



CUMBERLAND COUNTY

NORTH CAROLINA



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2020

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CAFR photo cover: *2020 Snow Day, Hope Mills, NC*

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INTRODUCTORY SECTION





December 16, 2020

To the Board of County Commissioners and the Citizens of Cumberland County, North Carolina:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Cumberland for the fiscal year ended June 30, 2020. The basic financial statements contained herein have been audited by the independent certified public accounting firm of Elliott Davis LLC 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: 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, as well as all 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.

PROFILE OF CUMBERLAND COUNTY, NORTH CAROLINA

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

1783, Campbellton was renamed Fayetteville in honor of Marquis de La Fayette, the French general who served in the American Revolutionary Army.

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

Cumberland County is 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 331,354. The City of Fayetteville (the "City" or "Fayetteville") is the sixth largest municipality in the State with a population estimate of 208,809.

The County 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 172,000 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.

ECONOMIC CONDITIONS AND OUTLOOK

MILITARY ECONOMIC IMPACT

Fort Bragg is home to roughly 50,000 troops. More than 14,000 Department of Defense civilians work on the installation, along with more than 5,000 contract employees. In all, Fort Bragg supports a population of roughly 280,000, including military families, retirees and others. The total direct and indirect military impact provides approximately \$7.6 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.

**MILITARY PERSONNEL AND PAYROLL
AT FORT BRAGG**

Table 1

Year	Military Personnel	Payroll
2019	51,617	\$2,948,226,511
2018	50,662	\$2,897,230,722
2017	56,062	\$2,834,589,044
2016	53,050	\$2,823,327,754
2015	53,663	\$2,895,038,498

Source: XVIII Airborne Corps and Garrison Public Affairs Office

**CIVILIAN EMPLOYMENT AND PAYROLL
AT FORT BRAGG**

Table 2

Year	Number of Employees	Payroll
2019	14,121	\$840,091,008
2018	14,036	\$761,209,762
2017	14,036	\$767,329,661
2016	14,190	\$790,556,644
2015	14,629	\$720,063,728

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. In December 2020, Congress approved \$96.6 million worth of construction projects at Fort Bragg. Since 1985, Fort Bragg’s buildings have grown from 20.3 million square feet to 54.9 million square feet. The major construction for fiscal year 2019 totaled \$105.9 million and the maintenance and repair construction for fiscal year 2019 totaled \$179.7 million.

One of the current projects currently underway is the John F. Kennedy Special Warfare Center, a \$156.7 million project that will resemble a college campus. The first of the new buildings, a \$64.7 million special

operations language and culture center opened to students in 2018. Construction is ongoing for a \$48 million 1st Special Warfare Training Group headquarters to be completed by next summer. Also expected to be completed next summer is a \$28 million Advanced Skills Training Facility that will be utilized by the 2nd Special Warfare Training Group. In addition, a \$16 million human performance force generation facility is scheduled to break ground in early 2022. On any given day, the Center trains an average of about 3,000 students who are located at Fort Bragg, but includes others who are spread across satellite facilities at other installations.



Photo: *The Fayetteville Observer*

Another large project currently underway is Freedom Crossing, a \$27 million, 83,000 square foot entertainment center that is scheduled to break ground on Fort Bragg in 2020. The center will be anchored by a movie theatre and some of the confirmed tenants include: MOD Pizza, Wahlburgers, Sarku Japan, Chipotle, Black Rifle Coffee Company, and Harris Jewelers.

Commuting to and from and accessing Fort Bragg is steadily improving. In November 2019, a 7-mile stretch of a portion of the Fayetteville Outer Loop that connects to Fort Bragg opened. This year, new access control points are expected to open at Reilly Road and at Canopy Lane.

THE LOCAL ECONOMY

The Fayetteville and Cumberland County Economic Development Corporation (“FCEDC”) 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 30, 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.

Coronavirus (COVID-19) has had a significant impact on our economy, including fewer business start-ups, higher unemployment rates, and many project delays. “There are not many thousand-job economic development projects bubbling up during the coronavirus pandemic,” said Robert Van Geons, the president and CEO of FCEDC. “What we are seeing is growth by existing companies, small and medium-sized. Twenty here and 50 there equals 350 real quick in terms of available new jobs in Cumberland.” Per Mr. Van Geons, the overall number of new jobs is important to the county, but equally as important are the benefits that companies provide their workforce and their families, especially in this year. In August 2020, FCEDC reported that there were more than 400 local job openings in manufacturing, distribution, and professional services that were immediately available despite COVID-19.

In 2019 and 2020, Cumberland County has seen many restaurant, retail, and entertainment additions. Biscuitville opened 3 restaurants in this time period. Other new restaurants to the area include: Walk-On’s Sports Bistreaux & Bar, Habit Burger Grill, Fabe’s Charcoal Roasting Co., First Watch, Hook & Reel Cajun Seafood & Bar, Skrimp

Shack, Tasty Crab, Crab Du Jour, and Marley’s Cafe & Lounge. “We’re way ahead of other parts of the state when it comes to restaurant chains across the country,” Mr. Van Geons,said. “The reality is when you bring a concept or a product here to Fayetteville, you get to see how it stands up to market research and feedback.” Lidl, the German-based grocery store, opened in December 2019. Sheetz, the popular gas and convenience retail chain, opened its first Fayetteville location in September 2020. Sheetz is open seven days a week, 24 hours a day, year-round and will employ roughly 30 full-time positions. With the closing of Sears at Cross Creek Mall came news that Dave & Buster’s, an entertainment and restaurant complex, would be replacing the large retailer. Currently the details of the opening have not yet been announced.

In August 2020, Dansons US LLC, a leading manufacturer of BBQ pellet grills and products, decided on Cumberland County as the site of a distribution and customer service facility. This project will result in the creation of 118 full-time jobs and an immediate investment of \$10 million, which could grow to more than \$27 million in the future. The southeastern operations in Fayetteville will serve as Danson’s flagship distribution facility for its online customers and retail partners, which include: Lowe’s, Target, Tractor Supply Co., and Walmart. “Even as the pandemic clouds the global economic horizon, companies like Dansons continue to express confidence in North Carolina as a destination for major investments,” Commerce Secretary Anthony Copeland stated. “Our strategic location, strong infrastructure and world-class talent are among the assets growing companies seek when launching long-range expansion plans.”

Though Mr. Van Geons states that there are a handful of great projects in the works, COVID-19 has put a hold on those. On the other hand, he said, “close to 400 jobs right now in the county” will be opening up, allowing current manufacturing companies to expand and grow. EClernx, a global business services provider for over fifty Fortune 500 companies, which expanded its delivery center in Fayetteville 2018, is looking to expand again. Keeco,

LLC, a premier home textile supplier, which expanded twice with the last time being in 2019, is also looking to expand again. E-N-G Mobile Systems, LLC, which located a new facility to the Cumberland County area in 2019, is currently hiring, as well as other businesses, such as: Nitta Gelatin, Clear Path Recycling, and Union Corrugating.

Logistics is one of the fastest growing industries in the area. The demand is so much that FCEDC estimates that by 2026, over 175,000 truck driver positions are expected to remain unfulfilled. Fayetteville Technical Community College began offering a CDL Driver Training Program in 2018. In 2019, they expanded the program by purchasing two more 18-wheelers, which enabled them to train twelve students at a time. Starting annual salaries for most of the freight carriers recruiting from the program are between \$45,000 and \$52,000 a year with many including tuition reimbursement. Even amid the COVID-19 shutdown, the need for truck drivers was still prevalent. With the increased demand for goods, companies like Walmart and Taylor Express were looking to hire for additional freight handlers and drivers.



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. Doubling the number of lanes on I-95 in North Carolina is in the planning and development stages and will begin with a 15-mile span in Cumberland and Harnett counties. The project is intended to reduce congestion, plan for traffic growth, improve safety, enhance regional mobility, and make the infrastructure more resilient against future flooding.

This project marks the first substantial upgrade of I-95 in North Carolina. It 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. In November, a second federal grant for \$22.5 million was awarded by the “Better Utilizing Investments to Leverage Development”, or BUILD, program. The BUILD grant will improve mobility, safety and the resiliency of a section of I-95 that has been plagued by flooding in recent hurricanes. It will help fund the widening of I-95, as well as raise portions in several low-lying areas between mile markers 13 and 40. Work on this section was anticipated to begin in 2028, but now it may be moved up by a couple of years as the result of the grant award, per the North Carolina Department of Transportation, NCDOT, spokesman Andrew Barksdale.

After being under construction since May 2000, I-295 now has an expected completion date of 2026. Currently the NCDOT projected a \$300 million budget shortfall for fiscal year 2020, and significant financial impacts for fiscal year 2021 due to COVID-19. As a result of this, the NCDOT is delaying some projects to decrease expenditures, which could in turn change the expected completion date. As of August 2020, a little more than half (22 miles) of the eventual 39-mile outer loop has been built. The loop is improving regional traffic flow and safety and enhancing freight access. I-295 currently runs from I-95 at U.S. 13 north of Fayetteville and Eastover to U.S. 401 (Raeford Road). An extension of the Outer Loop of Raeford Road and two other segments are remaining, which will bring I-295 around Hope Mills south of Fayetteville and back to I-95 south of

Fayetteville and north of St. Pauls in Robeson County. Extending the Outer Loop south of Raeford Road to near Century Circle is expected to be completed the summer of 2022. U.S. 401 (Raeford Road) to Camden Road is currently in the design and acquisition phase with a construction contract being awarded in October 2022. This segment will take about four years to complete. Construction on Camden Road to I-95 is already underway with an estimated completion date of 2023. I-295 is expected to boost growth in residential construction as well as commercial construction, allowing residents to live farther from their jobs as it will shorten drive times. It is also expected to make the community more attractive to employers that need highway access.

With the extension of I-295 coming closer to completion, Hope Mills is preparing for the growth that will follow. “A lot of people don’t know that a very significant chunk of it (295) is going to barrel right through the unincorporated portions of Hope Mills”, Town of Hope Mills Planning and Economic Development Director, Chance McLaughlin said. In 2020, road-widening has begun on N.C. 59, a new bridge on N.C. 59 over I-95 opened, a 77-acre industrial development on Corporation Drive was rezoned, and a 95-acre development was rezoned for mix-use along N.C. 59. “Industrial zoning carries the highest return on tax value, but that’s also a job creator,” McLaughlin said. “Businesses are looking for specific conditions and we’re broadcasting the current conditions of Hope Mills to find the developers that we can match with in hopes that it raises the quality of life in Hope Mills.”



Photo: Fayetteville Woodpeckers

2019 brought much economic growth to Downtown Fayetteville with the addition of Segra Stadium, the \$40.2 million baseball stadium with a capacity of up to 6,000 people. With the inaugural season bringing nearly 250,000 fans to the stadium, there were high hopes for the 2020 season. Unfortunately, June brought bad news for the Woodpeckers, as their 2020 season was canceled. Just as COVID-19 put a stop to the Woodpeckers 2020 season, it also halted construction on the five-story Hyatt Place hotel and seven-story office complex to be built above the new parking deck located next to the stadium. As of July 2020, Jordan Jones of PCH Development Company, the project developer, could not provide an updated timeline on when work will resume. Progress is continuing as the Prince Charles apartments opened up to residents in May 2019 and were at 88% capacity as of January 2020. The new parking deck located next to the stadium opened to private users in February 2020. The Coffee Scene, which will be located on the first floor of the Prince Charles apartments, has plans to open by November 2020, which is 6 months later than planned due to COVID-19. The construction and renovation of this project represents more than \$100.5 million of investment in Fayetteville and will directly support 1,086 employees and provide more than \$50 million in

wages and benefits to the workers during the construction phase. The redevelopment on and near Hay Street is expected to produce 1,006 jobs and \$126 million in economic activity when it is complete. The stadium has also created a positive impact on downtown businesses. Property values are expected to double in value in the downtown Municipal Services District upon completion of this construction. For now, COVID-19 has put a hold on this construction, as well as the positive impacts that we hope to continue to see from this development.

As shown in Taxable Sales, Table 3, fiscal year 2020 sales experienced a small percentage growth, showing an increase of .27% over the previous fiscal year taxable sales amount.

TAXABLE SALES

Table 3

Year	Cumberland County	% Change
2020	\$4,330,602,890	.27%
2019	\$4,318,734,010	6.65%
2018	\$4,049,332,514	.22%
2017	\$4,040,268,838	4.97%
2016	\$3,848,869,911	4.22%

Source: North Carolina Department of Revenue

POPULATION
Table 4

	2010	2018 Certified		2020 Estimate		2025 Projected	
	Population	Population	% Change from 2010	Population	% Change from 2018	Population	% Change from 2020
Cumberland County	327,195	331,354	1.27%	333,209	0.56%	334,770	0.47%
North Carolina	9,574,293	10,378,602	8.40%	10,630,691	2.43%	11,233,133	5.67%

Source: North Carolina Office of State Budget and Management

EMPLOYMENT
Table 5

Year	Total Civilian Labor Force	Number Employed	Number Unemployed	Cumberland County Unemployment Rate	State Unemployment Rate
2020 (6 mo.)	120,366	108,408	11,958	9.9%	7.7%
2019	132,293	124,663	7,630	5.8%	4.4%
2018	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%

Source: United States Bureau of Labor Statistics

As shown in Table 4, Cumberland County’s growth in population is showing small growth and that small growth is projected to continue through 2025. Overall County growth rates are below the state’s estimated and projected growth rates.

As shown in Table 5, between 2016 and June 2020, the County’s average unemployment rate increased by 3.8%. The state’s average unemployment rate also increased during the same timeframe by 2.8%. The trend of rising unemployment rates for the County mirrors that of the State for comparable periods. The spike in unemployment between 2019 and June 2020 is primarily related to COVID-19,

which was first reported in the United States in January.

Though COVID-19 has caused many adverse effects for the local economy, one aspect that has not suffered at the hands of COVID-19 is the housing market in Cumberland County. Utilizing statistics provided by Fayetteville Regional Association of Realtors, in comparing new and existing home sales in June 2019 to June 2020, there was an increase of 18.82% of total closed listings and the comparative value at closing increased by 26.76%. Realtor.com forecasts that mortgage rates will drop to new record lows – below 3% - by the end of 2020, which could increase home sales even more, though limited existing inventory could counteract sales.

BUILDING PERMITS

Table 6

Calendar Year	New Residential		New Non-Residential	
	Number	Value	Number	Value
2020 (6 mo.)	360	\$64,063,286	60	\$54,708,207
2019	690	\$144,627,421	78	\$72,763,440
2018	656	\$126,118,568	98	\$151,458,318
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

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

Table 6 focuses on permits obtained for *new* construction, as new construction permits serve as a strong indicator of the economy. Though there is an increase in the number of new residential building permits from 2018 to 2019, the number of new non-residential building permits decreased. New residential values increased by 14.68% and new non-residential values decreased by 51.96%.

The first six months of 2020 are showing a slight increase in the number of new residential and new non-residential building permits compared to the first six months of 2019. However, though the first six months of 2020 are showing an increase in the number of new residential building permits, there is a decrease in the new residential building values compared to the first six months of 2019.

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 current expense total paid for the fiscal year ended June 30, 2020, was \$80,550,000 from General Fund revenues for school operations. For the fiscal year ending June 30, 2021, the County's original budgeted current expense appropriation is \$80,711,700 from General Fund revenues.

The County School Fund is supported by 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, 2020, those actual sales taxes totaled \$10,788,866. County received \$3,416,888 in proceeds from the North Carolina Education Lottery for the fiscal year ended June 30, 2020. As of June 30, 2020, the County has received \$61,936,641 from the North Carolina Education Lottery since its inception in 2007. The proceeds are primarily to be used for

COUNTY SCHOOLS AVERAGE DAILY MEMBERSHIP

Table 7

School Year	Grades K-5 # Schools	Grades 6-8 # Schools	Grades 9-12 # Schools	Total Final ADM
2019-2020	52	18	17	49,579
2018-2019	52	18	17	49,503
2017-2018	52	18	17	49,641
2016-2017	52	18	17	49,928
2015-2016	52	18	17	49,918

Number of schools excludes special schools and academies.

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

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 7, Fort Bragg adds a total of nine more elementary and middle schools.

NON-PUBLIC SCHOOLS

There are 30 independent private and religious schools in the County. The enrollment for the 2019-2020 school year was 4,926. *Source: 2019-2020 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 third largest community college in the State.

FTCC, a two-year public institution, serves more than 33,000 students annually (according to FTCC’s 2020 Fact Book), with more than 280 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 #5 rank in the nation for the best Military Friendly large community college for 2020-21 by the Military Friendly Schools Program. 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 was also ranked #5 nationally in Military Times Best for Vets: Colleges 2020 - Career and Technical Colleges. Some of the factors that played a part in this ranking were the Fall 2018 enrollment of 2,532 military and veterans, an 83% military retention rate (full-time), and the highest 4-star rating for GI Bill gap coverage. 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, 2020 totaled \$12,184,126. For the fiscal year ending June 30, 2021, the appropriations from the County to FTCC are \$12,283,629, an increase of \$99,503 or 0.82%.

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 nursing, psychology, and business administration. Altogether FSU boasts 35 undergraduate programs, eight master’s degree programs, and one doctoral program in educational leadership. FSU Online offers degree completion programs in ten undergraduate majors, an MBA, and four other graduate degree programs. FSU has off-site campuses at Fort Bragg and Seymour Johnson Air Force Base. Total undergraduate enrollment exceeded 5,400 in 2020 with 877 enrolled in graduate programs.

Methodist University: Chartered on 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 1,646 in 2020 with 322 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, forensic science, graphic design, and applied communication. The University offers four graduate degree programs: Master of Medical Science in physician assistant studies; Master of Education in literacy, special education, physical education, or coaching and athletic administration; the Doctor of Physical Therapy; and the Doctor of Occupational Therapy. 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 50 buildings, an 18-hole golf course, various athletic facilities, and an amphitheater.

MAJOR INITIATIVES

TECHNOLOGY

Technology enhancements continue to be at the forefront of Cumberland County initiatives. With COVID-19 causing many project delays, the following software enhancements are still in process:

- **Tax Administration Software:** The North Carolina Property Tax System (NCPTS), provided by Farragut Systems, Inc., was selected as the County’s new Tax Administration Enterprise Resource Planning solution. This software replacement will enable the County to centrally receive, process, manage, and report on tax information, including collections, financials, real and personal property assessments and appraisals, mapping/GIS, etc. The Board

approved the purchase of this software in fiscal year 2019. The main portion of this project is complete; however, enhancements and a mobile assessor program are still in process. This project has an estimated completion date of June 2021.

- **Land Management Software:** Tyler Energov was selected as the County's new Land Management Central Permitting Solution. 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. The Board approved the purchase of this software in fiscal year 2018 and it is currently in the implementation phase.
- **Document Management Expansion:** The use of Laserfiche, the County's enterprise content management (ECM) system, is being aggressively rolled out throughout the County in an effort to allow for departments to reap the many benefits. Some of the benefits offered by Laserfiche include minimizing the usage and cost of paper storage, increasing digital access to data, increasing the ability to easily share information across departments, and automating processes through workflow. This project is ongoing.

FLEET MANAGEMENT REVIEW

Phase 1 of a review of the County's Fleet Management Operation was completed in fiscal year 2020. This assessment was vital to help with identifying and improving operational efficiencies. This review included preventive maintenance processes, shop labor rates, software utilization, parts procurement, life cycle of vehicles, replacement policies, workflow compared with industry best practices, and development of policies and procedures. Phase 2 of this review, a Fleet Utilization Study, is being completed in fiscal year 2021 with hopes of being finished by March. This study will be looking at the utilization of all of the

County's fleet to determine how effective and efficiently the County's assets are being utilized and will include recommendations to consider for improvements.

ANIMAL CONTROL ORDINANCE AND PET LICENSING PROGRAM

A review of the County's animal control ordinance is scheduled for fiscal year 2021, as this was delayed due to COVID-19. This ordinance was reviewed many years ago, but changes in philosophy and approach, revenue challenges, standard of care, and outreach require a new review. The pet licensing program will also be evaluated, as revenue has steadily declined, and the program is very labor intensive.

MERGER OF COUNTY FUNCTIONS

During fiscal year 2020, consolidating the Library Community Relations Division with County Public Information was a focus. For fiscal year 2021, Social Services and Library IT functions will be merged with County IT. These mergers create efficiencies and promote economies of scale.

CORONAVIRUS DISEASE (COVID-19)

COVID-19 has adversely affected the economy and may continue to do so for an unknown amount of time. The County's business operations throughout all departments have been directly affected. Cumberland County is working continuously to respond to and prepare for the impacts from this pandemic.

The State of North Carolina allocated Cumberland County Government \$12.2 million, \$5.7 million in Round 1 (prior to June 30, 2020) and \$6.5 million in Round 2 (after July 1, 2020), as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act federal funding. These funds are required to be used for COVID-19 response and must be spent by December 30, 2020.

- The majority of the County’s allocation will be utilized on public safety payroll expenses for COVID-19 mitigation and response and for the payout of the federally mandated Family First Coronavirus Recovery Act leave (Emergency Paid Sick Leave and Emergency Family Medical Leave).
- County departments have requested \$4.8 million for technology, office and workspace modifications, protective barriers and other expenses related to COVID response.
- \$250,000 was allocated for community-based organizations to set up virtual learning centers for school-age children.
- \$500,000 was allocated to the 20 volunteer fire departments to purchase personal protective equipment, defibrillators, and disinfecting misting sprayers.
- \$3,057,146 was passed through to municipalities who applied, all located within the County.

In addition to the \$12.2 million allocation, COVID-19 relief funding was provided to the following internal departments of the County: Board of Elections, Community Development, Department of Social Services, Library, Planning, Transportation Services, and Public Health. In total, Cumberland County government was allocated approximately \$15.5 million in COVID-19 relief funding.

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 improvement 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.

Fiscal year 2019 was the first full year the County utilized the Capital Investment Fund. In fiscal year 2018, the Board of Commissioners adopted a policy which identified a funding mechanism to address future County capital facility needs. The financial model being utilized illustrates by funding source how future potential capital needs can be addressed. The model illustrates that 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 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 as shown 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

Cumberland County management 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.

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 Cumberland County, annual budgets are adopted for the General, Special Revenue, Permanent, Proprietary, Fiduciary, and Internal Service 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, and at the fund level for Special Revenue, Permanent, Proprietary, Fiduciary, and Internal Service 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.

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.

INDEPENDENT AUDIT

North Carolina General Statute 159-34 requires an annual audit by independent certified public accountants. The accounting firm of Elliott Davis LLC 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 AND ACKNOWLEDGEMENT

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, 2019. This was the twenty-ninth 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.

