passed-through Senior Service America, Inc.: | | | | | | |
| Senior Community Service Employment Program | 17.235 | | 485,592 | - | - | - |

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

YEAR ENDED JUNE 30, 2018

| Grantor/Pass-through Grantor/Program Title 1(a) | Federal CFDA Number | State/ Pass-through Grantor's Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients | Local Expenditures |
|---|---------------------------|---|---|-----------------------|---------------------------------------|-----------------------|
| <u>WorkForce Innovation & Opportunity Act Cluster</u> | | | | | | |
| Passed-through the N.C. Department of Commerce: | | | | | | |
| Division of WorkForce Solutions | | | | | | |
| WIA/WIOA Adult Program | 17.258 | | 636,354 | - | - | - |
| WIA/WIOA Youth Activities | 17.259 | | 780,983 | - | - | - |
| WIA/WIOA Dislocated Workers Formula Grants | 17.278 | | 518,143 | - | - | - |
| Total WorkForce Innovation & Opportunity Act Cluster | | | 1,935,480 | - | - | - |
| Passed-through the N.C. Department of Commerce: | | | | | | |
| National Emergency Grant | 17.277 | | 1,041,732 | - | - | - |
| Total U.S. Dept. of Labor | | | 3,462,804 | - | - | - |
| <u>U.S. Dept. of Transportation</u> | | | | | | |
| <u>Federal Highway Administration</u> | | | | | | |
| Passed-through the N.C. Department of Transportation: | | | | | | |
| Highway Planning and Construction Cluster: | | | | | | |
| Highway Planning and Construction Grants | 20.205 | | 414,047 | - | 414,047 | - |
| <u>Federal Transit Administration</u> | | | | | | |
| Passed-through the N.C. Department of Transportation: | | | | | | |
| Federal Transit - Metropolitan Planning Grants | 20.505 | | 59,835 | - | - | - |
| Formula Grants for Other Than Urbanized Areas | 20.509 | | 105,276 | - | - | - |
| Alcohol Open Container Requirements | 20.607 | | 14,278 | - | - | - |
| National Priority Safety Programs | 20.616 | | 38,792 | - | - | - |
| <u>Federal Transit Administration</u> | | | | | | |
| Passed-through the N.C. Department of Public Safety: | | | | | | |
| Hazardous Materials Emergency Preparedness | 20.703 | | 8,551 | - | - | - |
| Total U.S. Dept. of Transportation | | | 640,779 | - | 414,047 | - |
| <u>Institute of Museum and Library Services</u> | | | | | | |
| Passed-through the State Library of NC: | | | | | | |
| Grants to States | 45.310 | | 38,740 | - | - | - |
| <u>U.S. Environmental Protection Agency</u> | | | | | | |
| Division of Public Health | | | | | | |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to Clean Air Act | 66.034 | | 5,831 | - | - | - |
| <u>Administration for Children and Families</u> | | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | | |
| Division of Social Services: | | | | | | |
| WorkFirst/Temporary Assistance for Needy Families ("TANF") | 93.558 | | 5,521,913 | - | - | 6,187,034 |
| Special Children Adoption | 93.558 | | 111,600 | - | - | - |
| N.C. Child Support Enforcement Section | 93.563 | | 3,875,467 | - | - | - |
| Refugee Assistance | 93.566 | | 1,861 | - | - | - |
| Low-Income Home Energy Assistance Block Grant: | | | | | | |
| Administration | 93.568 | | 265,997 | - | - | - |
| Crisis Intervention Program | 93.568 | | 2,601,054 | - | - | - |
| Stephanie Tubbs Jones Child Welfare Services Program: | | | | | | |
| Permanency Planning - Families for Kids | 93.645 | | 115,194 | - | - | 62,859 |
| SSBG - Other Services and Training | 93.667 | | 1,761,985 | - | - | 3,007,635 |
| LINKS (formerly Independent Living Grant) | 93.674 | | 105,411 | 22,823 | - | - |