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, Elliott Davis LLC, 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



Duane T. Holder
Deputy County Manager



Vicki Evans
Finance Director &
General Manager of Financial Services



Government Finance Officers Association

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**County of Cumberland
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Board of County Commissioners



W. Marshall Faircloth
Chairman
District 2



Glenn Adams
Vice Chairman
District 1



Michael C. Boose
District 2



Dr. Jeannette M. Council
District 1



Charles Evans
At-Large



Jimmy Keefe
District 2



Larry Lancaster
At-Large

County Officials

Amy H. Cannon, CPA
County Manager

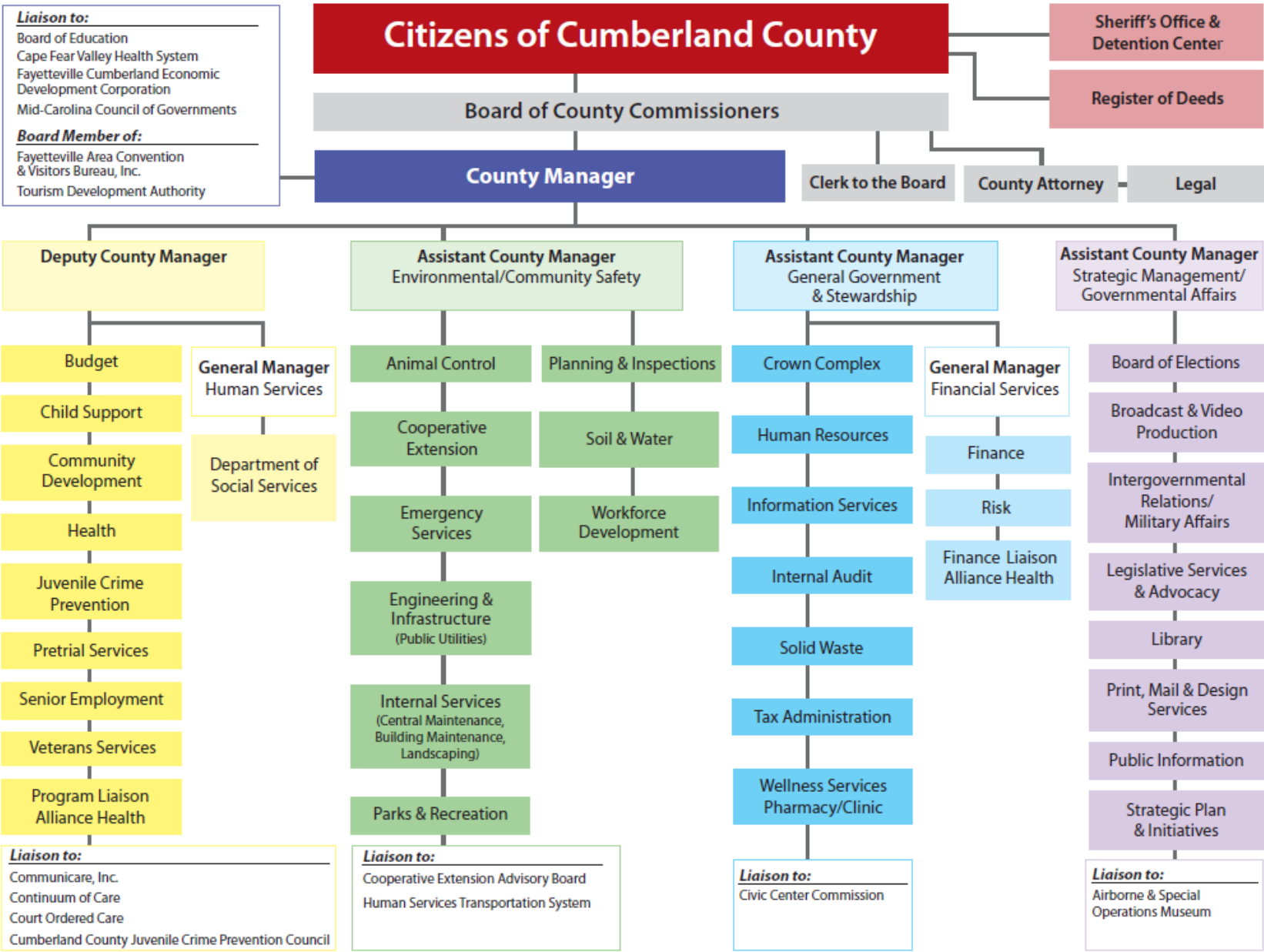
Rick L. Moorefield
County Attorney

Duane Holder
Deputy County Manager

W. Tracy Jackson
Assistant County Manager

Sally Shutt
Assistant County Manager

Organizational Chart



AUDITOR'S OPINION



Independent Auditor's Report

To the Board of Commissioners
Cumberland County
Fayetteville, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Cumberland County, North Carolina (the "County") as of and for the year ended June 30, 2020, 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, which represents 37.9%, 40.6%, and 74.5% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units or the Fayetteville Area Convention and Visitors Bureau which represents 4.1%, 6.6%, and 5.7% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us and, our opinions, insofar as it relates to the amounts included for the Cumberland County ABC Board and the Fayetteville Area Convention and Visitors Bureau, are based solely on the report of the other auditors. We conducted our audit 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 General 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 from material misstatement. The financial statements of Cumberland County ABC Board and the Fayetteville Area Convention and Visitors Bureau were not audited in accordance with *Government Auditing Standards*.

Auditor's Responsibility, Continued

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 entity'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 entity'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 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, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Cumberland County, North Carolina, as of June 30, 2020, and the respective changes in financial position, and cash flows, where appropriate, 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.

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 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.

Supplementary 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 combining and individual fund financial statements, budget and actual comparisons, schedule of ad valorem taxes receivable, analysis of current tax levy, introductory information, statistical section, and the schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act* as listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

Supplementary and Other Information, Continued

The combining and individual fund financial 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as previously described above and the reports of other auditors, the combining and individual fund financial statements, budget and actual comparisons, schedule of ad valorem taxes receivable, analysis of current tax levy and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of Cumberland County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 Cumberland County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
December 16, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS



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, 2020. 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

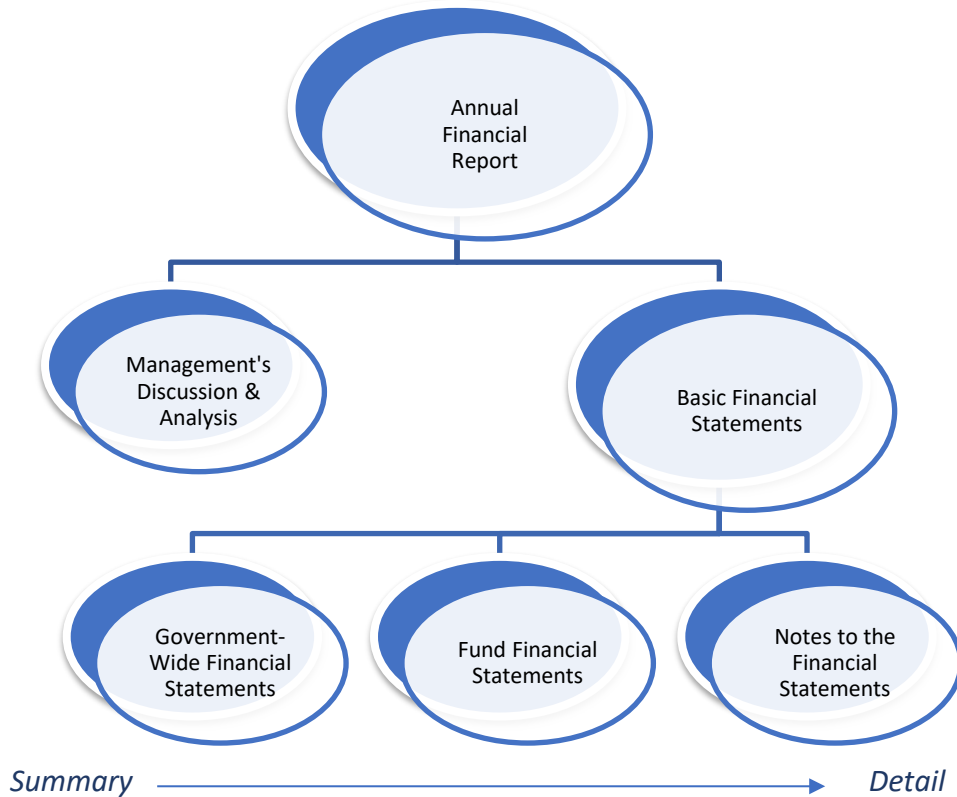
- ❖ Assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$126,088,906 (*net position*). The County's total net position increased by \$50,756,903 from the prior year.
- ❖ Fiscal year 2020 beginning net position was restated by \$2,320,274 as a result of incorporating changes in accounting principles because of the establishment of an irrevocable other post-employment benefits (OPEB) Trust. The irrevocable trust was established for the purpose of paying future post-employment benefits (OPEB) for which the County is liable. The initial contribution into the Trust was \$1,000,000.
- ❖ In accordance with North Carolina law, liabilities of the County include approximately \$32,256,826 in long-term debt associated with assets belonging to the Cumberland County Board of Education (general obligation bonds). Because 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.
- ❖ As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$187,517,469, an increase of \$23,144,711 or 14.08% from the prior year.
- ❖ The outbreak of the coronavirus disease (COVID-19), referred to herein as "COVID-19," was declared a pandemic by the World Health Organization. The County received multiple allocations of state and federal funding to assist in measures to mitigate the spread of the disease.
- ❖ During fiscal year 2020, the County completed a debt refunding of \$33,850,000 Limited Obligation Refunding Bond Series 2019 to provide funds, together with other available funds, to current refund \$33,700,000 of outstanding 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.

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. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

REQUIRED COMPONENTS OF ANNUAL FINANCIAL REPORT



Basic Financial Statements

The first two statements (pages D-2 and D-4) 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 Supplementary Information. This section contains funding information about the County's Pension Obligations, Law Enforcement Officers'

Management's Discussion and Analysis

Special Separation Allowance and Other Post Employment Benefit Retiree Healthcare Plans. After the Required Supplementary 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. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. Both of these statements provide data about the County's financial activities as a whole and present a longer-term view of the County's finances. These statements use the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. The government-wide financial statements are on pages D-2 through D-5.

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. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. 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). This statement is intended to summarize and simplify the reader's analysis of the revenues and costs of various activities and the degree to which activities are subsidized by general revenues.

The government-wide statements are divided into three type of activities: 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, Bragg Estates Water & 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,

Management's Discussion and Analysis

tourism, conventions, sponsor tourist-related events, and finance tourist-related capital projects in the County. A voting majority of the 7-member Board of Directors is appointed by the County. The Fayetteville Cumberland County Economic Development Corporation promotes economic development activity within the area. The Cumberland County Commissioners and the Fayetteville City Council provides for the membership of the Corporation, including members' terms of office and for the filling of vacancies. Both entities contribute to the funding of the Corporation. Cumberland County is the fiscal agent for the corporation and does so through an in-kind contribution.

Fund Financial Statements

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

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

The County maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other 20 governmental funds are combined into a single, aggregated presentation under other governmental funds.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual

Management's Discussion and Analysis

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 the 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 and an OPEB Trust Fund 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.

(continued on next page)

Management's Discussion and Analysis

Government-Wide Financial Analysis

The following summarizes Net Position (Deficit) at June 30, 2020 and 2019.

NET POSITION						
Table 1						
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
ASSETS						
Current and other assets	\$ 202,970,274	\$ 229,706,092	\$ 60,379,632	\$ 55,057,432	\$ 263,349,906	\$ 284,763,524
Capital assets	197,968,066	195,064,891	73,531,235	82,520,967	271,499,301	277,585,858
Total Assets	400,938,340	424,770,983	133,910,867	137,578,399	534,849,207	562,349,382
Deferred outflows of resources	34,355,696	45,269,316	1,869,443	1,464,526	36,225,139	46,733,842
LIABILITIES						
Long-term liabilities outstanding	281,890,772	320,345,514	44,178,959	43,052,902	326,069,731	363,398,416
Other liabilities	25,665,557	25,197,845	4,262,392	3,570,317	29,927,949	28,768,162
Total Liabilities	307,556,329	345,543,359	48,441,351	46,623,219	355,997,680	392,166,578
Deferred inflows of resources	135,777,456	88,263,488	3,967,207	2,564,252	139,744,663	90,827,740
NET POSITION						
Net investments in capital assets	167,529,351	135,788,691	50,999,184	58,831,891	218,528,535	194,620,582
Restricted	74,320,510	79,080,417	10,011,668	3,546,422	84,332,178	82,626,839
Unrestricted	(249,889,610)	(178,635,656)	22,360,900	27,477,141	(227,528,710)	(151,158,515)
Total Net Position (Deficit)	\$ (8,039,749)	\$ 36,233,452	\$ 83,371,752	\$ 89,855,454	\$ 75,332,003	\$ 126,088,906

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 shown in Table 1, exceeded liabilities and deferred inflows of resources by \$126,088,906 as of June 30, 2020. The County's net position increased by \$50,756,903 for the year ending June 30, 2020 compared with the prior year.

The total assets and deferred outflows increased by \$38,008,878. A major contributor to this change in net position is related to an increase in cash and cash equivalents of \$22,968,538.

Total liabilities increased by \$36,168,898. The increase in liabilities is mainly attributable to the establishment of an irrevocable OPEB Trust which required a change in the accounting principle to align the measurement date and the reporting date between GASB 74 and GASB 75 because of the new OPEB Trust. A restatement of \$2,320,274 to the net positions was required. This resulted in an increase in the liability which will remove the lag between measurement date and the reporting date for GASB 75.

Of total net position, one of the largest portions, \$194,620,582 reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued

Management's Discussion and Analysis

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, \$82,626,839 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"). Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems capital funding by using a mixture of County funds and general obligation 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 \$32,256,826 of the outstanding debt on the County's financial statements is related to assets included in the school systems' 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)

Management's Discussion and Analysis

CHANGES IN NET POSITION

Table 2

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
REVENUES						
Program revenues:						
Charges for services	\$ 14,304,129	\$ 15,662,066	\$ 7,284,307	\$ 6,481,016	\$ 21,588,436	\$ 22,143,082
Operating grants and contributions	55,489,797	56,832,894	922,526	2,938,481	56,412,323	59,771,375
Capital grants and contributions	4,425,363	4,344,865	-	-	4,425,363	4,344,865
General revenues:						
Property taxes	200,555,934	204,041,081	-	-	200,555,934	204,041,081
Other taxes	66,290,088	68,578,100	7,629,789	7,349,240	73,919,877	75,927,340
Grants and contributions not						
restricted to specific programs	14,109,993	15,436,689	-	-	14,109,993	15,436,689
Unrestricted investment	4,076,490	3,096,412	924,118	663,282	5,000,608	3,759,694
Gain on sale of assets	105,269	73,663	49,654	(218,453)	154,923	(144,790)
Miscellaneous	5,557,711	6,107,602	34,120	92,526	5,591,831	6,200,128
Total revenues	364,914,774	374,173,372	16,844,514	17,306,092	381,759,288	391,479,464
EXPENSES						
General government	28,782,804	29,475,147	-	-	28,782,804	29,475,147
Public safety	63,788,508	65,079,734	-	-	63,788,508	65,079,734
Economic and physical	13,495,875	17,062,941	-	-	13,495,875	17,062,941
Human services	87,063,672	89,720,840	-	-	87,063,672	89,720,840
Culture and recreation	13,850,878	14,666,048	-	-	13,850,878	14,666,048
Education	108,512,631	107,300,602	-	-	108,512,631	107,300,602
Interest on long-term debt	2,872,177	1,485,783	-	-	2,872,177	1,485,783
Solid Waste	-	-	9,833,056	9,389,797	9,833,056	9,389,797
Crown Center	-	-	8,105,009	7,886,548	8,105,009	7,886,548
Kelly Hills W&S District	-	-	138,070	107,610	138,070	107,610
Norcross W&S District	-	-	657,832	719,659	657,832	719,659
Southpoint W&S District	-	-	21,918	24,359	21,918	24,359
Overhills Park W&S District	-	-	34,127	123,767	34,127	123,767
Total expenses	318,366,545	324,791,095	18,790,012	18,251,740	337,156,557	343,042,835
Increase in net position before transfers	46,548,229	49,382,277	(1,945,498)	(945,648)	44,602,731	48,436,629
Transfers	(8,196,498)	(7,362,068)	8,196,498	7,362,068	-	-
Change in net position	38,351,731	42,020,209	6,251,000	6,416,420	44,602,731	48,436,629
Net position - beginning	(46,391,480)	(8,039,749)	77,120,752	83,371,752	30,729,272	75,332,003
Restatement OPEB	-	2,252,992	-	67,282	-	2,320,274
Net position - beginning as restated	(46,391,480)	(5,786,757)	77,120,752	83,439,034	30,729,272	77,652,277
Net position - ending	\$ (8,039,749)	\$ 36,233,452	\$ 83,371,752	\$ 89,855,454	\$ 75,332,003	\$ 126,088,906

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

- ❖ 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.

Management's Discussion and Analysis

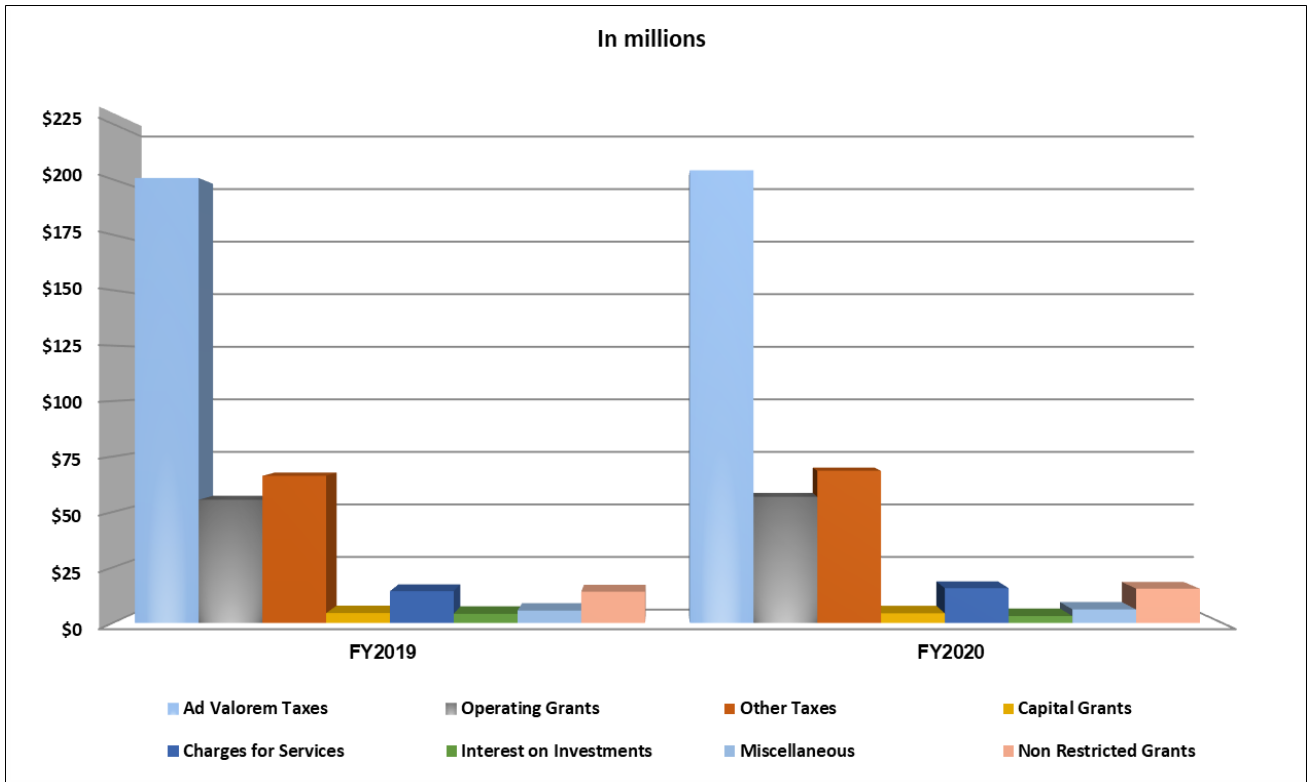
- ❖ An increase in operating grants and contributions of \$3,359,052 primarily due to funding from the Federal Emergency Management Agency (FEMA) and the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") for the County's COVID-19 response and relief efforts.
- ❖ Human Services and Public Safety expenses increased by \$3,948,394 mainly attributable to the increase in expenses directly related to COVID-19 and the County's need to implement safety measures to avoid increasing the virus spread and acquiring needed supplies and personal protective equipment.
- ❖ The interest on long-term debt expense decreased by \$1,386,394, primarily because of some long-term debt payoffs during the year and the refinancing of general obligation bonds during the year.
- ❖ The County issued \$33,850,000 Limited Obligation Refunding Bond Series 2019 to provide funds, together with other available funds, to current refund \$33,700,000 of outstanding debt.

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Management's Discussion and Analysis

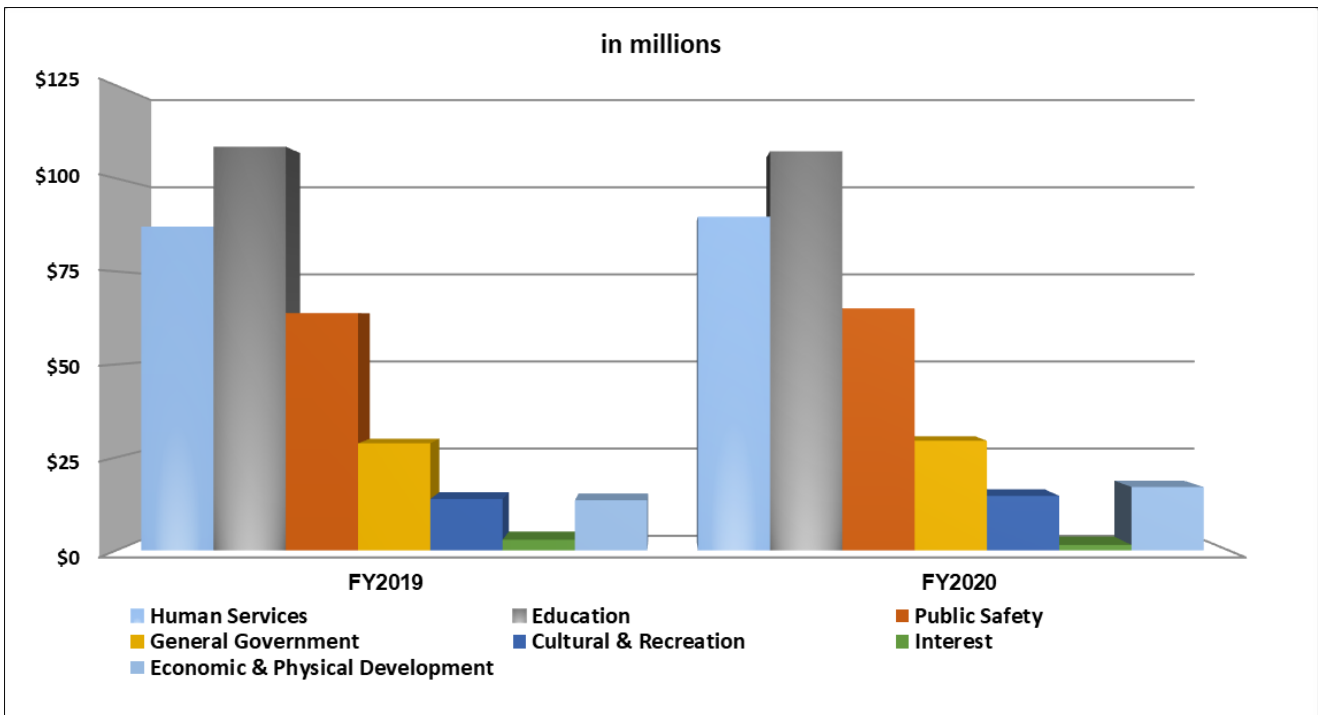
GOVERNMENTAL ACTIVITIES REVENUE

Figure 2



GOVERNMENTAL ACTIVITIES EXPENSES

Figure 3



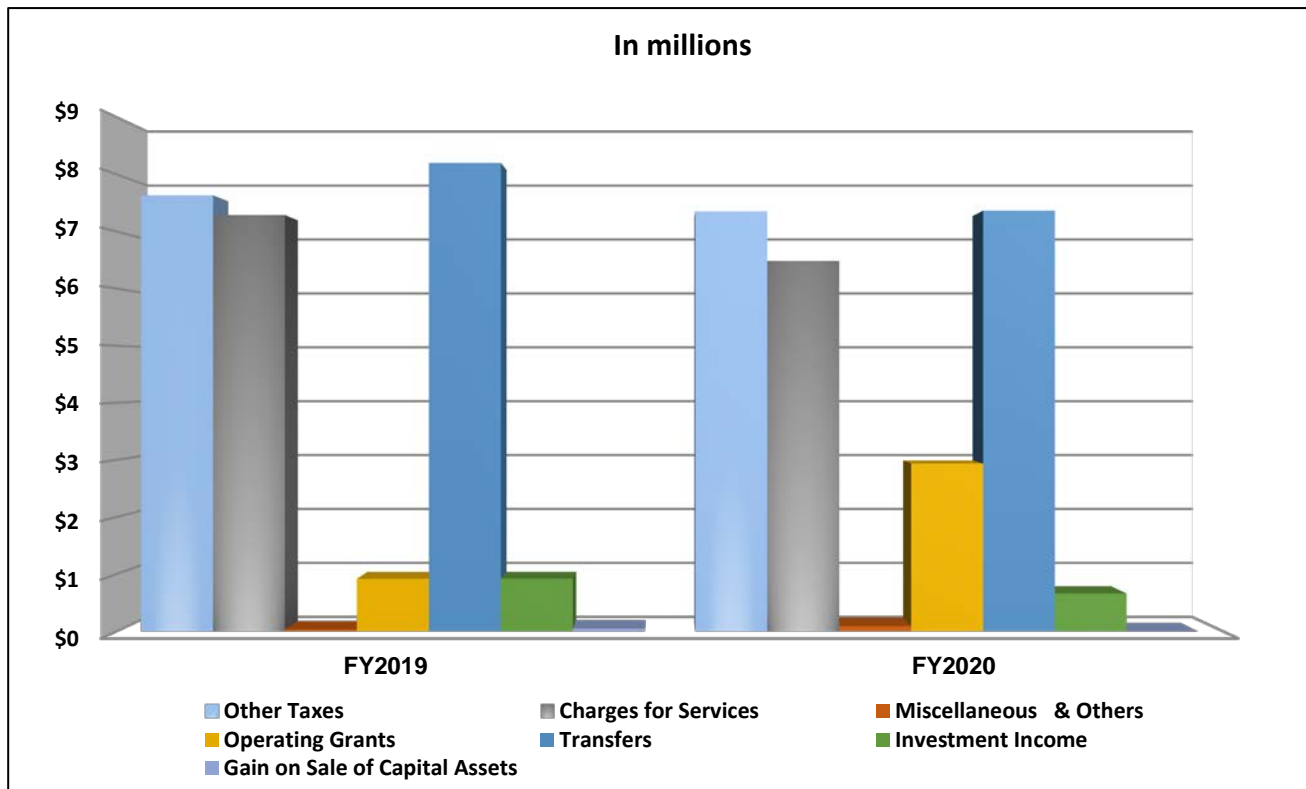
Management’s Discussion and Analysis

Governmental Activities Governmental activities increased the County’s net position by \$44,273,201 (See Figures 2 and 3). Key elements of this increase are as follows:

- ❖ Total program revenues increased by \$2,620,536 from the previous year.
- ❖ Governmental activities expenses increased by \$6,424,550. This increase was mainly related to the County’s need to react to COVID-19 and take immediate action to minimize the impact on the community and workforce. These expenses were offset by an increase in revenues of new funding dedicated to providing additional resources to help to mitigate the impact of COVID-19 on the economy.
- ❖ Charges for services in General Government increased by \$1,357,937. This is a result of an increase in Register of Deeds and Planning and Inspection permit fees.
- ❖ The increase of \$3,485,147 in property tax revenue resulted from growth in billable assessed value during the fiscal year.
- ❖ A restatement of \$2,252,992 to net position for Governmental activities related to OPEB liability was recorded during the fiscal year primarily because of the establishment of an irrevocable OPEB Trust.
- ❖ The increase in Economic and Physical Development expenses of \$3,567,066 were primarily related to various projects for debris clearing in area waterways. The expenses were offset by grant revenues awarded through the NC Disaster Recovery Act of 2018, NC Golden Leaf Grant, and others.

BUSINESS-TYPE REVENUE

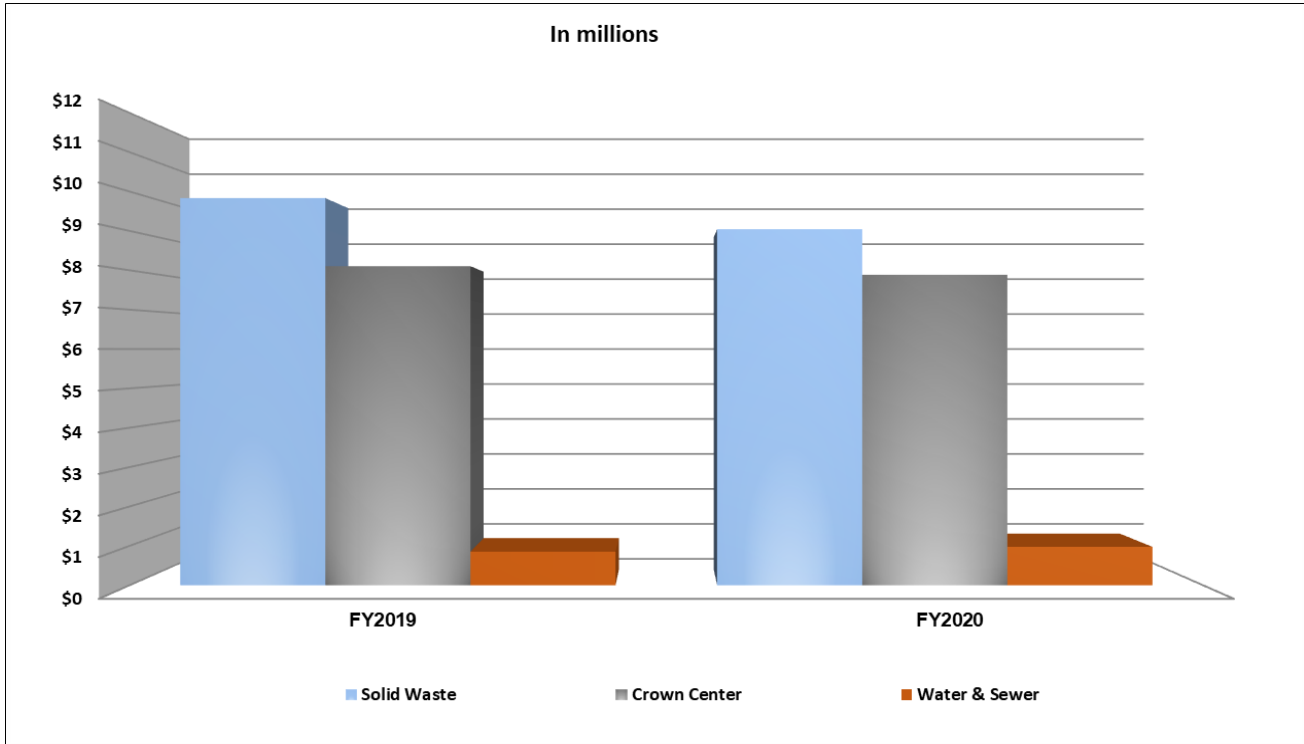
Figure 4



Management's Discussion and Analysis

BUSINESS-TYPE EXPENSES

Figure 5



Business-type activities: Business-type activities increased the County's net position by \$6,483,702 (See Figures 4 and 5). Key elements of this increase are as follows:

- ❖ The total beginning net position as restated was increased by \$67,282. This was related to the OPEB Liability as mentioned before.
- ❖ The Solid Waste net position increased by \$4,050,759, or 9.4% to \$47,055,077. This is primarily due to funds received from FEMA in the current year for costs expended in the prior year.
- ❖ The Crown Center's net position increased by \$2,441,340 to \$32,097,240. Capital improvement projects that were funded during the year were placed on hold as a result of COVID-19. Those projects are expected to be completed and paid during fiscal year 2021.
- ❖ The Kelly Hills Water and Sewer District had a decrease in net position of \$28,247 as a result of expenses exceeding revenues for a total net position of \$2,003,286.
- ❖ The Norcross Water and Sewer District had a decrease in net position of \$277,532 to \$4,997,180. The primary reason for this decrease is an ongoing project related to a sewer line clean up.
- ❖ The Southpoint Water and Sewer District had an increase in net position of \$15,844 to \$486,739. Operating revenues and expenses have remained consistent.
- ❖ The Overhills Park Water and Sewer District had an increase in net position of \$281,538 to \$3,165,932. The water and sewer fund began operations during fiscal year 2020.
- ❖ The Bragg Estates Water and Sewer District Fund had an unchanged net position of \$50,000.

Management's Discussion and Analysis

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 \$187,517,469, an increase of \$23,144,711 from the previous year. The unassigned fund balance is \$76,932,482 or 41.03% which is not restricted, committed, or assigned for specific purposes. Another \$10,663,701 or 5.69% is assigned for specific purposes: \$8,663,701 for subsequent years' expenditures; \$2,000,000 for economic development incentives. Committed fund balance totals \$38,231,712 or 20.39% and includes: \$2,158,423 for tax revaluation per state statute and \$36,073,289 for capital investment fund. Non-spendable fund balance accounts for another \$153,388 or 0.08% for inventories and pre-paid. The remainder of fund balance, \$61,536,186 or 32.82% is restricted which indicates that it is not available for general purposes because it is legally restricted or has been contractually committed.

As of June 30, 2020, the non-major governmental funds of the County reported a fund balance of \$15,363,184, an increase of \$1,690,505 from last year. The non-major governmental fund balance represents 8.19% of the combined fund balance for the governmental funds.

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, the General Fund reported a fund balance of \$172,154,285; unassigned fund balance of the General Fund is \$78,044,280; non spendable fund balance is \$153,388; assigned and committed fund balance is \$48,895,413 while restricted fund balance is \$45,061,204.

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. At the end of fiscal year 2020, unassigned fund balance represents 24.60% of total General Fund expenditures adjusted for transfers. Available fund balance which includes unassigned, assigned and committed fund balance is 40.01% while total fund balance represents 54.26% 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 \$340,218,766 an increase of \$5,552,818 or 1.66% from last year. Highlights of significant areas of change include:

- ❖ Ad valorem property tax revenues increased by \$866,767 or 0.46% to \$189,506,426.

Management's Discussion and Analysis

- ❖ Other taxes increased by \$2,805,913 or 4.76% to \$61,737,492. Some of the reasons that accounted for this was an increase in sales tax revenue driven primarily by an increase in general taxable sales due to additional consumer spending needs related to COVID-19.
- ❖ Unrestricted Intergovernmental revenue increased by \$1,326,696 or 9.40% to \$15,436,689. This increase is primarily due to new funding available to the County during the year which until used is not restricted.
- ❖ Licenses and permit revenue increased by \$192,716 or 7.91 % to \$2,629,213.
- ❖ Sales and services have slightly increased by \$171,795 or 1.47% to \$11,895,170.
- ❖ Interest earned on investments for the General Fund decreased by \$816,018 or 23.29% to \$2,687,054. This change is based on market decreases as a result of the economic downturn resulting from the COVID-19 pandemic. The impact on the economy started to show in the 3rd quarter of the fiscal year.
- ❖ *Miscellaneous revenue* increased by \$628,341 or 12.75% from previous year.

General Fund actual expenditures including a legally budgeted County School Fund and Capital Investment Fund, but excluding other financing uses and transfers were \$317,257,169 a decrease of \$1,498,903 or 0.47% 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.
- ❖ Education expenses decreased by \$1,553,460 primarily because of outstanding debt service for FTCC being paid off during fiscal year 2020.
- ❖ Debt service including principal payments and interest and fees decreased by \$4,654,421 or 25.56% this was primarily due to the County's proceeds from a permanent financing that refunds a direct placement borrowing and outstanding Certificates of Participation (COPs) Refunding Bonds.
- ❖ Personnel costs were lower as a result of a high rate of position vacancies throughout the County and a temporary freeze put in place the last quarter of the year because of COVID-19.

The Capital Investment Fund (CIF) is the primary funding mechanism for investment in County capital facilities. The primary source of funding is a contribution from the General Fund from which it pays the County's debt service requirement and other facility improvement and capital technology costs. At the end of the fiscal year the CIF has an ending net position of \$36,073,289.

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 aid; and 4) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenue by \$3,718,025 or 1.18% of total budget. Actual General Fund expenditures excluding transfers were less than final amended budget by \$28,663,132.

Management's Discussion and Analysis

-
- ❖ *Budgeting of Fund Balance* - A total of \$8,667,646 of fund balance was originally budgeted in fiscal year 2020. During the fiscal year, fund balance reappropriations were requested for contracts and purchase orders in which projects were not completed in fiscal year 2019 and were on-going in fiscal year 2020.
 - ❖ *Other taxes*- This group covers the receipt of funds such as sales tax, pet registration, beer and wine taxes and real estate transfer tax. These funds are budgeted based on historical distributions with consideration of current & future projected economic conditions.
 - ❖ *Unrestricted Intergovernmental revenue*- These revenues cover those funds that are received from other governmental agencies which are not restricted as to use. These represents 4% of the general fund budgeted revenues. The revenues received exceed the revised budget by \$2,303,900.
 - ❖ *Restricted intergovernmental revenue* - This category which includes federal and state funding fell short of revised budget by \$5,893,550. 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 2021 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.

Total actual revenues for the General Fund, excluding the County School Capital Fund, Capital Investment Fund, and other financing sources, were \$322,043,704. This amount exceeded the final budgeted amount by \$3,578,129, **(page E-5)**.

- ❖ *Ad Valorem taxes* collected exceeded the budget by \$1,130,594 or 0.60%. 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 \$4,925,062 or 10.95% to \$49,882,272. Sales tax and real estate tax collections accounted for the majority of the increase.
- ❖ *Unrestricted intergovernmental* revenues were \$2,303,900 or 19.56% above budget due to primarily new sources of revenue funding awarded to the County that was not restricted for use.
- ❖ *Restricted intergovernmental* revenues fell short of the revised budget by \$5,893,550 as stated earlier.
- ❖ *Licenses and permit fees* actuals totaled \$2,629,213, an excess of \$540,413 or 25.87% from the revised budget due to over realization of Register of Deeds and Inspection fees.
- ❖ *Sales and services* fees slightly exceed the revised budget by \$47,636 or 0.40% to \$11,895,170. This overall increase was spread over several different revenue sources from different County departments.
- ❖ *Miscellaneous revenue* was \$337,898 or 6.18% below budget of \$5,468,654. A major contributor was the transfer of property during the year that previously generated lease space revenues, however, those revenues were originally budgeted.

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 \$28,663,132 resulting in an expenditure rate of 90.86% of revised budget. 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

Management's Discussion and Analysis

amounts. This year additional measures were put in place as a safety measure because of uncertainties created by COVID-19. Management's commitment to effectively manage the operating budget by encouraging departments to reduce non-essential expenditures has been a key factor to the County's finance.

- ❖ *Personnel* expenditures including fringe benefits, were \$30,548,582 less than budget. Some reasons that account for this are related to recruitment, turnover, unfilled positions and a temporary freeze during the last quarter of the year because of COVID-19.
- ❖ *Basic operating* expenditures were less than budget to include the following: Contracted services in the amount of \$19,639,911; maintenance and repairs in the amount of \$1,954,777; utilities in the amount of \$1,252,696, among others. During the year, projects were not completed or were postponed to the new fiscal year because of COVID-19.
- ❖ *Cultural and recreational expenditures were less than budget by \$797,137*, with an expenditure rate of 92.90%. The library has been closed to the public since March 2020 and their operating expenses have decreased, including utilities and costs associated with the daily operation. All part-time staff was furloughed.

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 \$47,055,077. The Crown Center Fund had a net position of \$32,097,240. The other five enterprise funds, (water and sewer funds), had a combined net position of \$10,703,137. The Solid Waste operating revenues decreased by \$416,955, primarily because of a reduction in charges for services revenues. The Crown Center's change in net position before transfers was (\$4,920,728), primarily because of a decrease in charges for services and motel occupancy tax. The water and sewer funds had combined operating revenues of \$665,339. The Overhills Park Water and Sewer District began operations during the fiscal year. The operational expenses for Solid Waste slightly decreased by \$443,259 from previous year. The Crown Center fund has an increase in expenses of \$73,025, the increase was primarily related to additional expenses relate to COVID-19. The five internal service funds had a combined net position of \$11,609,746. Most of the increase is from an increase in net position from the group Insurance fund of \$2,223,735, as a result of lower claims costs during the fiscal year. The restated net position in the internal services funds increased the net position by \$7,294. This restatement was related to OPEB Liability and the change of accounting principles to reflect the applicable GASB statement to account for a new OPEB Trust Fund.

Management's Discussion and Analysis

CAPITAL ASSETS
Table 3
net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Capital Assets						
Land	\$ 18,223,918	\$ 17,550,579	\$ 6,892,536	\$ 6,892,536	\$ 25,116,454	\$ 24,443,115
Construction in progress	6,319,856	5,712,104	17,517,509	8,272,005	23,837,365	13,984,109
Landfill	-	-	-	4,048,508	-	4,048,508
Buildings and improvements	166,033,370	161,928,579	34,488,645	42,793,163	200,522,015	204,721,742
Equipment, furniture and fixtures	4,635,286	6,825,965	5,756,481	7,297,924	10,391,767	14,123,889
Vehicles and motorized equipment	2,755,636	3,047,664	649,730	916,401	3,405,366	3,964,065
Plant and distribution system	-	-	8,226,334	12,300,430	8,226,334	12,300,430
Total net assets	\$ 197,968,066	\$ 195,064,891	\$ 73,531,235	\$ 82,520,967	\$ 271,499,301	\$ 277,585,858

Capital Asset and Debt Administration

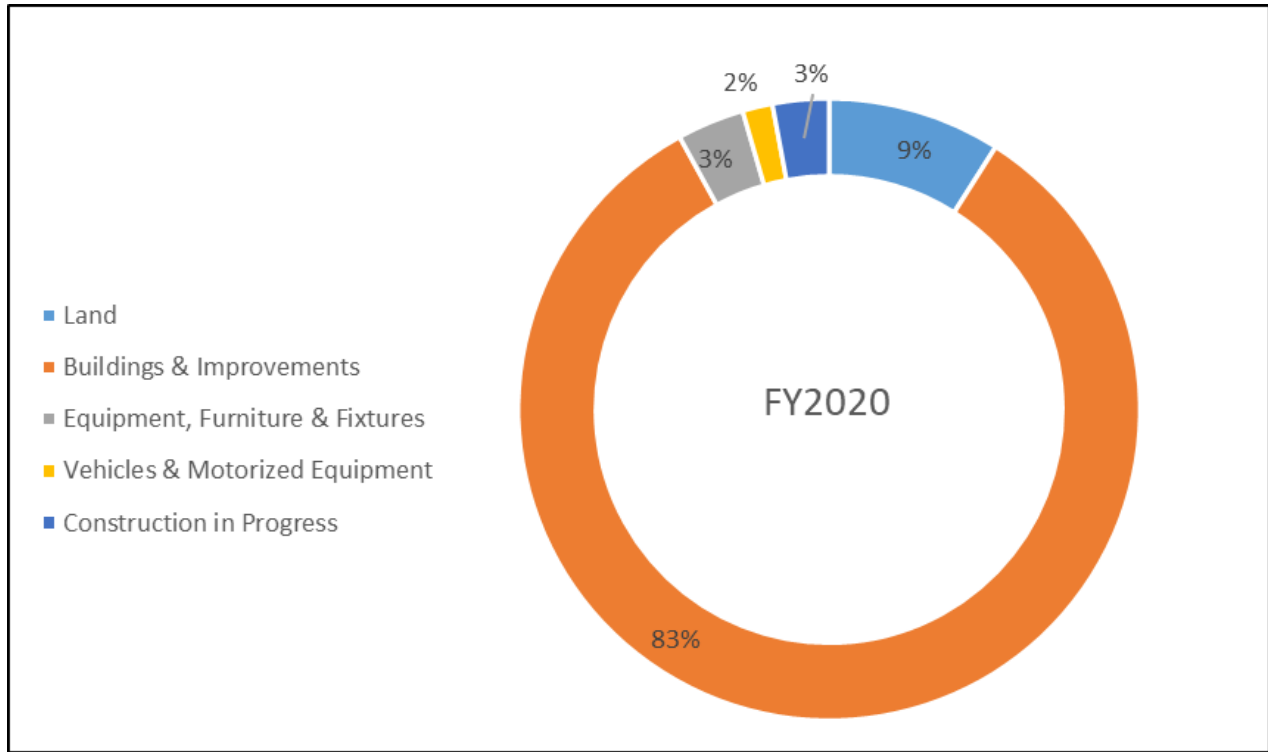
Capital Assets. The County's capital assets, shown in Table 3, for its governmental and business-type activities as of June 30, 2020, totals \$277,585,858 (net of accumulated depreciation). Capital assets include land, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and 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; purchases of various office equipment 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).

As of June 30, 2020, the County has construction contracts in progress in the amount of \$8,112,432 for various capital projects and improvements including construction of additional cells and a scale house at the County landfill. The remaining commitment on these contracts is \$3,365,934.