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

YEAR ENDED JUNE 30, 2018

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients | Local Expenditures |
|--|---------------------------|---|---|-----------------------|---------------------------------------|-----------------------|
| 1(a) | | | | | | |
| <u>Foster Care and Adoption Cluster:</u> | | | | | | |
| Title IV-E Foster Care | 93.658 | | 3,187,727 | 1,565,971 | - | 1,478,150 |
| Total Foster Care and Adoption Cluster | | | <u>3,187,727</u> | <u>1,565,971</u> | - | <u>1,478,150</u> |
| Family Preservation | 93.556 | | 293,243 | - | - | 951,023 |
| Division of Aging: | | | | | | |
| Division of Social Services: | | | | | | |
| SSBG-Adult Day Care | 93.667 | | 83,226 | 60,869 | - | 580,373 |
| Division of Child Development: | | | | | | |
| Subsidized Child Care (Note 4) | | | | | | |
| <u>Child Care Development Fund Cluster:</u> | | | | | | |
| Division of Social Services: | | | | | | |
| Child Care and Development Fund-Administration | 93.596 | | 632,372 | - | - | 41,654 |
| Division of Child Development: | | | | | | |
| Child Care and Development Fund - Discretionary | 93.575 | | 2,650,570 | - | - | - |
| Child Care and Development Fund - Mandatory | 93.596 | | 728,927 | - | - | - |
| Child Care and Development Fund - Match | 93.596 | | <u>3,896,656</u> | <u>852,573</u> | - | - |
| Total Child Care Development Fund Cluster | | | <u>7,908,525</u> | <u>852,573</u> | - | <u>41,654</u> |
| Temporary Assistance for Needy Families | 93.558 | | (26,031) | - | - | - |
| Foster Care Title IV-E | 93.658 | | | - | - | - |
| TANF - MOE | | | | (2,844,645) | - | - |
| State Appropriations | | | | <u>414,668</u> | - | - |
| Total Subsidized Child Care Cluster | | | <u>7,882,494</u> | <u>(1,577,404)</u> | - | <u>41,654</u> |
| Division of Social Services: | | | | | | |
| Medical Assistance Program Administration | 93.778 | | 6,336,983 | (43,935) | - | 4,621,889 |
| Health Choice | 93.767 | | 124,224 | 31 | - | - |
| Centers for Disease Control and Prevention passed-through the N.C. Dept. of Health and Human Services: | | | | | | |
| Division of Public Health: | | | | | | |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | 93.074 | | 57,283 | - | - | - |
| Well-Integrated Screening & Evaluation for Women Across the Nation | 93.094 | | 14,055 | - | - | - |
| Project Grants & Cooperative Agreements for Tuberculosis Control Program | 93.116 | 4552 | 25,723 | - | - | - |
| Injury Prevention and Control Research and State and and Community Based Programs | 93.136 | | | | | |
| PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds | 93.539 | | 146,804 | | | |
| National State Based Tobacco Control Programs | 93.305 | | 69,555 | - | - | - |
| Temporary Assistance for Needy Families | 93.558 | | 63,562 | | | |
| Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds | 93.752 | | 2,805 | | | |
| Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) | 93.758 | | 50,215 | | | |
| Cancer Prevention and Control Programs for State, Territorial | 93.898 | | 22,185 | | | |
| 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 | | 41,014 | | | |