Management's Discussion and Analysis

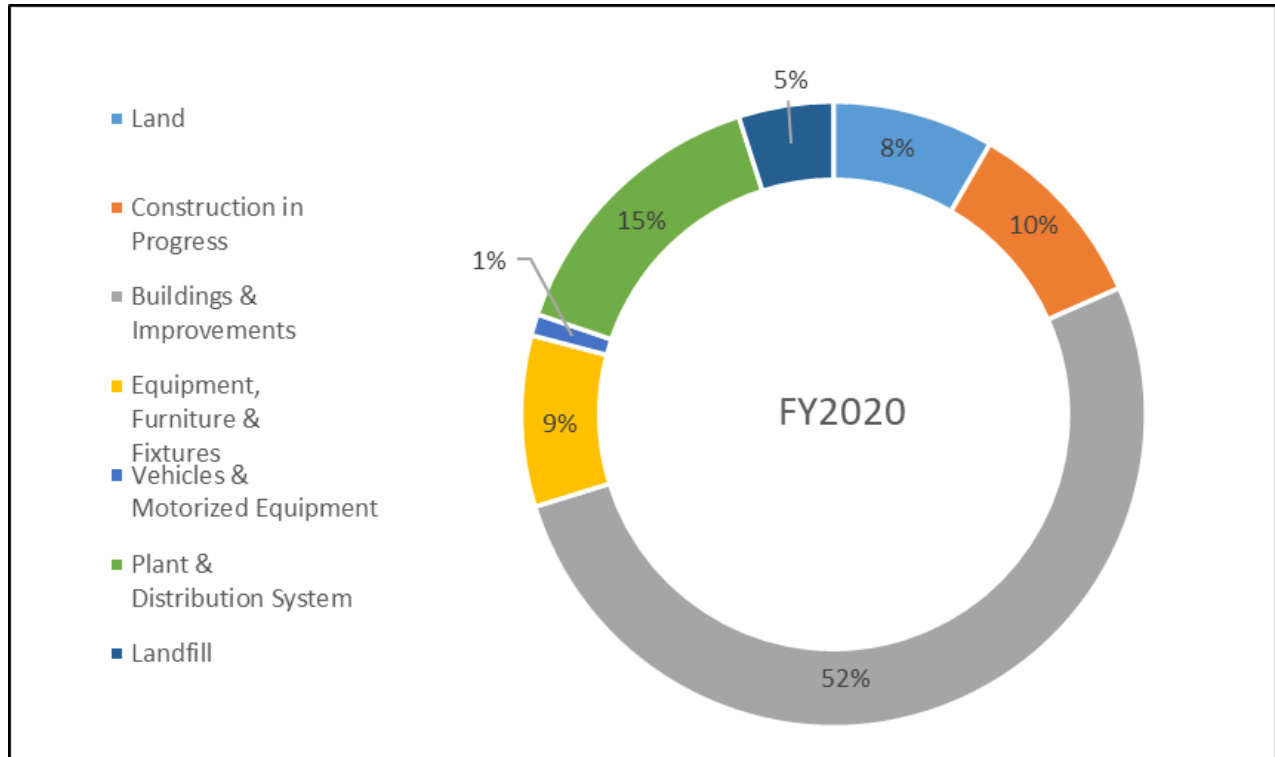
GOVERNMENTAL ACTIVITIES- CAPITAL ASSETS

Figure 6



BUSINESS-TYPE ACTIVITIES - CAPITAL ASSETS

Figure 7



Management's Discussion and Analysis

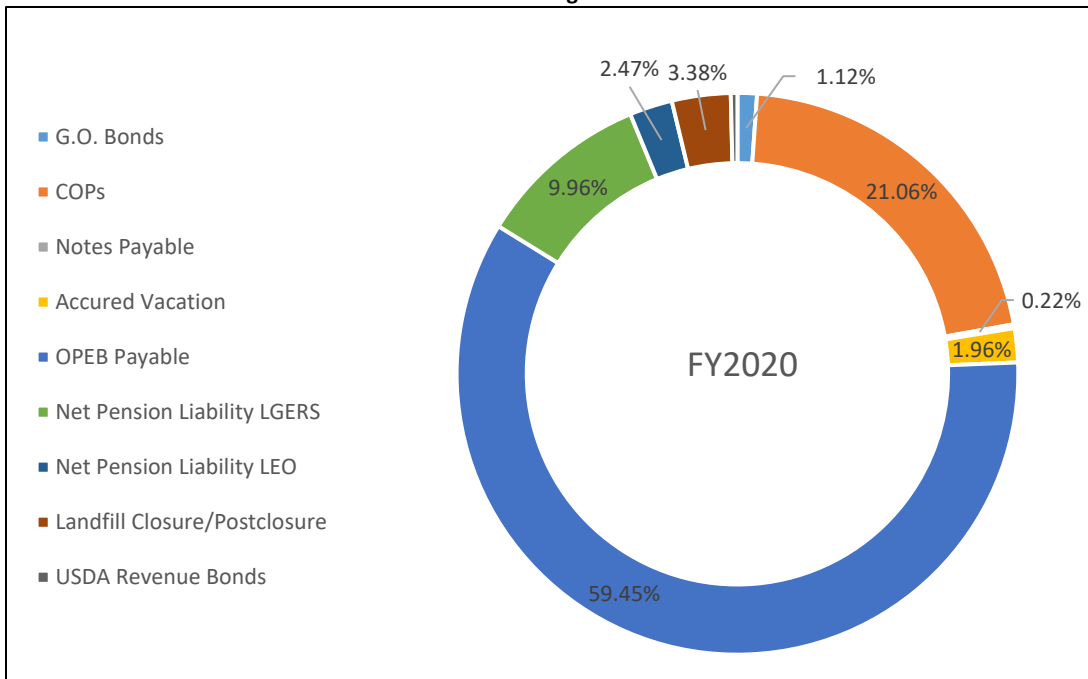
OUTSTANDING DEBT

Table 4

DESCRIPTION	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
General obligation bonds (net)	\$ 5,680,376	\$ 3,056,994	\$ 1,032,000	\$ 1,009,000	\$ 6,712,376	\$ 4,065,994
USDA Revenue Bonds	-	-	1,379,000	1,379,000	1,379,000	1,379,000
Certificates of participation/LOBS (net)	52,108,537	36,709,633	17,966,871	-	\$ 70,075,408	36,709,633
Certificates of participation (direct)	6,956,250	18,740,300	-	21,072,200	6,956,250	39,812,500
Notes Payable (direct)	5,108,151	733,333	4,766,695	64,942	\$ 9,874,846	798,275
Compensated absences	6,188,582	6,956,803	134,220	164,132	6,322,802	7,120,935
OPEB liability	166,680,699	209,746,192	5,021,232	6,298,097	\$ 171,701,931	216,044,289
Net Pension Liability (LGERS)	30,687,858	35,428,826	684,989	782,654	31,372,847	36,211,480
Net Pension Liability (LEO)	8,480,319	8,973,433	-	-	\$ 8,480,319	8,973,433
Accrued landfill closure and postclosure costs	-	-	13,193,952	12,282,877	\$ 13,193,952	12,282,877
Total debt	<u>\$ 281,890,772</u>	<u>\$ 320,345,514</u>	<u>\$ 44,178,959</u>	<u>\$ 43,052,902</u>	<u>\$ 326,069,731</u>	<u>\$ 363,398,416</u>

Long-Term Obligations. As of June 30, 2020, Cumberland County had total bonded debt outstanding of \$4,065,994; of this amount \$3,056,994 is backed by the full faith and credit of the County and \$1,009,000 is USDA GO Bonds. The County's total debt, Table 4, increased by \$37,328,685. On October 15, 2019, the County issued \$33,850,000 Limited Obligation Refunding Bonds Series 2019 to provide funds, together with other available funds, to current refund \$33,700,000 of outstanding bonds. 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



Management's Discussion and Analysis

Impact of Coronavirus (COVID-19) on the County

During the fiscal year, the state and the nation were affected by the spread of COVID-19. The outbreak of COVID-19 has been declared a pandemic by the World Health Organization. The Governor of North Carolina declared a state of emergency in the state on March 10, 2020 and the Board of Commissioners declared a state of emergency in the County on March 16, 2020, each of which is still in effect. The Board of Commissioners ordered the temporary closure of all public non-essential functions.

The Board of Commissioners and County Management is committed to monitoring the situation to be able to respond to the changing needs of the County, its communities and our employees while preparing for possible adverse effects to our financial condition. The State of North Carolina awarded the County with \$12,220,382 from the Coronavirus Relief Fund to assist in mitigating the effects of COVID-19. From that amount, over \$3.5 million was allocated to our municipalities, fire districts and the community to help them mitigate the impact of COVID-19.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following key economic indicators reflect changes in the local economy:

- ❖ Ad valorem current year tax collections rate for real and personal property slightly decreased from 99.24% to 98.87%.
- ❖ Changes in taxable sales for the County over the past years have been: fiscal year 2020, .27%, fiscal year 2019, 6.65% fiscal year 2018, .22%; fiscal year 2017, 4.97%; and fiscal year 2016, 4.22%.
- ❖ 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 Fire protection district rate will remain at .15 cents per \$100 valuation.
- ❖ The ultimate impact of the COVID-19 pandemic on the amount and timing of collections of County revenues and County expenditures is continuously being monitored. Conservative budget estimates were utilized throughout the budget to help in preparing for this unprecedented time.

These factors, as well as others, were considered when management prepared the County's budget ordinance for fiscal year 2021.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2021

Budget planning and preparation changed dramatically as a result of the COVID-19 pandemic. Our budget for fiscal year 2021 was developed with the assumption that the local revenue base will continue to be impacted by COVID-19.

The County approved a \$328,298,132 General Fund budget, including an appropriation of \$8,663,701 of fund balance, this amount excludes the legally adopted County School Fund and the Capital Investment Fund. For fiscal year 2021, this represents a \$4,343,299 or 1.34% increase over the past fiscal year adopted budget.

Management's Discussion and Analysis

- ❖ *Ad Valorem Taxes* for fiscal year 2021 were budgeted at \$165,908,675. No increase was projected for fiscal year 2021 over the fiscal year 2020 adopted budget.
- ❖ Motor vehicle tax collections are budgeted at \$19,763,512 under the Tax and Tag Together initiative.
- ❖ *Sales Taxes* are budgeted at \$41,542,711, a decrease of \$1,784,773 or 4.12% from fiscal year 2019 year-end actual. Conservative budgeting was used because of uncertainties created by COVID-19.
- ❖ *Unrestricted Intergovernmental* revenue is budgeted at \$12,624,989 which is a 9.21% increase from original budget from fiscal year 2020. The primary reason for this increase is based on historical trends and year end projections for the ABC 3.5%, ABC profit and NC Prisoner Housing revenues.
- ❖ The budget for fiscal year 2021 includes a one-time payment of \$1,700 for all permanent full-time employees and a pro-rata share for part time employees hired before July 1, 2020, who were on the County's payroll for the pay period ending July 18, 2020.
- ❖ *Restricted Intergovernmental* revenue has been budgeted at \$52,169,433 which is an increase of \$1,572,523 from fiscal year 2020.
- ❖ *Charges and Services* are projected to experience a decrease of \$174,942 or 1.32% from fiscal year 2020 adopted budget to \$13,067,456.
- ❖ Miscellaneous Revenue has been budgeted at \$9,210,877 an increase of 53.14% from the original budget from fiscal year 2020. The primary reason for this increase is that revenue from the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, awarded to the County will be recognized during fiscal year 2021 which is when expenses are expected to be incurred.

Budgeted expenditures in the General Fund, excluding the legally adopted County School Fund and Capital Investment Fund are \$328,298,132 which represents a 1.3% increase over the past fiscal year adopted budget.

- ❖ *Personnel expenditures* includes a total of 2 new positions, which represents an annual cost of \$115,101.
- ❖ *Public Safety* expenditures has been budgeted to decrease by \$534,177 or 0.84%. This decrease is primarily the result of five (5) abolished deputy positions for this fiscal year in comparison with fiscal year 2020.
- ❖ *Education Expenditures* for the fiscal year have been budgeted at \$94,411,029.
- ❖ *Capital Outlay* expenditures were budgeted at \$64,600, this amount includes, \$41,600 budgeted for new equipment and one (1) new vehicle.
- ❖ *Human Services expenditures* were budgeted at \$100,144,095 an increase of 1.96% from fiscal year 2020 primarily because of grants awarded from the Department of Justice's Bureau of justice assistance and an increase in school health nurses.
- ❖ *Expenditures* related to debt services, vehicle acquisition, technology items which include Countywide enhancement; information services initiative, servers, and future projects approved by the Board of Commissioners are now presented in the Capital Investment Fund (CIF).

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



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

Statement of Net Position
June 30, 2020

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Cash and cash equivalents	\$ 173,570,067	\$ 49,566,628	\$ 223,136,695
Taxes receivable, net	3,022,214	232,482	3,254,696
Accounts receivable, net	-	-	-
Sales tax receivable	16,868,635	-	16,868,635
Due from other governments	12,705,944	878,410	13,584,354
Other receivables, net	1,480,415	816,717	2,297,132
Internal balances	68,507	(68,507)	-
Due from component units	1,386,683	-	1,386,683
Inventories	306,492	-	306,492
Prepaid expenses	103,314	85,280	188,594
Restricted cash and cash equivalents	19,635,616	3,546,422	23,182,038
Net pension asset - ROD	558,205	-	558,205
Security deposits	-	-	-
Capital assets:			
Nondepreciable	23,262,683	15,164,541	38,427,224
Depreciable, net	171,802,208	67,356,426	239,158,634
Total capital assets	<u>195,064,891</u>	<u>82,520,967</u>	<u>277,585,858</u>
Total assets	<u>424,770,983</u>	<u>137,578,399</u>	<u>562,349,382</u>
Deferred outflows of resources			
Pension	22,104,099	474,328	22,578,427
OPEB	21,481,799	633,714	22,115,513
Debt	1,683,418	356,484	2,039,902
Total deferred outflows of resources	<u>45,269,316</u>	<u>1,464,526</u>	<u>46,733,842</u>
Liabilities			
Accounts and vouchers payable	15,232,093	2,722,014	17,954,107
Due to other governments	4,774,051	-	4,774,051
Accrued payroll	4,593,896	91,888	4,685,784
Accrued interest payable	442,966	34,144	477,110
Other payables	154,839	341,732	496,571
Due to primary government	-	-	-
Unearned revenue	-	380,539	380,539
Long-term liabilities:			
Due in less than one year	17,427,937	4,352,721	21,780,658
Due in more than one year	48,769,126	31,619,430	80,388,556
Net pension liability - LGERS	35,428,826	782,654	36,211,480
Total pension liability - LEOSSA	8,973,433	-	8,973,433
OPEB liability	209,746,192	6,298,097	216,044,289
Total long-term liabilities	<u>320,345,514</u>	<u>43,052,902</u>	<u>363,398,416</u>
Total liabilities	<u>345,543,359</u>	<u>46,623,219</u>	<u>392,166,578</u>
Deferred inflows of resources			
Pension	1,158,113	15,337	1,173,450
OPEB	86,498,751	2,548,915	89,047,666
Taxes	606,624	-	606,624
Total deferred inflows of resources	<u>88,263,488</u>	<u>2,564,252</u>	<u>90,827,740</u>
Net position			
Net investment in capital assets	135,788,691	58,831,891	194,620,582
Restricted for:			
Stabilization by State statute	35,922,545	-	35,922,545
Human services	294,231	-	294,231
Register of deeds	925,163	-	925,163
Inmates	745,859	-	745,859
Cemetery	51,625	-	51,625
School capital	5,533,695	-	5,533,695
Public health	4,728,362	-	4,728,362
Public safety	4,165,620	-	4,165,620
Economic and physical development	708,547	-	708,547
Cultural and recreation	8,460,977	-	8,460,977
Debt service	-	3,546,422	3,546,422
Capital	-	-	-
Facility investment fee	-	-	-
Claims	17,543,793	-	17,543,793
Unrestricted	(178,635,656)	27,477,141	(151,158,515)
Total net position	<u>\$ 36,233,452</u>	<u>\$ 89,855,454</u>	<u>\$ 126,088,906</u>

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

Statement of Net Position (continued)
June 30, 2020

	Component Units				
	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau	Fayetteville Cumberland Economic Development Commission
Assets					
Cash and cash equivalents	\$ 6,901,336	\$ 2,559,634	\$ 1,510,045	\$ 1,269,573	\$ 637,083
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	-	206,061	-	-	-
Sales tax receivable	-	-	-	-	-
Due from other governments	-	-	-	170,944	-
Other receivables, net	-	730	347	1,577	188
Internal balances	-	-	-	-	-
Due from component units	-	-	-	-	-
Inventories	3,774,344	-	-	9,601	-
Prepaid expenses	123,684	-	-	6,828	5,465
Restricted cash and cash equivalents	52,673	285,363	-	-	-
Prepaid pension benefit	-	-	-	-	-
Security deposits	8,585	-	-	-	-
Capital assets:					
Nondepreciable	2,138,260	203,823	-	-	-
Depreciable, net	2,063,877	17,677,120	-	168,444	4,550
Total capital assets	<u>4,202,137</u>	<u>17,880,943</u>	<u>-</u>	<u>168,444</u>	<u>4,550</u>
Total assets	<u>15,062,759</u>	<u>20,932,731</u>	<u>1,510,392</u>	<u>1,626,967</u>	<u>647,286</u>
Deferred outflows of resources					
Pension	723,603	-	-	-	-
OPEB	27,038	-	-	-	-
Debt	-	-	-	-	-
	<u>750,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities					
Accounts and vouchers payable	2,313,230	124,580	462,737	54,482	71,912
Due to other governments	-	-	-	-	-
Accrued payroll	-	4,679	-	-	11,900
Accrued interest payable	-	34,608	-	-	-
Other payables	1,402,624	14,017	-	87,534	-
Due to primary government	1,374,273	-	-	-	-
Unearned revenue	-	-	-	-	-
Long-term liabilities:					
Due in less than one year	-	309,689	-	-	-
Due in more than one year	1,485,552	10,109,308	-	-	-
Net pension liability - LGERS	-	-	-	-	-
Total pension liability - LEOSSA	-	-	-	-	-
OPEB liability	-	-	-	-	-
Total long-term liabilities	<u>1,485,552</u>	<u>10,418,997</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,575,679</u>	<u>10,596,881</u>	<u>462,737</u>	<u>142,016</u>	<u>83,812</u>
Deferred inflows of resources					
Pension	28,770	-	-	-	-
OPEB	16,329	-	-	-	-
Tax	-	-	-	-	-
	<u>45,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position					
Net investment in capital assets	4,202,137	7,472,390	-	168,444	4,550
Restricted for:					
Stabilization by State statute	-	-	-	-	-
Human services	-	-	-	-	-
Register of deeds	-	-	-	-	-
Inmates	-	-	-	-	-
Cemetery	-	-	-	-	-
School capital	-	-	-	-	-
Public health	-	-	-	-	-
Public safety	1,399,366	-	-	-	-
Economic and physical development	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Debt service	-	285,363	-	-	-
Capital	-	362,000	-	-	-
Facility investment fee	-	123,649	-	-	-
Claims	-	-	-	-	-
Unrestricted	3,591,119	2,092,448	1,047,655	1,316,507	558,924
Total net position	<u>\$ 9,192,622</u>	<u>\$ 10,335,850</u>	<u>\$ 1,047,655</u>	<u>\$ 1,484,951</u>	<u>\$ 563,474</u>

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

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 29,475,147	\$ 3,707,411	\$ 1,346,132	\$ 3,416,888	(21,004,716)	\$ -	\$ (21,004,716)
Public safety	65,079,734	4,497,179	544,689	133,823	(59,904,043)	-	(59,904,043)
Economic and physical development	17,062,941	1,105,500	8,939,622	794,154	(6,223,665)	-	(6,223,665)
Human services	89,720,840	6,249,717	45,492,853	-	(37,978,270)	-	(37,978,270)
Cultural and recreational	14,666,048	102,259	509,598	-	(14,054,191)	-	(14,054,191)
Education	107,300,602	-	-	-	(107,300,602)	-	(107,300,602)
Interest on long-term debt	1,485,783	-	-	-	(1,485,783)	-	(1,485,783)
Total governmental activities	324,791,095	15,662,066	56,832,894	4,344,865	(247,951,270)	-	(247,951,270)
Business-type activities:							
Solid Waste	9,389,797	4,310,031	2,627,021	-	-	(2,452,745)	(2,452,745)
Crown Center	7,886,548	1,505,646	17,840	-	-	(6,363,062)	(6,363,062)
Kelly Hills Water and Sewer District	107,610	76,409	-	-	-	(31,201)	(31,201)
NORCRESS Water and Sewer District	719,659	438,979	-	-	-	(280,680)	(280,680)
Southpoint Water and Sewer District	24,359	38,343	-	-	-	13,984	13,984
Overhills Park Water and Sewer District	123,767	111,608	293,620	-	-	281,461	281,461
Bragg Estates Water and Sewer District	-	-	-	-	-	-	-
Total business-type activities	18,251,740	6,481,016	2,938,481	-	-	(8,832,243)	(8,832,243)
Total primary government	\$ 343,042,835	\$ 22,143,082	\$ 59,771,375	\$ 4,344,865	(247,951,270)	(8,832,243)	(256,783,513)
Component unit:							
ABC Board	\$ 34,257,272	\$ 35,014,021	\$ -	\$ -	-	-	-
Eastover Sanitary District	2,299,973	2,327,786	-	-	-	-	-
Tourism Development Authority	5,922,599	6,008,057	-	-	-	-	-
Fayetteville Area Convention and Visitors Bureau	3,048,439	2,725,432	-	-	-	-	-
Fayetteville Cumberland Economic Development Commission	946,346	-	-	901,810	-	-	-
Total component unit	\$ 46,474,629	\$ 46,075,296	\$ -	\$ 901,810	-	-	-
General revenues:							
Property taxes					204,041,081	-	204,041,081
Other taxes:							
Sales tax					59,589,722	-	59,589,722
Animal registration					77,299	-	77,299
Real estate transfer					1,689,875	-	1,689,875
Beer and wine					380,596	-	380,596
Solid waste					-	5,879,766	5,879,766
Food and beverage					6,840,608	-	6,840,608
Room and occupancy					-	1,469,474	1,469,474
Grants and contributions not restricted to specific programs					15,436,689	-	15,436,689
Unrestricted investment earnings					3,096,412	663,282	3,759,694
Gain(Loss) on sale of capital assets					73,663	(218,453)	(144,790)
Miscellaneous					6,107,602	92,526	6,200,128
Transfers					(7,362,068)	7,362,068	-
Total general revenues and transfers					289,971,479	15,248,663	305,220,142
Change in net position					42,020,209	6,416,420	48,436,629
Net position - beginning					(8,039,749)	83,371,752	75,332,003
Restatement - OPEB					2,252,992	67,282	2,320,274
Net position - beginning, as restated					(5,786,757)	83,439,034	77,652,277
Net position - ending					\$ 36,233,452	\$ 89,855,454	\$ 126,088,906

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

Statement of Activities (continued)
Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Component Units				
	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau	Fayetteville Cumberland Economic Development Commission
Governmental activities:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Economic and physical development	-	-	-	-	-
Human services	-	-	-	-	-
Cultural and recreational	-	-	-	-	-
Education	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Total governmental activities	-	-	-	-	-
Business-type activities:					
Solid Waste	-	-	-	-	-
Crown Center	-	-	-	-	-
Kelly Hills Water and Sewer District	-	-	-	-	-
NORCRESS Water and Sewer District	-	-	-	-	-
Southpoint Water and Sewer District	-	-	-	-	-
Overhills Park Water and Sewer District	-	-	-	-	-
Bragg Estates Water and Sewer District	-	-	-	-	-
Total business-type activities	-	-	-	-	-
Total primary government	-	-	-	-	-
Component unit:					
ABC Board	756,749	-	-	-	-
Eastover Sanitary District	-	27,813	-	-	-
Tourism Development Authority	-	-	85,458	-	-
Fayetteville Area Convention and Visitors Bureau	-	-	-	(323,007)	-
Fayetteville Cumberland Economic Development Commission	-	-	-	-	(44,536)
Total component unit	756,749	27,813	85,458	(323,007)	(44,536)
General revenues:					
Property taxes	-	-	-	-	-
Other taxes:					
Sales tax	-	-	-	-	-
Animal registration	-	-	-	-	-
Real estate transfer	-	-	-	-	-
Beer and wine	-	-	-	-	-
Solid waste	-	-	-	-	-
Food and beverage	-	-	-	-	-
Room and occupancy	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-
Unrestricted investment earnings	-	33,125	20,296	14,344	8,832
Gain on sale of capital assets	-	-	-	(39,906)	-
Miscellaneous	21,186	-	-	-	-
Transfers	-	-	-	-	-
Total general revenues and transfers	21,186	33,125	20,296	(25,562)	8,832
Change in net position	777,935	60,938	105,754	(348,569)	(35,704)
Net position - beginning	8,414,687	10,274,912	941,901	1,833,520	599,178
Restatement - OPEB	-	-	-	-	-
Net position - beginning, as restated	8,414,687	10,274,912	941,901	1,833,520	599,178
Net position - ending	\$ 9,192,622	\$ 10,335,850	\$ 1,047,655	\$ 1,484,951	\$ 563,474

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

FUND FINANCIAL STATEMENTS



**Balance Sheet
Governmental Funds
June 30, 2020**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 154,191,230	\$ 19,378,837	\$ 173,570,067
Taxes receivable, net	2,087,256	385,014	2,472,270
Sales tax receivable	16,868,635	-	16,868,635
Due from other governments	10,672,599	2,033,345	12,705,944
Other receivables, net	1,250,308	5,676	1,255,984
Due from other funds	1,494,157	-	1,494,157
Due from component units	1,386,683	-	1,386,683
Inventories	151,916	-	151,916
Prepays	1,472	-	1,472
Restricted assets:			
Cash and cash equivalents	-	2,091,823	2,091,823
Total assets	<u>\$ 188,104,256</u>	<u>\$ 23,894,695</u>	<u>\$ 211,998,951</u>
Liabilities:			
Accounts and vouchers payable	\$ 7,836,391	\$ 2,170,566	\$ 10,006,957
Due to other governments	360,145	4,413,906	4,774,051
Accrued payroll	4,496,355	73,189	4,569,544
Other payables	91,653	63,186	154,839
Due to other funds	-	1,425,650	1,425,650
Total liabilities	<u>12,784,544</u>	<u>8,146,497</u>	<u>20,931,041</u>
Deferred inflows of resources - taxes	<u>3,165,427</u>	<u>385,014</u>	<u>3,550,441</u>
Fund balances:			
Nonspendable:			
Inventories	151,916	-	151,916
Prepays	1,472	-	1,472
Restricted:			
Stabilization by State Statute	33,873,984	2,048,561	35,922,545
Register of Deeds	925,163	-	925,163
Public health	4,728,362	-	4,728,362
Inmates	-	745,859	745,859
Cemetery	-	51,625	51,625
County School	5,533,695	-	5,533,695
Fire protection	-	1,041,995	1,041,995
Public safety	-	3,123,625	3,123,625
Economic and physical development	-	708,547	708,547
Human services	-	294,231	294,231
Cultural and recreational	-	8,460,539	8,460,539
Committed:			
Tax revaluation	2,158,423	-	2,158,423
Capital investment fund	36,073,289	-	36,073,289
Assigned:			
Subsequent year's expenditures	8,663,701	-	8,663,701
Economic development incentives	2,000,000	-	2,000,000
Unassigned:	78,044,280	(1,111,798)	76,932,482
Total fund balances	<u>172,154,285</u>	<u>15,363,184</u>	<u>187,517,469</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 188,104,256</u>	<u>\$ 23,894,695</u>	<u>\$ 211,998,951</u>

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.

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2020**

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

Ending fund balance - governmental funds		\$ 187,517,469
Capital assets are not financial resources, and therefore, are not reported in the funds (see note 4).		195,064,891
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	\$ 22,012,486	
Deferred outflows of resources related to OPEB	21,406,214	
Defeasance of long-term debt	1,683,418	45,102,118
Deferred inflows of resources for taxes and special assessments receivable		
Unearned Revenue	2,943,817	
Accrued Tax Penalties	549,945	3,493,762
Deferred inflows of resources related to pensions are not reported in the funds.		(1,107,307)
Deferred inflows of resources related to OPEB are not reported in the funds.		(86,265,186)
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.		11,609,746
Net pension liability-ROD		558,205
Net pension liability-LGERS		(35,304,888)
Total OPEB liability		(208,948,953)
Total pension liability-LEOSSA		(8,973,433)
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	(66,070,006)	
Accrued interest payable	(442,966)	(66,512,972)
Net position of governmental activities		\$ 36,233,452

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

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020**

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 189,506,426	\$ 15,251,434	\$ 204,757,860
Other taxes	61,737,492	6,840,608	68,578,100
Unrestricted intergovernmental revenue	15,436,689	-	15,436,689
Restricted intergovernmental revenue	50,769,770	10,407,989	61,177,759
Licenses and permits	2,629,213	-	2,629,213
Sales and services	11,895,170	191,761	12,086,931
Interest earned on investments	2,687,054	199,965	2,887,019
Miscellaneous	5,556,952	469,778	6,026,730
Total revenues	340,218,766	33,361,535	373,580,301
Expenditures			
Current:			
General government	29,751,226	-	29,751,226
Public safety	57,208,085	10,640,951	67,849,036
Economic and physical development	10,465,358	7,949,474	18,414,832
Human services	88,543,417	4,050,936	92,594,353
Cultural and recreation	10,430,128	4,358,412	14,788,540
Education	107,300,602	-	107,300,602
Debt service:			
Principal payments	10,529,084	-	10,529,084
Interest and fees	3,029,269	-	3,029,269
Total expenditures	317,257,169	26,999,773	344,256,942
Excess of revenues over expenditures	22,961,597	6,361,762	29,323,359
Other financing sources (uses)			
Sale of capital assets	72,807	856	73,663
Issuance of debt	12,777,800	1,301,616	14,079,416
Payment to escrow agent	(12,869,659)	-	(12,869,659)
Transfers in	84,137	1,472,476	1,556,613
Transfers out	(1,572,476)	(7,446,205)	(9,018,681)
Total other financing sources (uses)	(1,507,391)	(4,671,257)	(6,178,648)
Net change in fund balances	21,454,206	1,690,505	23,144,711
Fund balance - beginning	150,700,079	13,672,679	164,372,758
Fund balance - ending	\$ 172,154,285	\$ 15,363,184	\$ 187,517,469

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.

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended June 30, 2020**

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

Net change in fund balances - total governmental funds \$ 23,144,711

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

Capital Outlay	\$ 9,813,651	
Depreciation	(9,481,732)	
Other asset activity	<u>(3,235,096)</u>	(2,903,177)

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

Change in accrued tax penalties	32,621	
Change in unavailable revenue for taxes	<u>913,300</u>	945,921

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 8,537,877

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities 335,423

OPEB benefit payments paid and administrative expense are not included on the Statement of Activities 6,345,497

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	10,529,084	
Issuance of debt	(14,079,416)	
Changes in premium	1,445,286	
Payment to escrow agent	12,869,659	
Accrued interest payable	<u>98,200</u>	10,862,813

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

Accrued vacation payable	(874,880)	
OPEB plan expense	10,221,470	
Pension expense	<u>(16,411,699)</u>	(7,065,109)

The net revenue of certain activities of the internal service fund is reported with governmental activities. (includes restatement) 2,533,032

Change in deferred outflows of resources for deferred charge on refunding (716,779)

Change in net position of governmental activities \$ 42,020,209

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

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 188,375,832	\$ 188,375,832	\$ 189,506,426	\$ 1,130,594
Other taxes	44,957,210	44,957,210	49,882,272	4,925,062
Unrestricted intergovernmental revenue	11,560,613	11,781,113	14,085,013	2,303,900
Restricted intergovernmental revenue	50,556,410	53,246,432	47,352,882	(5,893,550)
Licenses and permits	2,030,800	2,088,800	2,629,213	540,413
Sales and services	11,211,598	11,847,534	11,895,170	47,636
Interest earned on investments	700,000	700,000	1,561,972	861,972
Miscellaneous	5,355,087	5,468,654	5,130,756	(337,898)
Total revenues	<u>314,747,550</u>	<u>318,465,575</u>	<u>322,043,704</u>	<u>3,578,129</u>
Expenditures:				
Current:				
General government	32,175,721	36,344,440	29,148,576	7,195,864
Public safety	63,562,115	65,551,806	57,208,085	8,343,721
Economic and physical development	6,026,442	6,927,503	5,154,169	1,773,334
Human services	97,103,066	99,457,541	88,543,417	10,914,124
Cultural and recreational	11,137,622	11,227,265	10,430,128	797,137
Education	94,047,126	94,047,126	94,408,174	(361,048)
Total expenditures	<u>304,052,092</u>	<u>313,555,681</u>	<u>284,892,549</u>	<u>28,663,132</u>
Revenues over (under) expenditures	<u>10,695,458</u>	<u>4,909,894</u>	<u>37,151,155</u>	<u>32,241,261</u>
Other financing sources (uses):				
Sale of capital assets	-	-	72,807	72,807
Transfers in	539,637	539,637	294,687	(244,950)
Transfers out	(19,902,741)	(30,545,537)	(30,131,528)	414,009
Fund balance appropriated	8,667,646	25,096,006	-	(25,096,006)
Total other financing sources (uses)	<u>(10,695,458)</u>	<u>(4,909,894)</u>	<u>(29,764,034)</u>	<u>(24,854,140)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>7,387,121</u>	<u>\$ 7,387,121</u>
Fund balance - beginning			<u>119,643,848</u>	
Fund balance - ending			<u>\$ 127,030,969</u>	

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

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020

	General Fund			Variance With Final Positive Negative
	Original Budget	Final Budget	Actual	
A legally budgeted County School Fund (not included on previous page) is consolidated into the General Fund for Reporting Purposes.				
Other taxes	\$ 10,900,000	\$ 10,900,000	\$ 11,855,220	\$ 955,220
Unrestricted intergovernmental revenue	1,058,411	1,058,411	1,351,676	293,265
Restricted intergovernmental revenue	3,416,075	3,416,887	3,416,888	1
Interest earned on investments	-	-	137,589	137,589
Miscellaneous	75,000	75,000	137,347	62,347
Education	(10,226,970)	(20,226,970)	(12,741,524)	7,485,446
Transfers out	(5,222,516)	(5,223,328)	(5,223,328)	-
Fund balance appropriated	-	10,000,000	-	(10,000,000)
	-	-	(1,066,132)	(1,066,132)
Fund balance - beginning	-	-	10,116,159	-
Fund balance - ending	\$ -	\$ -	9,050,027	\$ (1,066,132)

A legally budgeted Capital Investment Fund (not included on previous page) is consolidated into the General Fund for Reporting Purposes.

Interest income	\$ 972,511	\$ 971,699	\$ 987,493	\$ 15,794
Miscellaneous	-	-	161,790	
General government	(6,016,554)	(1,543,607)	(602,650)	940,957
Economic and physical development	(4,396,900)	(24,447,060)	(5,311,189)	19,135,871
Education - community college capital outlay	(337,274)	(472,951)	(150,904)	322,047
Debt service - principal	(10,529,084)	(15,422,185)	(10,529,084)	4,893,101
Debt service - interest	(3,136,071)	(3,171,271)	(3,029,269)	142,002
Issuance of debt	-	12,777,800	12,777,800	
Transfers in	23,898,872	34,413,391	34,413,391	-
Transfers out	(455,500)	(1,330,500)	(841,561)	488,939
County contribution	-	127,060	127,059	
Payment to escrow agent	-	(7,976,559)	(12,869,659)	
Fund balance appropriated	-	6,074,183	-	(6,074,183)
	-	-	15,133,217	19,864,528
Fund balance - beginning	-	-	20,940,072	-
Fund balance - ending	\$ -	\$ -	36,073,289	\$ 19,864,528
Fund balance - ending			<u>\$ 172,154,285</u>	

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

**Statement of Net Position
Proprietary Funds
June 30, 2020**

	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	\$ 41,924,907	\$ 6,984,503	\$ 258,124	\$ 240,663	\$ 158,431	\$ -	\$ -	\$ 49,566,628	\$ -
Taxes receivable, net	232,482	-	-	-	-	-	-	232,482	-
Due from other governments	798,020	80,390	-	-	-	-	-	878,410	-
Other receivables, net	421,128	255,669	24,869	81,422	11,651	21,978	-	816,717	230,060
Due from other funds	-	17,840	-	-	-	-	-	17,840	-
Inventories	-	-	-	-	-	-	-	-	154,576
Prepays	-	85,280	-	-	-	-	-	85,280	101,842
Total current assets	43,376,537	7,423,682	282,993	322,085	170,082	21,978	-	51,597,357	486,478
Noncurrent assets									
Restricted:									
Cash and cash equivalents	242,114	3,167,019	-	-	-	137,289	-	3,546,422	17,543,793
Capital assets, net of accumulated depreciation	26,622,123	43,423,566	1,727,143	5,803,562	389,180	4,397,468	157,925	82,520,967	-
Total noncurrent assets	26,864,237	46,590,585	1,727,143	5,803,562	389,180	4,534,757	157,925	86,067,389	17,543,793
Total assets	70,240,774	54,014,267	2,010,136	6,125,647	559,262	4,556,735	157,925	137,664,746	18,030,271
Deferred outflows of resources									
Pension	474,328	-	-	-	-	-	-	474,328	91,613
OPEB	633,714	-	-	-	-	-	-	633,714	75,585
Debt	-	356,484	-	-	-	-	-	356,484	-
	1,108,042	356,484	-	-	-	-	-	1,464,526	167,198
Liabilities									
Current liabilities									
Accounts and vouchers payable	2,079,931	488,002	5,401	115,999	1,879	3,724	27,078	2,722,014	248,125
Accrued payroll	91,888	-	-	-	-	-	-	91,888	24,352
Accrued interest payable	-	28,297	-	3,468	-	2,379	-	34,144	-
Other payables	29,908	298,973	1,449	-	5,702	5,700	-	341,732	-
Incurred but not reported	-	-	-	-	-	-	-	-	5,073,728
Unearned revenue	-	380,539	-	-	-	-	-	380,539	-
Current portion of long-term debt and compensated absences	155,925	4,142,800	-	24,000	4,996	25,000	-	4,352,721	34,143
Due to other funds	-	5,500	-	-	-	-	80,847	86,347	-
Total current liabilities	2,357,652	5,344,111	6,850	143,467	12,577	36,803	107,925	8,009,385	5,380,348

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

**Statement of Net Position
Proprietary Funds
June 30, 2020**

	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		
Noncurrent liabilities									
Post closing liability	12,282,877	-	-	-	-	-	-	12,282,877	-
Net pension liability	782,654	-	-	-	-	-	-	782,654	123,938
Long-term debt	-	16,929,400	-	985,000	59,946	1,354,000	-	19,328,346	-
Compensated absences	8,207	-	-	-	-	-	-	8,207	1,797
OPEB liability	6,298,097	-	-	-	-	-	-	6,298,097	797,239
Total noncurrent liabilities	<u>19,371,835</u>	<u>16,929,400</u>	<u>-</u>	<u>985,000</u>	<u>59,946</u>	<u>1,354,000</u>	<u>-</u>	<u>38,700,181</u>	<u>922,974</u>
Total liabilities	<u>21,729,487</u>	<u>22,273,511</u>	<u>6,850</u>	<u>1,128,467</u>	<u>72,523</u>	<u>1,390,803</u>	<u>107,925</u>	<u>46,709,566</u>	<u>6,303,322</u>
Deferred inflows of resources									
Pension	15,337	-	-	-	-	-	-	15,337	50,806
OPEB	2,548,915	-	-	-	-	-	-	2,548,915	233,595
	<u>2,564,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,564,252</u>	<u>284,401</u>
Net position									
Net investment in capital assets	26,457,991	22,351,564	1,727,143	4,794,562	324,238	3,018,468	157,925	58,831,891	-
Restricted net position - debt service	242,114	3,167,019	-	-	-	137,289	-	3,546,422	-
Restricted net position - capital	-	-	-	-	-	-	-	-	-
Restricted net position - claims	-	-	-	-	-	-	-	-	17,543,793
Unrestricted	20,354,972	6,578,657	276,143	202,618	162,501	10,175	(107,925)	27,477,141	(5,934,047)
Total net position	<u>\$ 47,055,077</u>	<u>\$ 32,097,240</u>	<u>\$ 2,003,286</u>	<u>\$ 4,997,180</u>	<u>\$ 486,739</u>	<u>\$ 3,165,932</u>	<u>\$ 50,000</u>	<u>\$ 89,855,454</u>	<u>\$ 11,609,746</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2020

	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	\$ 4,310,031	\$ 1,505,646	\$ 76,409	\$ 438,979	\$ 38,343	\$ 111,608	\$ -	\$ 6,481,016	\$ -
Contributions	-	-	-	-	-	-	-	-	3,411,697
Other operating revenue	23,943	-	-	-	-	-	-	23,943	-
Contributions - Group health insurance	-	-	-	-	-	-	-	-	23,471,552
Solid waste fees	5,879,766	-	-	-	-	-	-	5,879,766	-
Pharmacy services	-	-	-	-	-	-	-	-	2,554,693
Total operating revenues	10,213,740	1,505,646	76,409	438,979	38,343	111,608	-	12,384,725	29,437,942
Operating expenses									
Salaries and employee benefits	3,044,752	-	-	-	-	-	-	3,044,752	632,515
Repairs and maintenance	1,316,509	710,158	37,557	205,511	4,995	-	-	2,274,730	-
Utilities	223,321	-	-	233,938	-	35,397	-	492,656	-
Administrative costs	4,511,503	-	3,624	9,491	5,356	4,369	-	4,534,343	1,004,008
Workers' compensation claims	-	-	-	-	-	-	-	-	1,650,698
Global Spectrum, LP	-	4,472,970	-	-	-	-	-	4,472,970	-
Miscellaneous	-	-	-	-	2,214	-	-	2,214	-
Depreciation	1,204,787	2,028,609	66,429	228,228	11,794	55,450	-	3,595,297	-
Landfill closure and postclosure care costs	(911,075)	-	-	-	-	-	-	(911,075)	-
Group health insurance	-	-	-	-	-	-	-	-	20,391,280
Employee pharmacy	-	-	-	-	-	-	-	-	3,089,242
Employee clinic	-	-	-	-	-	-	-	-	353,999
Employee wellness program	-	-	-	-	-	-	-	-	173,433
Total operating expenses	9,389,797	7,211,737	107,610	677,168	24,359	95,216	-	17,505,887	27,295,175
Operating income (loss)	823,943	(5,706,091)	(31,201)	(238,189)	13,984	16,392	-	(5,121,162)	2,142,767
Nonoperating revenue (expense)									
Interest earned on investments	571,510	83,794	2,954	3,148	1,860	16	-	663,282	209,393
Motel occupancy tax	-	1,469,474	-	-	-	-	-	1,469,474	-
Gain (loss) on disposal of capital assets	(101,533)	(116,920)	-	-	-	-	-	(218,453)	-
Insurance proceeds	-	5,986	-	-	-	-	-	5,986	-
Miscellaneous	62,536	-	-	-	-	61	-	62,597	80,872
Grant revenue	2,627,021	17,840	-	-	-	293,620	-	2,938,481	-
Interest expense	-	(633,501)	-	(42,491)	-	(28,551)	-	(704,543)	-
Debt issuance costs	-	(41,310)	-	-	-	-	-	(41,310)	-
Total nonoperating revenue (expense)	3,159,534	785,363	2,954	(39,343)	1,860	265,146	-	4,175,514	290,265
Income (loss) before transfers and contributions	3,983,477	(4,920,728)	(28,247)	(277,532)	15,844	281,538	-	(945,648)	2,433,032
Transfers in	-	7,362,068	-	-	-	-	-	7,362,068	100,000
Change in net position	3,983,477	2,441,340	(28,247)	(277,532)	15,844	281,538	-	6,416,420	2,533,032
Total net position - beginning	43,004,318	29,655,900	2,031,533	5,274,712	470,895	2,884,394	50,000	83,371,752	9,069,420
Restatement - OPEB	67,282	-	-	-	-	-	-	67,282	7,294
Total net position - beginning, as restated	43,071,600	29,655,900	2,031,533	5,274,712	470,895	2,884,394	50,000	83,439,034	9,076,714
Total net position - ending	\$ 47,055,077	\$ 32,097,240	\$ 2,003,286	\$ 4,997,180	\$ 486,739	\$ 3,165,932	\$ 50,000	\$ 89,855,454	\$ 11,609,746

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

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020**

	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	\$ 10,123,460	\$ 1,611,850	\$ 76,409	\$ 438,979	\$ 38,343	\$ 111,608	\$ -	\$ 12,400,649	\$ -
Other operating revenue	130,794	-	-	-	-	(200,008)	-	(69,214)	-
Cash received from contributions	-	-	-	-	-	-	-	-	26,885,904
Cash paid to employees	(3,305,872)	(752)	-	-	-	-	-	(3,306,624)	(408,583)
Cash paid for goods and services	(6,289,790)	(4,827,999)	(40,673)	(333,387)	(13,550)	(87,203)	-	(11,592,602)	(998,145)
Cash received for goods and services	-	-	-	-	-	-	48,235	48,235	2,531,171
Cash paid for claims	-	-	-	-	-	-	-	-	(26,572,661)
Net cash from operating activities	<u>658,592</u>	<u>(3,216,901)</u>	<u>35,736</u>	<u>105,592</u>	<u>24,793</u>	<u>(175,603)</u>	<u>48,235</u>	<u>(2,519,556)</u>	<u>1,437,686</u>
Noncapital financing activities									
Transfers in	-	7,362,068	-	-	-	-	-	7,362,068	100,000
Operating grants	2,627,021	17,840	-	-	-	293,620	-	2,938,481	-
Net cash from noncapital financing activities	<u>2,627,021</u>	<u>7,379,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,620</u>	<u>-</u>	<u>10,300,549</u>	<u>100,000</u>
Capital and related financing activities									
Acquisition and construction of capital assets	8,335,713	(4,791,353)	-	-	-	(59,639)	(48,235)	3,436,486	-
Other financing transactions	-	-	-	-	-	-	-	-	-
Proceeds from sales of capital assets	(16,237,366)	5,986	-	-	-	-	-	(16,231,380)	-
Proceeds from issuance of long-term debt	-	21,072,200	-	-	-	-	-	21,072,200	-
Principal paid on long-term debt	-	(22,537,913)	-	(23,000)	(4,995)	-	-	(22,565,908)	-
Interest paid on bonds	-	(798,993)	-	(42,571)	-	(28,551)	-	(870,115)	-
Motel occupancy tax	-	1,469,474	-	-	-	-	-	1,469,474	-
Miscellaneous	-	(41,310)	-	-	-	61	-	(41,249)	-
Net cash from capital and related financing activities	<u>(7,901,653)</u>	<u>(5,621,909)</u>	<u>-</u>	<u>(65,571)</u>	<u>(4,995)</u>	<u>(88,129)</u>	<u>(48,235)</u>	<u>(13,730,492)</u>	<u>-</u>
Investing activities									
Investment earnings	571,510	83,794	2,954	3,148	1,860	16	-	663,282	210,031
Net cash from investing activities	<u>571,510</u>	<u>83,794</u>	<u>2,954</u>	<u>3,148</u>	<u>1,860</u>	<u>16</u>	<u>-</u>	<u>663,282</u>	<u>210,031</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,044,530)</u>	<u>(1,375,108)</u>	<u>38,690</u>	<u>43,169</u>	<u>21,658</u>	<u>29,904</u>	<u>-</u>	<u>(5,286,217)</u>	<u>1,747,717</u>
Cash and cash equivalents									
Beginning of year	<u>46,211,551</u>	<u>11,526,630</u>	<u>219,434</u>	<u>197,494</u>	<u>136,773</u>	<u>107,385</u>	<u>-</u>	<u>58,399,267</u>	<u>15,796,076</u>
End of year	<u>\$ 42,167,021</u>	<u>\$ 10,151,522</u>	<u>\$ 258,124</u>	<u>\$ 240,663</u>	<u>\$ 158,431</u>	<u>\$ 137,289</u>	<u>\$ -</u>	<u>\$ 53,113,050</u>	<u>\$ 17,543,793</u>