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

YEAR ENDED JUNE 30, 2018

| <u>Grantor/Pass-through</u> <u>Grantor/Program Title</u> | <u>Federal</u> <u>CFDA</u> <u>Number</u> | <u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u> | <u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u> | <u>State</u> <u>Expenditures</u> | <u>Passed-through</u> <u>to</u> <u>Subrecipients</u> | <u>Local</u> <u>Expenditures</u> |
|---|--|---|--|-------------------------------------|--|-------------------------------------|
| 1(a) | | | | | | |
| Prevention and Control | 93.945 | | 82,795 | | | |
| Preventive Health Services - Sexually Transmitted Diseases Control Grants | 93.977 | | 692 | | | |
| 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 | | 227,023 | 170,287 | - | - |
| Office of Population Affairs passed-through the N.C. Dept. of Health and Human Services: Office of Population Affairs | | | | | | |
| Family Planning Services | 93.217 | | 132,562 | | | |
| Total U.S. Dept. of Health and Human Services | | | 33,204,652 | 198,642 | - | 16,930,617 |
| Department of Homeland Security Passed-through N.C. Dept. of Crime Control and Public Safety: Division of Emergency Management: | | | | | | |
| Disaster Grants - Public Assistance | 97.036 | | 2,675,943 | 891,981 | - | - |
| Emergency Management Performance Grants | 97.042 | | 79,631 | - | - | - |
| Total Homeland Security | | | 2,755,574 | 891,981 | - | - |
| Total Federal awards | | | 47,812,423 | 1,122,759 | 579,002 | 16,930,617 |
| State Awards: | | | | | | |
| <u>N.C. Dept. of Health and Human Services</u> | | | | | | |
| Division of Social Services: | | | | | | |
| State Foster Care Benefits Program | | | | 2,397,648 | | 2,397,642 |
| Energy Assistance - CP&L Energy Program | | | - | 36,849 | - | - |
| State CPS Caseload Reduction | | | - | 316,972 | - | 10,041 |
| CPS State | | | - | 132,120 | - | 97,208 |
| Child Welfare State In-Home Expansion | | | - | 189,822 | - | 31,911 |
| Temporary Assistance for Needy Families Incentives | | | - | 1,069 | - | - |
| Special Links | | | - | 17,157 | - | - |
| AFDC Incentives | | | - | 231 | - | - |
| Smart Start Administration | | | - | 185,400 | - | 325,752 |
| Family Violence Prevention Grant | | | - | 30,786 | - | - |
| Division of Public Health: | | | | | | |
| General | | 4110 | - | 233,260 | - | - |
| School Nurse Funding Initiative | | | - | 143,541 | - | - |
| Food and Lodging Fees | | | - | 61,271 | - | - |
| Community Liaisons for Health | | | - | 20,819 | - | - |
| Public Health Nursing | | | - | 1,600 | - | - |
| Breast & Cervical Cancer Program | | | - | 14,025 | - | - |
| General Communicable Disease Control | | | - | 25,762 | - | - |
| TPPI - Adolescent Parenting Program | | | - | 66,978 | - | - |
| Women's Health Service Fund | | | - | 30,183 | - | - |
| Child Health | | | - | 48,375 | - | - |
| HMHC-Family Planning - State | | | - | 37,905 | - | - |
| Maternal Health (HMHC) | | | - | 49,550 | - | - |
| HIV/STD State | | | - | 32,428 | - | - |
| STD Drugs | | | - | 2,304 | - | - |
| Tobacco Prevention and Cessation | | | - | 75,000 | - | - |
| Gonorrhea Partner Services | | | - | 4,138 | - | - |
| TB Control | | | - | 104,926 | - | - |
| Total N. C. Department of Health and Human Services | | | - | 4,260,119 | - | 2,862,554 |
| <u>N.C. Dept. of Environment & Natural Resources</u> | | | | | | |
| Division of Water and Soil Conservation: | | | | | | |
| Agriculture Cost Share Program | | | - | 26,550 | - | - |
| Soil and Water District Projects | | | - | 3,600 | - | - |
| Total N.C. Department of Environment & Natural Resources | | | - | 30,150 | - | - |

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

YEAR ENDED JUNE 30, 2018

| Grantor/Pass-through Grantor/Program Title 1(a) | Federal CFDA Number | State/ Pass-through Grantor's Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients | Local Expenditures |
|---|---------------------------|---|---|-----------------------|---------------------------------------|-----------------------|
| <u>Department of Public Safety</u> | | | | | | |
| Juvenile Crime Prevention Program | | | - | 983,008 | 983,008 | - |
| NC Tier II Grant | | | - | 950 | - | - |
| Total N.C. Department of Public Safety | | | - | 983,958 | 983,008 | - |
| <u>N.C. Dept. of Cultural Resources</u> | | | | | | |
| State Aid to Public Libraries | | | - | 325,031 | - | - |
| <u>N.C. Dept. of Transportation</u> | | | | | | |
| Rural Operating Assistance Program Cluster: | | | | | | |
| Elderly and Disabled Transportation Assistance Program (E&DTAP) | | | - | 156,637 | - | - |
| Rural General Program | | | - | 73,047 | - | - |
| Work First Transitional/Employment Trans. Assistance | | | - | 850 | - | - |
| Total Rural Operating Assistance Program Cluster | | | - | 230,534 | - | - |
| Total N.C. Department of Transportation | | | - | 230,534 | - | - |
| <u>N.C. Dept. of Administration</u> | | | | | | |
| Domestic Violence Program | | | - | 87,443 | - | - |
| <u>N.C. Division of Veteran's Affairs</u> | | | | | | |
| Veteran's Services Grant | | | - | 2,175 | - | - |
| Total State awards | | | - | 5,919,410 | 983,008 | 2,862,554 |
| Total Federal and State awards | \$ 47,812,423 | | \$ 7,042,169 | \$ 1,562,010 | \$ 19,793,171 | |

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

YEAR ENDED JUNE 30, 2018

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 Uniform Grant Guidance 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.

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 | \$ 414,047 | \$ - |
| Supportive Housing Program | 14.235 | 164,955 | - |
| Juvenile Crime Prevention Program | | - | 983,008 |

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, Foster Care and Adoption Assistance.

4. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.