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

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020**

	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 from operating activities									
Operating income (loss)	\$ 823,943	\$ (5,706,091)	\$ (31,201)	\$ (238,189)	\$ 13,984	\$ 16,392	\$ -	\$ (5,121,162)	\$ 2,142,767
Adjustments to reconcile operating income (loss) to net cash from operating activities:									
Depreciation	1,204,787	2,028,609	66,429	228,228	11,794	55,450	-	3,595,297	-
Landfill closure and post closure care costs	(911,075)	-	-	-	-	-	-	(911,075)	-
Changes in operating assets and liabilities									
Accounts receivable	(66,337)	-	-	-	-	-	-	(66,337)	-
Other receivables	44,315	74,358	(2,085)	-	(2,708)	(21,978)	-	91,902	85,838
Inventories	-	-	-	45,642	-	-	-	45,642	(21,559)
Prepays	-	9,681	-	-	-	-	-	9,681	(14,373)
Deferred outflows	-	-	-	-	-	(25,459)	25,837	378	-
Accounts payable and accrued liabilities	(139,190)	(570,235)	2,593	69,911	1,723	(200,008)	22,398	(812,808)	(719,943)
Accrued landfill	-	(45,284)	-	-	-	-	-	(45,284)	-
Compensated absences payable	29,912	-	-	-	-	-	-	29,912	2,806
Net pension liability	97,665	-	-	-	-	-	-	97,665	16,715
Deferred outflows -pensions	71,873	(752)	-	-	-	-	-	71,121	5,283
Deferred inflows - pensions	(10,289)	772,289	-	-	-	-	-	762,000	(1,759)
OPEB liability	748,718	-	-	-	-	-	-	748,718	89,302
Deferred outflows -OPEB	(633,714)	-	-	-	-	-	-	(633,714)	(75,585)
Deferred inflows - OPEB	(602,016)	-	-	-	-	-	-	(602,016)	(71,806)
Unearned revenue	-	220,524	-	-	-	-	-	220,524	-
Total adjustments	<u>(165,351)</u>	<u>2,489,190</u>	<u>66,937</u>	<u>343,781</u>	<u>10,809</u>	<u>(191,995)</u>	<u>48,235</u>	<u>2,601,606</u>	<u>(705,081)</u>
Net cash from operating activities	<u>\$ 658,592</u>	<u>\$ (3,216,901)</u>	<u>\$ 35,736</u>	<u>\$ 105,592</u>	<u>\$ 24,793</u>	<u>\$ (175,603)</u>	<u>\$ 48,235</u>	<u>\$ (2,519,556)</u>	<u>\$ 1,437,686</u>
Noncash investing, capital, and financing activities:									
Loss on disposal of capital assets	\$ -	\$ 116,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,920	\$ -
Cash and cash equivalents									
Unrestricted	\$ 41,924,907	\$ 6,984,503	\$ 258,124	\$ 240,663	\$ 158,431	\$ -	\$ -	\$ 49,566,628	\$ -
Restricted	242,114	3,167,019	-	-	-	137,289	-	3,546,422	17,543,793
Total	<u>\$ 42,167,021</u>	<u>\$ 10,151,522</u>	<u>\$ 258,124</u>	<u>\$ 240,663</u>	<u>\$ 158,431</u>	<u>\$ 137,289</u>	<u>\$ -</u>	<u>\$ 53,113,050</u>	<u>\$ 17,543,793</u>

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds
Assets	
Taxes receivable	\$ 3,479,153
Due from other governments	825,809
Restricted cash and cash equivalents	2,073,895
Total assets	\$ 6,378,857
Liabilities	
Accounts and vouchers payable	\$ 6,375,361
Due to other governments	3,496
Total liabilities	\$ 6,378,857

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

NOTES TO THE FINANCIAL STATEMENTS



Notes to the Financial Statements

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Notes to the Financial Statements

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.

Notes to the 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 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.

Continued on next page

Notes to the Financial Statements

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

Notes to the Financial Statements

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 net position (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. Interfund services provided and used are not eliminated in the process of consolidation.

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, result from non-exchange transactions. Other non-operating items such as investment earnings are 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;

Notes to the Financial Statements

Community Development Fund; Fire Protection Fund; Federal Drug Justice Fund; Federal Drug Forfeiture Fund; North Carolina Controlled Substance Fund; Injured Animal Stabilization Fund; the Inmate Welfare Fund; the CDBG Disaster Recovery Fund; and the CARES Relief 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, the Governmental Capital Improvement Fund, and the Emergency Operations Center Fund.

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

The County reports the following major enterprise funds:

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

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

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

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

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

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

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

The County reports the following fund types:

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

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the City Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County; the Payee Account Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Inmate Payee Fund, which

Notes to the Financial Statements

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; 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; and the OPEB Trust Fund, which accounts for monies deposited in State of North Carolina's Ancillary Government Participant Investment Program (AGPIP).

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

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

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

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

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

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.

Notes to the Financial Statements

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 services funds. The budget ordinance is balanced when the sum of estimated net revenues and fund balance appropriated 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.

Notes to the Financial Statements

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).

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 North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value.

General Statute 159-30.1 allows the County to establish and fund an irrevocable trust for the purpose of paying post-employment benefits (OPEB) for which the County is liable. The County’s Other

Notes to the Financial Statements

Postemployment Benefit (OPEB) Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with the state laws and regulations. The Trust is not registered with the SEC. G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). Funds submitted are held in the State Treasurer's Short-Term Investment Fund (STIF). Allowable STIF investments are detailed in G.S. 147-69.1.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs – other than quoted prices – included with Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

2. Cash and Cash Equivalents

The County pools moneys from several funds, except the OPEB Trust Fund, 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 one year 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. Cash and Cash equivalents in the OPEB Trust Fund is considered restricted because it can only be used to pay other postemployment benefit obligations.

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, 2019.

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.

Notes to the Financial Statements

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 ABC Board and the Bureau consists of materials and supplies held for consumption or resale. The cost of the inventory carried in 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.

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.

Notes to the Financial Statements

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 - 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 thirty-seven and one-half (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

Notes to the Financial Statements

has any obligation for the accumulated sick leave until it is 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.

Restricted for Stabilization of State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted Fund Balance on the face of the balance sheet.

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.

Notes to the Financial Statements

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 purposes 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.

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.

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

Notes to the Financial Statements

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	\$ 172,154,285
Less:	
Inventories	151,916
Prepays	1,472
Restricted	11,187,220
Stabilization by State Statute	33,873,984
Committed	38,231,712
Assigned	2,000,000
Fund balance appropriated in FY2020 budget	8,663,701
≥10% fund balance policy	<u>78,044,280</u>
Remaining fund balance	<u><u>\$ -</u></u>

The County required all open purchase orders as of June 30, 2020 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 2021 budget. Therefore, the balance of encumbrances as of June 30, 2020 is zero for all funds.

Notes to the Financial Statements

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.

Notes to the Financial Statements

At June 30, 2020 the County's deposits had a carrying amount of \$155,806,338 and a bank balance of \$154,616,681. Included in the County's deposits is cash of \$2,820,351 for the District, \$1,510,045 for the TDA and \$637,083 for FCEDC. Of the bank balance, \$1,000,438 was covered by federal depository insurance and \$152,672,470 was covered by collateral under the Pooling Method. The County had \$10,820 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, 2020, the ABC Board's deposits had a carrying amount of \$6,412,158 and a bank balance of \$6,383,380. Of the bank balance, \$250,000 was covered by federal depository insurance and \$6,133,380 was covered by collateral under the Pooling Method. The ABC Board cash on hand total \$32,900.

At June 30, 2020, the Bureau's deposits had a carrying amount of \$639,938. As of June 30, 2020, the Bureau had \$380,843, which exceed the federal depository insurance amount.

B - INVESTMENTS – COUNTY

As of June 30, 2020, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6 - 12 Months	1 - 2 Years
US Government Agencies/Securities	Fair Value - Level 1	\$ 9,057,729	\$ 9,057,729	\$ -	\$ -
Commerical Paper	Fair Value - Level 2	1,999,837	1,999,837	-	-
NC Capital Management Trust - Cash Portfolio	Fair Value - Level 1	76,531,747	76,531,747	N/A	N/A
NC Capital Management Trust - Term Portfolio*	Fair Value - Level 1	10,043,434	10,043,434	N/A	N/A
Total		\$ 97,632,747	\$ 97,632,747	\$ -	\$ -

* As of June 30, 2020, the NCCMT Term Portfolio had a duration of 0.15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P. The NCCMT Term Portfolio has no rating.

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.

Notes to the Financial Statements

State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2020, 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 AAA by Standard & Poor's as of June 30, 2020. The County's investments in US Agencies (Federal Home Loan Bank, Federal Farm Credit Banks, Federal National Mortgage Assn and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poors and Aaa by Moody's Investor Service.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Cumberland County has adopted a formal investment policy. Cumberland County uses Wells Fargo Securities to provide third-party safekeeping service for the County. The securities are held in a separate entity with the bank and are held in the name of County of Cumberland. Cumberland County uses the Pooling Method of collateralization when purchasing 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 9.42% of total County's investment portfolio: Federal Home Loan Banks (FHLB) 3.66%, Freddie Mack (FHLMC) 1.55%, and United States Treasury Notes (USTN) 4.21%. More than 50% of the County's investment are in the North Carolina Capital Management Trust (NCCMT).

General Statute 159-30.1 allows the County to establish and fund an irrevocable trust for the purpose of paying post-employment benefits (OPEB) for which the County is liable. The County's Other Postemployment Benefit (OPEB) Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with the state laws and regulations. The Trust is not registered with the SEC. G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). Funds submitted are held in the State Treasurer's Short-Term Investment Fund (STIF). Allowable STIF investments are detailed in G.S. 147-69.1.

At June 30, 2020, the Cumberland County OPEB Trust Fund had \$1,000,851 invested in the Ancillary Governmental Participants Investment Program ("AGPIP"), established by the Treasurer of the State of North Carolina. The AGPIP may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the AGPIP was invested 100% in the State Treasurer's STIF.

Interest Rate Risk: The County not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2020.

Credit Risk: The County does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General

Notes to the Financial Statements

Statute 147-69.1 and 147-69.2. The State Treasurer’s BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

C - RECONCILIATION TO CASH AND CASH EQUIVALENTS

	County	ABC Board	District	TDA	Bureau	FCEDC
Cash and cash equivalents - Unrestricted	\$223,136,695	\$ 6,901,336	\$ 2,559,634	\$ 1,510,045	\$ 1,269,573	\$ 637,083
Cash and cash equivalents - Restricted	23,182,038	52,673	285,363	-	-	-
Cash and cash equivalent - Restricted Agency funds	2,073,895	-	-	-	-	-
Total cash and cash equivalents	<u>\$248,392,628</u>	<u>\$ 6,954,009</u>	<u>\$ 2,844,997</u>	<u>\$ 1,510,045</u>	<u>\$ 1,269,573</u>	<u>\$ 637,083</u>

D - INVESTMENTS – EASTOVER SANITARY DISTRICT

At June 30, 2020, Eastover Sanitary District, a discretely presented component unit, had investments of \$24,646 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, 2020 are as follows:

	Governmental Activities	Business Type Activities
Taxes receivable	\$ 4,376,877	\$ 827
Other receivables	17,373	-
	<u>\$ 4,394,250</u>	<u>\$ 827</u>

The allowance for doubtful accounts for Eastover Sanitary District at June 30, 2020 is \$160,049.

Continued on next page

Notes to the Financial Statements

NOTE 4 - CAPITAL ASSETS

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2020 was as follows:

	Beginning Balances	Increases & Adjustments	Decreases & Adjustments	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,223,918	\$ -	\$ 673,339	\$ 17,550,579
Construction in progress	6,319,856	3,709,936	4,317,688	5,712,104
Total capital assets not being depreciated	<u>24,543,774</u>	<u>3,709,936</u>	<u>4,991,027</u>	<u>23,262,683</u>
Capital assets being depreciated:				
Buildings and improvements	285,083,018	5,592,502	5,836,306	284,839,214
Equipment, furniture and fixtures	23,271,897	3,458,058	17,556	26,712,399
Vehicles	12,841,520	1,370,843	356,113	13,856,250
Total capital assets being depreciated	<u>321,196,435</u>	<u>10,421,403</u>	<u>6,209,975</u>	<u>325,407,863</u>
Less accumulated depreciation for:				
Buildings and improvements	119,049,648	7,135,538	3,274,551	122,910,635
Equipment, furniture and fixtures	18,636,611	1,267,379	17,556	19,886,434
Vehicles	10,085,884	1,078,815	356,113	10,808,586
Total accumulated depreciation	<u>147,772,143</u>	<u>\$ 9,481,732</u>	<u>\$ 3,648,220</u>	<u>153,605,655</u>
Total capital assets being depreciated, net	<u>173,424,292</u>			<u>171,802,208</u>
Governmental activity capital assets, net	<u>\$ 197,968,066</u>			<u>\$ 195,064,891</u>

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

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

General government	\$ 3,083,265
Public safety	3,194,477
Human services	1,955,161
Economic and physical development	182,312
Cultural and recreational	1,066,517
Total depreciation expense	<u>\$ 9,481,732</u>

Notes to the Financial Statements

Capital asset activity for the business-type activities for the year ended June 30, 2020 was as follows:

Business-type activities:	Beginning		Decreases &	Ending
	Balances	Increases	Transfers	Balances
<i>Cumberland County Solid Waste</i>				
Capital assets not being depreciated:				
Land	\$ 3,360,411	\$ -	\$ -	\$ 3,360,411
Construction in progress	8,540,760	103,343	517,983	8,126,120
Total capital assets not being depreciated	<u>11,901,171</u>	<u>103,343</u>	<u>517,983</u>	<u>11,486,531</u>
Capital assets being depreciated:				
Landfill	11,332,316	4,056,960	-	15,389,276
Buildings and building improvements	7,595,692	1,029,428	-	8,625,120
Furniture, fixtures and equipment	14,113,528	3,143,078	740,827	16,515,779
Vehicles	3,516,078	520,887	170,152	3,866,813
Total capital assets being depreciated	<u>36,557,614</u>	<u>8,750,353</u>	<u>910,979</u>	<u>44,396,988</u>
Less accumulated depreciation for:				
Landfill	11,332,316	8,452	-	11,340,768
Building and building improvements	5,272,321	90,912	-	5,363,233
Furniture, fixtures and equipment	8,961,010	1,004,039	358,066	9,606,983
Vehicles	2,866,348	254,216	170,152	2,950,412
Total accumulated depreciation	<u>28,431,995</u>	<u>\$ 1,357,619</u>	<u>\$ 528,218</u>	<u>29,261,396</u>
Total capital assets being depreciated, net	<u>8,125,619</u>			<u>15,135,592</u>
Cumberland County Solid Waste capital assets, net	<u>\$ 20,026,790</u>			<u>\$ 26,622,123</u>
<i>Cumberland County Crown Center</i>				
Capital assets not being depreciated:				
Land	\$ 3,503,162	\$ -	\$ -	\$ 3,503,162
Construction in progress	4,505,343	-	4,505,343	-
Total capital assets not being depreciated	<u>8,008,505</u>	<u>-</u>	<u>4,505,343</u>	<u>3,503,162</u>
Capital assets being depreciated:				
Buildings and building improvements	73,130,081	9,296,696	-	82,426,777
Furniture, fixtures and equipment	4,498,064	-	264,729	4,233,335
Vehicles	26,619	-	-	26,619
Total capital assets being depreciated	<u>77,654,764</u>	<u>9,296,696</u>	<u>264,729</u>	<u>86,686,731</u>
Less accumulated depreciation for:				
Building and building improvements	40,964,807	1,930,694	-	42,895,501
Furniture, fixtures and equipment	3,894,101	214,835	264,729	3,844,207
Vehicles	26,619	-	-	26,619
Total accumulated depreciation	<u>44,885,527</u>	<u>\$ 2,145,529</u>	<u>\$ 264,729</u>	<u>46,766,327</u>
Total capital assets being depreciated, net	<u>32,769,237</u>			<u>39,920,404</u>
Cumberland County Crown Center capital assets, net	<u>\$ 40,777,742</u>			<u>\$ 43,423,566</u>
<i>Kelly Hills Water and Sewer District</i>				
Capital assets being depreciated:				
Plant and distribution system	\$ 2,676,498	\$ -	\$ -	\$ 2,676,498
Total capital assets being depreciated	<u>2,676,498</u>	<u>-</u>	<u>-</u>	<u>2,676,498</u>
Less accumulated depreciation for:				
Plant and distribution system	882,927	66,428	-	949,355
Total accumulated depreciation	<u>882,927</u>	<u>\$ 66,428</u>	<u>\$ -</u>	<u>949,355</u>
Total capital assets being depreciated, net	<u>1,793,571</u>			<u>1,727,143</u>
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 1,793,571</u>			<u>\$ 1,727,143</u>

Notes to the Financial Statements

Business-type activities: (continued)	Beginning		Decreases &	Ending
<i>Norcross Water and Sewer District</i>	Balances	Increases	Transfers	Balances
Capital assets being depreciated:				
Plant and distribution system	\$ 9,523,623	\$ -	\$ -	\$ 9,523,623
Total capital assets being depreciated	<u>9,523,623</u>	<u>-</u>	<u>-</u>	<u>9,523,623</u>
Less accumulated depreciation for:				
Plant and distribution system	3,491,834	228,227	-	3,720,061
Total accumulated depreciation	<u>3,491,834</u>	<u>\$ 228,227</u>	<u>\$ -</u>	<u>3,720,061</u>
Total capital assets being depreciated, net	<u>6,031,789</u>			<u>5,803,562</u>
Norcross Water and Sewer District capital assets, net	<u>\$ 6,031,789</u>			<u>\$ 5,803,562</u>
<i>Southpoint Water and Sewer District</i>				
Capital assets being depreciated:				
Plant and distribution system	\$ 471,733	\$ -	\$ -	\$ 471,733
Total capital assets being depreciated	<u>471,733</u>	<u>-</u>	<u>-</u>	<u>471,733</u>
Less accumulated depreciation for:				
Plant and distribution system	70,759	11,794	-	82,553
Total accumulated depreciation	<u>70,759</u>	<u>\$ 11,794</u>	<u>\$ -</u>	<u>82,553</u>
Total capital assets being depreciated, net	<u>400,974</u>			<u>389,180</u>
Southpoint Water and Sewer District capital assets, net	<u>\$ 400,974</u>			<u>\$ 389,180</u>
<i>Overhills Park Water and Sewer District</i>				
Capital assets not being depreciated:				
Land	\$ 16,923	\$ -	\$ -	\$ 16,923
Construction in progress	4,373,756	-	4,373,756	-
Total capital assets not being depreciated	<u>4,390,679</u>	<u>-</u>	<u>4,373,756</u>	<u>16,923</u>
Capital Assets being depreciated:				
Plant and distribution system	\$ -	4,435,995	-	\$ 4,435,995
Total capital assets being depreciated	<u>-</u>	<u>4,435,995</u>	<u>-</u>	<u>4,435,995</u>
Less accumulated depreciation for				
Plant and distribution system	-	55,450	-	55,450
Total accumulated depreciation	<u>-</u>	<u>\$ 55,450</u>	<u>\$ -</u>	<u>55,450</u>
Total capital assets not being depreciated, net	<u>-</u>			<u>4,380,545</u>
Overhills Parks Water and Sewer District capital assets, net	<u>\$ 4,390,679</u>			<u>\$ 4,397,468</u>
<i>Bragg Estates Water and Sewer District</i>				
Capital assets not being depreciated:				
Land	\$ 12,040	\$ -	\$ -	\$ 12,040
Construction in progress	97,650	48,235	-	145,885
Total capital assets not being depreciated	<u>109,690</u>	<u>\$ 48,235</u>	<u>\$ -</u>	<u>157,925</u>
Bragg Estates Water and Sewer District capital assets, net	<u>\$ 109,690</u>			<u>\$ 157,925</u>
Total Business-type activities capital assets, net	<u>\$73,531,235</u>			<u>\$82,520,967</u>

At June 30, 2020, the County has construction contracts in progress in the amount of \$8,112,432 for various capital projects and improvements including construction of additional cells and a scale house at the County landfill. The remaining commitment on these contracts is \$3,365,934.

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Notes to the Financial Statements

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	3,668,724	-	-	3,668,724
Leasehold improvements	1,113,735	7,319	-	1,121,054
Furniture and equipment	1,378,290	48,155	44,643	1,381,802
Vehicles	421,497	123,879	60,274	485,102
Total capital assets being depreciated	6,582,246	179,353	104,917	6,656,682
Less accumulated depreciation	4,325,764	357,338	90,297	4,592,805
Total capital assets being depreciated, net	2,256,482	\$ (177,985)	\$ 14,620	2,063,877
ABC capital assets, net	<u>\$ 4,394,742</u>			<u>\$ 4,202,137</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
Construction in progress	19,966	74,058	-	94,024
Total capital assets not being depreciated	129,765	74,058	-	203,823
Capital assets being depreciated:				
Water lines	24,580,426	-	-	24,580,426
Furniture, fixtures and equipment	23,874	-	-	23,874
Total capital assets being depreciated	24,604,300	-	-	24,604,300
Less accumulated depreciation	6,318,508	608,672	-	6,927,180
Total capital assets being depreciated, net	18,285,792	\$ 608,672	\$ -	17,677,120
Eastover Sanitary District capital assets, net	<u>\$ 18,415,557</u>			<u>\$ 17,880,943</u>

Architectural plans for the new office building for the Eastover Sanitary District are complete and the balance of the architectural contract at June 30, 2020 is \$4,000. At June 30, 2020, there are no other outstanding contracts related to the new office building. However, at June 30, 2020, the District had an application pending with USDA to finance \$1,400,000 towards the cost of construction.

Continued on next page

Notes to the Financial Statements

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	\$ 29,321	\$ 3,232	\$ -	\$ 32,553
Equipment	294,346	4,212	135,008	163,550
Software	22,621	-	21,215	1,406
Capital improvements	163,340	-	-	163,340
Total capital assets being depreciated	509,628	7,444	156,223	360,849
Less accumulated depreciation	290,281	18,441	116,317	192,405
Total capital assets being depreciated, net	219,347	\$ (10,997)	\$ 39,906	168,444
FAVCB capital assets, net	<u>\$ 219,347</u>			<u>\$ 168,444</u>

NOTE 5 - PENSION PLAN AND OTHER POST EMPLOYMENT 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, 2018 (Valuation Date) the Separation Allowance's membership consisted of:

Retirees receiving benefits	35
Active plan members	<u>300</u>
Total	<u><u>335</u></u>

Summary of Significant Accounting Policies

Basis of Accounting: The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the 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.

Notes to the Financial Statements

Actuarial Assumptions

The “Entry Age Normal” (EAN) actuarial cost method was used in the December 31, 2018 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	3.26%

The discount rate used to measure the TPL was the S&P Municipal Bond 20-year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2018 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.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally for 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Health Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

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. 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. The County paid \$630,951 as benefits came due for the reporting period.

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

At June 30, 2020, the County reported a total pension liability of \$8,973,433. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$807,812.

Notes to the Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 225,527	\$ -
Changes of assumptions and other inputs	442,802	248,997
County benefit payments and plan admin expense made subsequent to the measurement date	335,423	-
Total	<u>\$ 1,003,752</u>	<u>\$ 248,997</u>

The County paid \$333,642 in benefit payments and \$1,781 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension benefits will be recognized in pension expense as follows:

Year Ended June 30:	
2021	\$ 123,598
2022	123,596
2023	85,178
2024	52,086
2025	34,874
Thereafter	-
	<u>\$ 419,332</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 3.26%, 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 (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 9,666,363	\$8,973,433	\$ 8,336,354

Continued on next page

Notes to the Financial Statements

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

	<u>2020</u>
Beginning balance	\$ 8,480,319
Service Cost	384,671
Interest on the total pension liability	297,705
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	165,417
Changes of assumptions or other inputs	248,522
Benefit payments	(603,201)
Other changes	-
Ending balance of the total pension liability	<u>\$ 8,973,433</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64% at the December 31, 2018 Measurement Date (MD) to 3.26% at December 31, 2019 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.

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, 2018, membership of the Board's Separation Allowance consisted of six active plan members. The Board has chosen to pay benefits and administration costs on a pay as you go basis. The Board paid \$51,355 as benefits came due for the reporting period. 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

Notes to the Financial Statements

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service 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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$8,507,911 for the year ended June 30, 2020.

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.

Notes to the Financial Statements

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

At June 30, 2020, the County reported a liability of \$36,211,480 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing updated procedures incorporating the actuarial assumptions. The County's proportion of the net 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, 2020 (measured as of June 30, 2019), the County's proportion was 1.326%, which was a decrease of .017% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$15,935,255. At June 30, 2020, 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	\$ 6,200,322	\$ -
Changes of assumptions	5,901,871	-
Net difference between projected and actual earnings on pension plan investments	883,248	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,255	897,535
County contributions subsequent to the measurement date	8,507,911	-
Total	\$ 21,497,607	\$ 897,535

\$8,507,911 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 6,172,772
2022	1,698,386
2023	3,219,553
2024	1,001,450
Thereafter	-
	\$ 12,092,161

Notes to the Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan actuary uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2018 valuation were based on the results of an actuarial experience study as of 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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.

Notes to the Financial Statements

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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 liability calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 82,822,275	\$ 36,211,480	\$ (2,531,534)

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, 2020, 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Crown's proportion was 0% (measured as of June 30, 2019) which was unchanged from its proportion as of June 30, 2019 (measured as of June 30, 2018).

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Notes to the Financial Statements

For the year ended June 30, 2020, the Crown recognized a negative pension expense of \$752. At June 30, 2020, the Crown 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	\$ -	\$ -
Changes of Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
County contributions subsequent to the measurement date	-	-
Total	\$ -	\$ -

The Crown did not make any pension contributions for the year ended June 30, 2020 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.

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

Year ended June 30:	
2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	-
	\$ -

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan actuary uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and

Notes to the Financial Statements

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, 2018 valuation were based on the results of an actuarial experience study as of 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, 2019 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 2018 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 7.00%. 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.

Notes to the Financial Statements

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
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, 2020 were \$1,135,916 which consisted of \$810,947 from the County and \$324,969 from the law enforcement officers.

Article 12E of G.S. Chapter 143 requires the ABC Board to contribute each month an amount equal to five percent of each officer's salary. The Board also contributes 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, 2020, contributions for law enforcement officers were \$18,266 which consisted of \$15,466 from the ABC Board and \$2,800 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2020 were \$160,011 which consisted of \$118,108 from the ABC Board and \$41,903 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, cost-sharing multiple-employer 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

Notes to the Financial Statements

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 \$29,966 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$558,205 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension asset was then rolled forward to the measurement date of June 30, 2019 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, 2019, the County's proportion was 2.828%, which was a decrease of .129% from its proportion measured as of June 30, 2018.

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Notes to the Financial Statements

For the year ended June 30, 2020, the County recognized pension expense of \$74,366. At June 30, 2020, 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	\$ -	\$ 26,918
Changes of Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	5,712	-
Changes in proportion and differences between County contributions and proportionate share of contributions	41,390	-
County contributions subsequent to the measurement date	29,966	-
Total	\$ 77,068	\$ 26,918

\$29,966 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 18,085
2022	11,738
2023	1,389
2024	(11,028)
2025	-
Thereafter	-
	\$ 20,184

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50% to 7.75% including inflation and productivity factors
Investment rate of return	3.75%, 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

Notes to the Financial Statements

healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of 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 returns 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, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 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:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (461,420)	\$ (558,205)	\$ (640,033)

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.

Notes to the Financial Statements

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, 2019. The total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability/asset was then rolled forward to the measurement date of June 30, 2019 utilizing updated procedures incorporating the actuarial assumptions. The total pension liability for LEOSSA liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 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:

At June 30, 2020, 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>
Proportionate Share of Net Pension Liability (Asset)	\$ 36,211,480	\$ -	\$(558,205)	n/a	\$35,653,275
Proportion of the Net Pension Liability (Asset)	1.326%	-	2.828%	n/a	
Total Pension Liability	-	-	-	8,973,433	8,973,433
Pension Expense	15,935,255	(752)	74,366	807,812	16,816,681
	<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	\$ 6,200,322	\$ -	\$ -	\$ 225,527	\$ 6,425,849
Changes of assumptions	5,901,871	-	-	442,802	6,344,673
Net difference between projected and actual earnings on pension plan investments	883,248	-	5,712	-	888,960
Changes in proportion and differences between County contributions and proportionate share of contributions	4,255	-	41,390	-	45,645
County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	8,507,911	-	29,966	335,423	8,873,300
Total Deferred Outflows	<u>\$ 21,497,607</u>	<u>\$ -</u>	<u>\$ 77,068</u>	<u>\$ 1,003,752</u>	<u>\$ 22,578,427</u>
	<u>LGERS</u>	<u>CROWN</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Inflows of Resources</u>					
Differences between expected and actual experience	\$ -	\$ -	\$ 26,918	\$ -	\$ 26,918
Changes of assumptions	-	-	-	248,997	248,997
Changes in proportion and differences between County contributions and proportionate share of contributions	897,535	-	-	-	897,535
Total Deferred Inflows	<u>\$ 897,535</u>	<u>\$ -</u>	<u>\$ 26,918</u>	<u>\$ 248,997</u>	<u>\$ 1,173,450</u>

Notes to the Financial Statements

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, 2020 year end, does not issue a stand-alone report. Management of the HCB Plan is vested in the County Board of Commissioners.

Plan Membership. At the June 30, 2018 Valuation Date. The HCB Plan Membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	863
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	<u>1,299</u>
Total	<u>2,162</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. Effective July 1, 2019, the County has contracted with Amwins to provide fully insured coverage for the Medicare Supplement Plan. The County pays a monthly premium for each retiree. The County will continue to be self-insured for the claims of retirees under age 65.

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. Family member premium amounts vary based on the number of covered dependents and spouse. Retirees not eligible for Medicare are enrolled in the same plan as active County employees. A retiree's spouse may continue to be covered under the County's group plan until the spouse becomes eligible for Medicare health benefits, or the retired employee dies, at which time the coverage ceases. Once a retiree reaches age 65, they must enroll in Medicare Part A & B to continue eligibility in the County's HCB Plan. The County pays the retiree's monthly premium into the fully insured Medicare supplement, underwritten by United American, as well as the Medicare Part D prescription plan, underwritten by Express Scripts.

During Fiscal Year 2020, a \$1,000,000 initial contribution was paid into the Cumberland County OPEB Trust. This irrevocable trust was established for the purpose of paying future post-employment benefits (OPEB) for which the County is liable. The Fiscal Year 2021 Budget includes an additional \$1,000,000 contribution to be deposited into the OPEB Trust.

Investments

Investment policy. The HCB Plan does not have a formal investment policy. The allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the

Notes to the Financial Statements

prudent diversification of the portfolio across a broad selection of distinct asset classes. Investments are valued at fair value. The HCB Plan's Trust had \$1,000,851 invested in the State Treasurer's Local Government Other Post Employment Benefits (OPEB) Trust at June 30, 2020. The following was the Board's adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020.

Asset Class	Target Allocation 2020	Long-Term Expected Real Rate of Return 2020
Bond Index Fund	0.0%	N/A
Equity Index Fund	0.0%	N/A
Short Term Investment Fund	100.0%	2.59%
Total	100.0%	

Rate of return. For the year ended June 30, 2020, the annual money weighted rate of return on investments, net of investment expense, was 2.59 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The components of the net OPEB liability of the county at June 30, 2020 were as follows:

Total OPEB Liability	217,045,140
Plan fiduciary net position	1,000,851
County's net OPEB liability	216,044,289
Plan fiduciary net position as a percentage of the total OPEB Liability	0.46%

Actuarial assumptions. The Total OPEB Liability (TOL) was determined by an actuarial valuation as of June 30, 2019 using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	1.00%
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	3.50%
Measurement Date	2.21%
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

Notes to the Financial Statements

The discount rate used to measure the TOL was based upon the Single Equivalent Interest Rate.

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2019 valuation.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.21% which was a change from the discount rate of 3.50% at June 30, 2019. Because the OPEB plan’s fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate was based off of the municipal bond rate which was 2.21% at June 30, 2020 per the S&P Municipal Bond 20 Year High Grade Rate Index. As of June 30, 2019, the S&P Municipal Bond 20 Year High Grade rate was 3.50%.

Sensitivity of the Net OPEB Liability (NOL) to changes in Discount Rates

The following presents the NOL of the County reported at June 30, 2020, as well as what the County’s NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(1.21%)	(2.21%)	(3.21%)
Net OPEB liability (asset)	\$ 256,974,814	\$ 216,044,289	\$ 184,214,098

Sensitivity of the Net OPEB Liability to Healthcare Cost Trend Rates.

The following presents the NOL of the County, determined using current health care cost trend rates, as well as what the County’s NOL 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
Net OPEB liability (asset)	\$ 179,566,789	\$ 216,044,289	\$ 263,923,257

Changes in Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2020, the County Reported a net OPEB liability of \$216,044,289. The Total OPEB Liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions.

Notes to the Financial Statements

At June 30, 2020, the components of the Net OPEB Liability of the County, measured as of June 30, 2020 were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Total OPEB Liability as of June 30, 2019, as restated	\$ 189,915,349	\$ -	\$ 189,915,349
Changes for the year			
Service cost	6,444,733	-	6,444,733
Interest	6,554,732	-	6,554,732
Differences between expected and actual experience	(7,634,053)	-	(7,634,053)
Changes in assumptions or other inputs	27,084,706	-	27,084,706
Contributions	-	6,320,327	(6,320,327)
Net Investment Income	-	851	(851)
Benefit payments	(5,320,327)	(5,320,327)	-
Net changes	<u>27,129,791</u>	<u>1,000,851</u>	<u>26,128,940</u>
Balance at June 30, 2020	<u>\$ 217,045,140</u>	<u>\$ 1,000,851</u>	<u>\$ 216,044,289</u>

Changes in Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21% in 2020. Medical claims cost and rates were changed based on the most recent experience and changed to the current schedule. The County changed the accounting principle to align the Measurement Date and the Reporting Date between GASB 74 and GASB 75. The net result is to remove the lag between the Measurement Date and the Reporting Date for GASB 75.

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$(10,650,382). At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 72,847,920
Changes of assumptions	22,105,900	16,199,746
Net difference between projected and actual earnings on plan investments	9,613	-
Total	<u>\$ 22,115,513</u>	<u>\$ 89,047,666</u>

Continued on next page

Notes to the Financial Statements

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Measurement Period ended June 30:	
2021	\$ (23,662,150)
2022	(23,662,150)
2023	(19,682,480)
2024	(1,498,591)
2025	1,573,218
Thereafter	-
	<u>\$ (66,932,153)</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 96% of the 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 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 POST-CLOSURE CARE COSTS - ANN ST. 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 post-closure 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 post-closure care costs as an operating expense in each period based on landfill capacity used

Notes to the Financial Statements

as of each balance sheet date. The \$12,282,877 reported as landfill closure and post-closure care liability at June 30, 2020 represents a closed landfill with estimated costs of \$146,993, a Construction & Demolition (C&D) landfill with estimated costs of \$2,232,404 and the subtitle D landfill with estimated costs of \$9,903,480. 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 62.36% and 67.16%, respectively, of the total estimated capacity. The County will recognize the remaining estimated post-closure costs of \$397,921 for the old unlined landfill and the cost of closure and post-closure care of \$1,347,331 and \$4,841,987 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 post-closure care in 2020. The life expectancy of the C & D landfill is estimated at 9 years and the subtitle D landfill at 10 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 post-closure care requirements.

The Solid Waste fund is reporting a credit to operating expenses for the Landfill closure and post-closure costs as a result of analysis conducted by an external Environmental Consulting and Contracting company. Through that analysis, the company revised the estimated cost for the Life of Site Permit and accounted for an additional 12.2 acres of final cover that was constructed in 2019. This change to the estimate resulted in an overall decrease to the future liability offset by a credit to the expense.

NOTE 7 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred charge of refunding of debt	\$ 2,039,902	\$ -
(Pensions, OPEB) - difference between expected and actual experiences	6,425,849	72,874,838
(Pensions, OPEB) - Changes of Assumptions	28,450,573	16,448,743
(Pensions, OPEB) - difference between projected and actual earnings on pension plan	898,573	-
(Pensions, OPEB) - Change in proportion and difference between employer (County) contributions and proportionate share of contributions	45,645	897,535
(Pensions, OPEB) - Employer (County) contributions subsequent to the measurement date	8,873,300	-
Prepaid Taxes not yet earned (General)	-	606,624
Total	\$ 46,733,842	\$ 90,827,740

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

Notes to the Financial Statements

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, 2020 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported, if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the balances of claim liabilities for the County during the years ended June 30, 2019 and 2020 were as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2019-2020	\$ 5,565,711	\$ 17,215,255	\$ (17,703,725)	\$ 5,077,241
2018-2019	5,235,264	21,061,096	(20,730,649)	5,565,711

Note: The County contracted with an Actuary to perform a Loss Reserve Analysis for fiscal year 2020. The total loss reserve estimate is \$2,929,705. The actuarial report states that a reasonable range for the reserve is plus or minus ten percent which is \$2,636,735 to \$3,222,676. The County's reserve of \$3,622,800 will remain the same for fiscal year 2020.

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.

Notes to the Financial Statements

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.

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, 2020:

Name of Debt Issue	Issue Date	Purpose of Debt Issue	Interest Rates	Issue Amount	Principal 6/30/20
General Obligation Bonds					
Refunding Series 2011	7/12/2011	Refund Schools	2.0 - 5.0%	\$ 12,735,000	\$ 2,950,000
General Obligation Bonds - Direct Borrowings and Direct Placements					
Sanitary Sewer Series 2005 (USDA)	8/22/2005	NORCRESS Sewer	4.125%	\$ 1,250,000	\$ 1,009,000
Revenue Bonds - Direct Borrowings and Direct Placements					
2018A USDA Revenue Bonds (USDA)	6/11/2018	Overhills Park Sewer	2.375%	\$ 819,000	\$ 819,000
2018B USDA Revenue Bonds (USDA)	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					
LOBS Series 2011A (QSCB) (Regions Bank) (1)	1/26/2011	New Century Middle School	6.1%	\$ 14,805,000	\$ 5,922,000
LOBS Refunding Series 2011B (partially refunded by LOBS Ref 2017)	7/14/2011	Refund Public Health Facility Refund Gray's Creek Middle Schl	5.0%	21,125,000 16,630,000	2,440,000 1,855,000
				<u>37,755,000</u>	<u>4,295,000</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>\$ 75,565,000</u>	<u>\$ 33,222,000</u>
Certificates of Participation - Direct Borrowings and Direct Placements					
COPS Tax Credit Series 2009 (QSCB) (Wachovia)	12/1/2009	Various School Projects	1.25%	\$ 15,900,000	\$ 5,962,500
LOBS Refunding Series 2019A	10/15/2019	Refund PNC Bank CIP Draw Program	1.730%	11,300,000	11,300,000
LOBS Refunding Series 2019B	10/15/2019	Partial Refund of COPS 2009B	1.560%	22,550,000	22,550,000
				<u>33,850,000</u>	<u>33,850,000</u>
				<u>\$ 49,750,000</u>	<u>\$ 39,812,500</u>
Installment Financing Notes - Direct Borrowings and Direct Placements					
NC Clean Drinking Water Loan	11/1/2013	Southpoint Water Project	0.00%	\$ 100,323	\$ 64,942
Governmental Capital Improvements (PNC Bank)	6/15/2016	Governmental Capital Projects	1.84%	1,100,000	733,333
				<u>\$ 1,200,323</u>	<u>\$ 798,275</u>
Total				<u>\$ 141,879,323</u>	<u>\$ 79,170,775</u>

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

Notes to the Financial Statements

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, 2020 are comprised of the following individual issues:

Governmental Activities (public offering):

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

Serial bonds payable annually from February 1, 2013 through August 1, 2022 in amounts ranging from \$130,000 to \$2,405,000; interest ranges from 2.0% to 5.0%.

Bond premium

\$	2,950,000
	<u>106,994</u>
\$	<u>3,056,994</u>

Business type Activities (direct borrowings and direct placements):

\$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%

\$	<u>1,009,000</u>
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At June 30, 2020, the County had bonds authorized but unissued of \$3,195,000 and a legal debt margin of \$2,203,415,000.

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. Revenue bonds payable at June 30, 2020 are comprised of the following issues:

Business type Activities (direct borrowings and direct placements):

\$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%.

	<u>560,000</u>
\$	<u>1,379,000</u>

Notes to the Financial Statements

D - CERTIFICATES OF PARTICIPATION AND LIMITED OBLIGATION BONDS

Certificates of participation and other limited obligation bonds outstanding for the year ended June 30, 2020 are as follows:

Governmental Activities (public offerings):

\$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%.

\$ 5,922,000

\$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%

4,295,000

\$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 2.0% - 5.0%.

23,005,000

33,222,000

Premium

3,487,633

\$ 36,709,633

Governmental Activities (direct borrowings and direct placements):

\$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%.

\$ 5,962,500

\$4,928,300 Current Interest Serial 2019A Limited Obligation Refunding Bonds

Due in annual installments ranging from \$702,174 to \$704,354 from December 1, 2020 to December 1, 2026. Interest is paid semi-annually at 1.73%.

4,928,300

Notes to the Financial Statements

\$7,849,500 Current Interest Serial 2019B Limited Obligation Refunding Bonds

Due in annual installments ranging from of \$1,028,615 to \$1,725,846 from December 1, 2020 to December 1, 2024.

Interest is paid semi-annually at 1.56%.

7,849,500
\$ 18,740,300

Business-type Activities (direct borrowings and direct placements):

\$6,371,700 Current Interest Serial 2019A Limited Obligation Refunding Bonds

Due in annual installments ranging from of \$907,826 to \$910,646 from December 1, 2020 to December 1, 2026.

Interest is paid semi-annually at 1.73%

\$ 6,371,700

\$14,700,500 Current Interest Serial 2019B Limited Obligation Refunding Bonds

Due in annual installments ranging from \$1,926,385 to \$3,232,154 from December 1, 2020 to December 1, 2024.

Interest is paid semi-annually at 1.56%.

14,700,500
\$ 21,072,200

E - INSTALLMENT FINANCING OBLIGATIONS

Installment financing notes payable at June 30, 2020 are comprised of the following:

Governmental Activities (direct borrowings and direct placements):

\$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%.

\$ 733,333

Business-type Activities (direct borrowings and direct placements):

\$100,323 NC Clean Drinking Water Loan

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

\$ 64,942

Notes to the Financial Statements

F - LONG-TERM OBLIGATION ACTIVITY

The following is a summary of changes in the County's long-term obligations as of June 30, 2020:

	Balance				Balance		Current
	June 30, 2019	Additions	Refundings	Decreases	June 30, 2020	Long-term	Liabilities
Governmental activities:							
General obligation bonds	\$ 5,355,000	\$ -	\$ -	\$ 2,405,000	\$ 2,950,000	\$ 2,285,000	
Premium	325,376	-	-	218,382	106,994	58,892	
COPS & limited obligation bonds	47,394,000	-	7,825,000	6,347,000	33,222,000	4,252,000	
Premium	4,714,537	-	427,312	799,592	3,487,633	615,798	
COPS from direct borrowings and placements	6,956,250	12,777,800	-	993,750	18,740,300	3,423,950	
Notes from direct borrowings and placements	5,108,151	1,301,616	4,893,100	783,334	733,333	183,333	
Compensated absences	6,188,582	6,647,375	-	5,879,154	6,956,803	6,608,964	
Total OPEB liability	166,680,699	43,065,493	-	-	209,746,192	-	
Net pension liability (LGRS)	30,687,858	4,740,968	-	-	35,428,826	-	
Total pension liability (LEO)	8,480,319	493,114	-	-	8,973,433	-	
Total governmental activities	\$ 281,890,772	\$ 69,026,366	\$ 13,145,412	\$ 17,426,212	\$320,345,514	\$ 17,427,937	

The Board of Education holds title to certain schools even though the related debt is held by the County. At June 30, 2020, the County owes \$32,256,826 for projects for which the Board of Education holds title.

Unspent debt proceeds related to governmental activities shown above is \$438.

	Balance				Balance		Current
	June 30, 2019	Additions	Refundings	Decreases	June 30, 2020	Long-term	Liabilities
Business-type activities:							
GO bonds from direct borrowings and placements	\$ 1,032,000	\$ -	\$ -	\$ 23,000	\$ 1,009,000	\$ 24,000	
USDA Revenue bonds from direct borrowings and placements	1,379,000	-	-	-	1,379,000	25,000	
COPS & limited obligation bonds	17,225,000	-	14,655,000	2,570,000	-	-	
Premium	741,871	-	616,155	125,716	-	-	
COPS & limited obligation bonds from direct borrowings and placements		21,072,200			21,072,200	4,142,800	
Notes from direct borrowings and placements	4,766,695	1,941,942	6,326,900	316,795	64,942	4,996	
Accrued landfill closure and postclosure costs	13,193,952	-	-	911,075	12,282,877	-	
Compensated absences	134,220	157,421	-	127,509	164,132	155,925	
Total OPEB liability	5,021,232	1,276,865	-	-	6,298,097	-	
Net pension liability (LGRS)	684,989	97,665	-	-	782,654	-	
Total business-type activities	\$ 44,178,959	\$ 24,546,093	\$ 21,598,055	\$ 4,074,095	\$ 43,052,902	\$ 4,352,721	

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

Net pension liability, total pension liability, and total OPEB liability for governmental activities are all typically liquidated in the general fund. 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.

Notes to the Financial Statements

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		General Obligation Bonds from Direct Borrowings and Direct Placements		Certificates of Participation and Limited Obligation Bonds		Certificates of Participation from Direct Borrowings and Direct Placements		Revenue Bonds from Direct Borrowings and Direct Placements		Notes from Direct Borrowings and Direct Placements		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:														
2021	\$ 2,285,000	\$ 83,725	\$ -	\$ -	\$ 4,252,000	\$ 2,072,730	\$ 3,423,950	\$ 386,908	\$ -	\$ -	\$ 183,333	\$ 13,493	\$ 10,144,283	\$ 2,556,856
2022	500,000	16,600	-	-	4,247,000	1,920,755	3,410,722	347,902	-	-	183,333	10,120	8,341,055	2,295,377
2023	165,000	3,300	-	-	4,257,000	1,763,055	3,396,451	309,111	-	-	183,334	6,747	8,001,785	2,082,213
2024	-	-	-	-	4,267,000	1,599,305	3,382,179	270,543	-	-	183,333	3,373	7,832,512	1,873,221
2025	-	-	-	-	4,222,000	1,484,955	2,726,720	237,199	-	-	-	-	6,948,720	1,722,154
2026-2030	-	-	-	-	11,977,000	1,418,553	2,400,278	123,689	-	-	-	-	14,377,278	1,542,242
2031-2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2036-2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2041-2045	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>2,950,000</u>	<u>103,625</u>	<u>-</u>	<u>-</u>	<u>33,222,000</u>	<u>10,259,353</u>	<u>18,740,300</u>	<u>1,675,352</u>	<u>-</u>	<u>-</u>	<u>733,333</u>	<u>33,733</u>	<u>55,645,633</u>	<u>12,072,063</u>
Premium	106,994	-	-	-	3,487,633	-	-	-	-	-	-	-	3,594,627	-
(Total net of amortization)	<u>\$ 3,056,994</u>	<u>\$ 103,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,709,633</u>	<u>\$ 10,259,353</u>	<u>\$ 18,740,300</u>	<u>\$ 1,675,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 733,333</u>	<u>\$ 33,733</u>	<u>\$ 59,240,260</u>	<u>\$ 12,072,063</u>
Business-type Activities:														
2021	\$ -	\$ -	\$ 24,000	\$ 41,621	\$ -	\$ -	\$ 4,142,800	\$ 306,470	\$ 25,000	\$ 28,551	\$ 4,996	\$ -	\$ 4,196,796	\$ 376,642
2022	-	-	25,000	40,631	-	-	4,118,028	240,488	25,000	28,040	4,995	-	4,173,023	309,159
2023	-	-	26,000	39,600	-	-	4,091,299	174,907	25,000	27,529	4,996	-	4,147,295	242,036
2024	-	-	27,000	38,528	-	-	4,064,571	109,743	26,000	27,018	4,995	-	4,122,566	175,289
2025	-	-	29,000	37,414	-	-	2,837,030	54,362	26,000	26,483	4,996	-	2,897,026	118,259
2026-2030	-	-	162,000	168,259	-	-	1,818,472	31,436	140,000	124,081	24,977	-	2,145,449	323,776
2031-2035	-	-	197,000	132,124	-	-	-	-	155,000	109,070	14,987	-	366,987	241,194
2036-2040	-	-	241,000	87,904	-	-	-	-	172,000	92,440	-	-	413,000	180,344
2041-2045	-	-	278,000	34,567	-	-	-	-	191,000	73,881	-	-	469,000	108,448
2046-2050	-	-	-	-	-	-	-	-	211,000	53,276	-	-	211,000	53,276
2051-2055	-	-	-	-	-	-	-	-	233,000	30,408	-	-	233,000	30,408
2056-2060	-	-	-	-	-	-	-	-	150,000	6,201	-	-	150,000	6,201
	<u>-</u>	<u>-</u>	<u>1,009,000</u>	<u>620,648</u>	<u>-</u>	<u>-</u>	<u>21,072,200</u>	<u>917,406</u>	<u>1,379,000</u>	<u>626,978</u>	<u>64,942</u>	<u>-</u>	<u>23,525,142</u>	<u>2,165,032</u>
Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Total net of amortization)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,009,000</u>	<u>\$ 620,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,072,200</u>	<u>\$ 917,406</u>	<u>\$ 1,379,000</u>	<u>\$ 626,978</u>	<u>\$ 64,942</u>	<u>\$ -</u>	<u>\$ 23,525,142</u>	<u>\$ 2,165,032</u>

Notes to the Financial Statements

G - ASSETS PLEDGED AS COLLATERAL FOR DEBT

Name of Issue	Date of Issue	Type of Borrowing	Project(s) Financed	Collateral
\$15,900,000 Tax Credit COPS (QSCB), Series 2009	12/1/2009	Direct	Renovations to 15 school facilities	Deed of Trust on Lloyd Aumen Elementary School
\$14,805,000 Taxable LOBS (QSCBs), Series 2011A	1/26/2011	Public	New Century Middle School	Deed of Trust on New Century Middle School
\$37,755,000 Refunding LOBS, Series 2011B	7/14/2011	Public	Refinance two Installment Financing Contracts with RBC (Gray's Creek Middle School and Public Health Facility)	Deed of Trust on New Century Middle School, Gray's Creek Middle School, and Central Maintenance Facility
\$1,100,000 Installment Financing Contract with PNC Bank for various capital improvements	6/15/2016	Direct	Various governmental capital improvement projects	Deed of Trust on East Regional Library
\$23,005,000 Refunding LOBS, Series 2017	8/2/2017	Public	Partial refinance of two Installment Financing Contracts with RBC including the 2011B Refunding COPS (Gray's Creek Middle School and Public Health Facility) and the 2009A COPS (Western Elementary School and Western Branch Library)	Deed of Trust on New Century Middle School, Gray's Creek Middle School and the Central Maintenance Facility.
\$33,850,000 Refunding Limited Obligation Bonds Series 2019 consisting of Series 2019A (\$11,300,000) and Series 2019B (\$22,550,000)	10/15/2019	Direct	Refund (i) the \$89,490,000 Refunding COPS (Cumberland Improvement Projects), Series 2009B (used to refund the Series 1998 Refunding COPS (Civic Center Project), Series 1998 Installment Payment Revenue Bonds (Public Building and Equipment Projects), and Series 2000 Installment Payment Revenue Refunding Bonds (Detention Center and Mental Health Facility Projects)), and (ii) \$11,220,000 installment Financing Contract with PNC Bank, National Association (2073433-0001) for various governmental and enterprise CIP projects.	Deed of Trust on Spring Lake Library and Family Resource Center

H - DEBT OBLIGATIONS FOR SOUTHPPOINT 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

Notes to the Financial Statements

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, 2016, 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, 2020, the outstanding loan balance is \$64,942. Annual loan payments are \$4,996 ending May 1, 2033.

I - 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, 2020, there were no industrial revenue bonds outstanding.

J - DEFEASANCE OF DEBT

Current Year Defeasance of Debt

On October 15, 2019, the County issued \$33,850,000 Limited Obligation Refunding Bonds Series 2019 A&B to provide funds, together with other available funds, to current refund \$33,700,000 of outstanding bonds as follows:

Current Interest 2017 CIP Draw Program (PNC Bank)	\$ 11,220,000
Current Interest Refunding Certificate of Participation Series 2009B (US Bank)	<u>22,480,000</u>
	<u>\$ 33,700,000</u>

The 2017 CIP Draw Program and the Refunding Certificates of Participation Series 2009B were paid in full from proceeds on 10/15/2019 and 12/1/2019, respectively.

Interest on the Limited Obligation Refunding Bonds Series 2019 A&B is payable semiannually on June 1 and December 1, commencing June 1, 2020, at ranges ranging from 1.56% to 1.73%. The maturities of the Limited Obligation Refunding Series 2019 A&B are December 1, 2026 and December 1, 2024, respectively. The County completed the refunding to reduce its total debt service payments over 6 years by \$1,843,214 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,757,296.

Proceeds have been used to purchase United States government securities that were placed in trust with US Bank. The investments and related fixed earnings were sufficient to fully service the defeased debt when called on 12/1/2019. For financial reporting purposes, the debt is considered defeased and therefore has been removed from the County's liabilities.

Notes to the Financial Statements

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 2019 resulted in a deferred loss on defeasance of \$117,895. At June 30, 2020, the unamortized loss on defeasance balance of \$104,705 is reported as deferred outflows of resources related to governmental activities in the government wide financial statements.

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 trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the call or maturity date. At June 30, 2020, the balance of defeased debt which has not been called or matured is \$13,530,000 for Limited Obligation Refunding Bonds Series 2011B. For financial reporting purposes, the debt is considered defeased and therefore removed from the County's liabilities.

Gains and losses from debt refundings must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. At June 30, 2020, the County has unamortized net losses on defeasances totaling \$1,935,197 related to prior year refundings. Unamortized net losses on defeasance related to governmental activities debt consists of \$123,487 for general obligation bonds and \$1,811,710 for certificates of participation and other limited obligation bonds. There are no prior year unamortized losses on defeasance related to business-type activities debt. 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. At June 30, 2020, the County has unamortized premium totaling \$3,594,627. The carrying value of prior years' governmental activities general obligation refunding bonds has been adjusted for unamortized premium of \$106,994. The carrying value of prior years' governmental activities certificates of participation and other limited obligation bonds has been adjusted for unamortized premium of \$3,487,633. At June 30, 2020, the County has no unamortized premium related to business-type activities debt.

K - ABC BOARD NOTES PAYABLE

In FY 2020, the ABC Board pre-paid the remaining \$27,500 balance of an unsecured note payable to the County for the purchase of a building and land.

The following is a summary of changes in the ABC Board's long-term obligations as of June 30, 2020:

	Balance			Balance	Current Portion
	June 30, 2019	Additions	Payments	June 30, 2020	of Long-term Liabilities
Notes payable	\$ 27,500	\$ -	\$ 27,500	\$ -	\$ -
Net Pension Liability (LGERS)	796,158	159,938	-	956,096	-
Net Pension Liability (LEO)	283,005	34,143	-	317,148	-
OPEB liability	187,166	25,142	-	212,308	-
	<u>\$ 1,293,829</u>	<u>\$ 219,223</u>	<u>\$ 27,500</u>	<u>\$ 1,485,552</u>	<u>\$ -</u>

Notes to the Financial Statements

L - 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 2020. Principal payments amounted to \$81,500 during fiscal year 2020.

The District’s general obligation bonds payable at June 30, 2020 are comprised of the following individual issues (direct borrowings and direct placements):

\$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%. \$ 2,111,500

\$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%. 835,000

	Total	2,946,500
	Less current portion	(85,500)
	Noncurrent portion	<u>\$ 2,861,000</u>

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

Fiscal Year	Principal	Interest
2021	\$ 85,500	\$ 132,041
2022	89,000	128,208
2023	93,000	124,219
2024	97,000	120,050
2025	101,500	115,702
2026-2030	580,000	506,034
2031-2035	721,500	363,818
2036-2040	839,000	189,638
2041-2045	340,000	22,830
	\$ 2,946,500	\$ 1,702,540

M - 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, 2020 are comprised of the following individual issues (direct borrowings and direct placements):

Notes to the Financial Statements

\$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%.

\$ 4,536,000

\$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%.

	<u>1,078,000</u>
Total	5,614,000
Less current portion	<u>(94,000)</u>
Noncurrent portion	<u>\$ 5,520,000</u>

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, 2020 is as follows (direct borrowing):

\$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	\$ 1,848,053
Less current portion	<u>(120,267)</u>
Noncurrent portion	<u>\$ 1,727,786</u>

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

Fiscal Year	Principal	Interest
2021	\$ 214,267	\$ 299,548
2022	222,167	290,863
2023	232,266	281,852
2024	241,573	272,429
2025	251,097	262,631
2026-2030	1,416,542	1,151,846
2031-2035	1,155,141	870,625
2036-2040	922,000	686,305
2041-2045	1,126,000	483,397
2046-2050	1,372,000	235,050
2051-2055	309,000	12,603
	<u>\$ 7,462,053</u>	<u>\$ 4,847,149</u>

Notes to the Financial Statements

N - 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, 2020:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u> <u>of Long-term</u> <u>Liabilities</u>
USDA general obligation bonds	\$ 3,028,000	\$ -	\$ 81,500	\$ 2,946,500	\$ 85,500
USDA revenue bonds	5,704,000	-	90,000	5,614,000	94,000
Installment notes	1,963,612	-	115,559	1,848,053	120,267
Accrued Vacation	3,731	7,679	966	10,444	9,922
Total	<u>\$ 10,699,343</u>	<u>\$ 7,679</u>	<u>\$ 288,025</u>	<u>\$ 10,418,997</u>	<u>\$ 309,689</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, 2020 is as follows:

	<u>Payable Fund</u>			
	<u>Nonmajor</u> <u>Governmental</u>	<u>Cumberland</u> <u>County</u> <u>Crown Center</u>	<u>Bragg Estates</u> <u>Sewer Project</u>	<u>Total</u>
Receivable Fund				
General Fund	\$ 1,407,810	\$ 5,500	\$ 80,847	\$ 1,494,157
Crown Fund	17,840	-	-	17,840
Total	<u>\$ 1,425,650</u>	<u>\$ 5,500</u>	<u>\$ 80,847</u>	<u>\$ 1,511,997</u>

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

Transfers to/from Other Funds

Transfers in (out) for the year ended June 30, 2020 are summarized below:

	<u>Transfers in</u>				<u>Total</u>
	<u>General</u>	<u>Nonmajor</u> <u>Governmental</u>	<u>Cumberland</u> <u>County Crown</u> <u>Center</u>	<u>Internal</u> <u>Service</u>	
Transfers out					
General	\$ -	\$ 1,472,476	\$ -	\$ 100,000	\$ 1,572,476
Nonmajor governmental	84,137	-	7,362,068	-	7,446,205
Total Transfers out	<u>\$ 84,137</u>	<u>\$ 1,472,476</u>	<u>\$ 7,362,068</u>	<u>\$ 100,000</u>	<u>\$ 9,018,681</u>

Notes to the Financial Statements

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, limited obligation bonds, or other installment financing 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 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. During FY 2020, the County paid the final installment and has no debt outstanding related to the Community College as of June 30, 2020.

The County contributed \$12,184,126 and \$150,904 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2020. Fiscal year 2020 budgeted, but unspent capital funds in the amount of \$322,047 remain available for appropriation for capital purposes in future years. In addition, during the fiscal year, the County made debt service payments of \$607,620 on the PNC bank installment loan. In FY 2021, the County anticipates issuing debt service in the amount of \$10,000,000 to fund its share of the cost of a new Fire Training Center. 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, 2020. 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 - LESSEE ARRANGEMENTS

Operating Leases

The Bureau leases its building from Cumberland County for \$6,168 per month for ten years, ending November 30, 2023. 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, 2020 for each of the next five years and in the aggregate are:

Notes to the Financial Statements

Fiscal Year	
Ended	Amount
2021	\$ 85,196
2022	85,196
2023	42,020
2024	11,180
2025	11,180
2026-2028	<u>33,540</u>
	<u>\$ 268,312</u>

Rental expense for leases was \$85,196 in 2020 and 2019.

The ABC Board leases real property for three store locations under operating leases expiring at various times through the year 2028. Total rent expense, including amounts for common area maintenance, under leases for the years ended June 30, 2020 and June 30, 2019 was \$254,419 and \$246,009, respectively.

At June 30, 2020, future minimum lease payments under all leases are as follows:

Fiscal Year	
Ended	Amount
2021	\$ 235,215
2022	137,871
2023	114,000
2024	117,000
2025	120,000
2026-2028	<u>312,000</u>
	<u>\$ 1,036,086</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. It is the opinion of the County's management and attorney that the resolution of these matters will not have a material adverse effect on the County's financial condition.

Notes to the Financial Statements

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, 2020, the County has no arbitrage liability. Although future amounts to be paid, if any, are not presently determinable, the County believes that arbitrage payables have been adequately provided for in the accompanying financial statements.

NOTE 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

In October 2020, the North Carolina Local Government Commission granted approval to Eastover Sanitary District to enter into a \$1,400,000 Bond Anticipation Note (BAN) with PNC Bank, at a fixed interest rate of 1.3 percent. The District has been approved to construct a new 4,400 square foot administration building which is anticipated to take one year to build. Upon completion, the PNC BAN will be paid in full, and the United States Department of Agriculture (USDA) Rural Utilities Service has agreed to issue water and sewer revenue bonds at a 40-year, low interest rate not to exceed 1.875 percent, in a total amount not to exceed \$1,400,000.

The 2019 novel coronavirus ("COVID-19") has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the County's and its customers' costs, tourism to the County, and the U.S. economy. These conditions could adversely affect the County's business, financial condition, and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of some of the County's operations or other businesses of the County's customers and suppliers, which could significantly disrupt the County's operations and the operations of the County's customers. The extent of the adverse impact of the COVID-19 outbreak on the County cannot be predicted at this time.

Notes to the Financial Statements

NOTE 17 – RESTATEMENT/ CHANGE IN ACCOUNTING PRINCIPLES

On April 20, 2020, the County’s Board approved the establishment of an irrevocable OPEB Trust and participation in the Ancillary Governmental Participants Investment Program for the purpose of paying future other post-employment benefits. The County’s implementation of the OPEB Trust Fund resulted in a restatement to 2019 fund balance of \$67,282 for the Solid Waste Fund, \$7,294 for the Internal Service Fund and \$2,245,698 to the Governmental Activities 2019 net position.

NOTE 18 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

Expenditures for the General Fund’s Education function exceeded budget by \$361,048. Appropriation for the public schools – other contractual are based on sales tax collections which get disbursed on a monthly basis. The monthly distributions lag into the month of September after the fiscal year has ended. During fiscal year 2020, actual receipts unexpectedly exceeded the budgeted receipts amount. A budget amendment was not completed to recognize a potential for additional funds before June 30. However, contractual obligations had to be paid based on revenues received by year-end.

Negative Fund Balance in Special Revenue Fund

The CDBG Disaster Recovery Fund has a fund balance on June 30, 2020 totaling (\$66,627). The fund is supported by federal and/or state funds on a reimbursement basis. For fiscal year 2020 expenditures were incurred, but a reimbursement request for those expenditures was not completed in a timely enough manner to be able to record that revenue to fiscal year 2020. The negative fund balance is a result. In the future, staff will work to ensure reimbursement requests are submitted in a timely manner to better match current year expenditures with current year revenues.

REQUIRED SUPPLEMENTARY INFORMATION



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

Last Four Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 8,480,319	\$ 8,662,059	\$ 7,811,970	\$ 7,819,888
Service Cost	384,671	412,469	365,895	392,574
Interest on the total pension liability	297,705	264,882	291,307	270,277
Differences between expected and actual experience in the measurement of the total pension liability	165,417	3,481	194,482	-
Changes of assumptions or other inputs	248,522	(303,123)	528,706	(172,562)
Benefit payments	(603,201)	(559,449)	(530,301)	(498,207)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 8,973,433</u>	<u>\$ 8,480,319</u>	<u>\$ 8,662,059</u>	<u>\$ 7,811,970</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.

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

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

Last Four Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 8,973,433	\$ 8,480,319	\$ 8,662,059	\$ 7,811,970
Covered payroll	16,728,726	16,293,728	16,467,454	16,343,167
Total pension liability as a percentage of covered payroll	53.64%	52.05%	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.

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

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

Last Seven Fiscal Years *

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	1.326%	1.343%	1.519%	1.542%	1.505%	1.520%	1.501%
County's proportionate share of the net pension liability (asset) \$	\$ 36,211,480	\$ 31,862,451	\$ 23,202,140	\$ 32,723,222	\$ 6,755,651	\$ (8,963,314)	\$ 18,087,992
County's covered payroll	93,267,871	89,267,532	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 payroll	38.83%	35.69%	24.54%	34.80%	7.47%	(10.96%)	20.06%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	91.63%	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.

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,507,911	\$ 7,277,190	\$ 6,772,970	\$ 6,987,172	\$ 6,390,360	\$ 6,314,854	\$ 6,340,214
Contributions in relation to the contractually required contribution	<u>8,507,911</u>	<u>7,277,190</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 92,136,967	\$ 93,267,871	\$ 89,267,532	\$ 94,553,360	\$ 94,035,999	\$ 90,486,857	\$ 81,788,429
Contributions as a percentage of covered payroll	9.234%	7.802%	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.

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

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

Last Seven Fiscal Years*

	<u>2020</u>	<u>2019</u>	<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%	0.000%	0.000%	0.033%
County's proportionate share of the net pension liability (asset) \$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,949)	\$ 396,571
County's covered payroll	-	-	-	-	-	-	1,589,412
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	24.95%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	91.63%	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.

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

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

Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,589,412
Contributions as a percentage of covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	3.048%

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

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

Last Seven Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	2.828%	2.956%	3.271%	3.320%	3.456%	3.514%	3.50%
County's proportionate share of the net pension liability (asset) \$	\$ (558,205)	\$ (489,604)	\$ (558,321)	\$ (620,657)	\$ (800,785)	\$ (796,558)	\$ (747,653)
County's covered payroll	140,216	133,835	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 payroll	(398.10%)	(365.83%)	(403.25%)	(467.96%)	(621.89%)	(618.60%)	(582.02%)
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	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.

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

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

Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 29,966	\$ 27,291	\$ 27,333	\$ 28,420	\$ 27,120	\$ 27,651	\$ 28,693
Contributions in relation to the contractually required contribution	29,966	27,291	27,333	28,420	27,120	27,651	28,693
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 143,072	\$ 140,216	\$ 133,835	\$ 138,455	\$ 132,630	\$ 128,767	\$ 128,767
Contributions as a percentage of covered payroll	20.945%	19.464%	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.

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

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

Last Three Fiscal Years

TOTAL OPEB Liability	2020	2019	2018
Service cost	\$ 6,444,733	\$ 9,517,173	\$ 10,922,897
Interest	6,554,732	10,410,855	9,344,450
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(7,634,053)	(128,191,230)	(433,811)
Changes of assumptions	27,084,706	(9,315,098)	(31,765,312)
Benefit payments	(5,320,327)	(6,264,272)	(5,897,406)
Net change in total OPEB liability	27,129,791	(123,842,572)	(17,829,182)
Total OPEB liability - beginning, as restated	189,915,349	295,544,503	313,373,685
Total OPEB liability - ending	\$ 217,045,140	\$ 171,701,931	\$ 295,544,503
Plan fiduciary net position			
Contributions - employer	\$ 6,320,327	\$ -	\$ -
Net investment income	851	-	-
Benefit payments	(5,320,327)	-	-
Net change in plan fiduciary net position	1,000,851	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	\$ 1,000,851	\$ -	\$ -
County's net OPEB liability - ending	\$ 216,044,289	\$ 171,701,931	\$ 295,544,503
Plan fiduciary net position as a percentage of the total OPEB liability	0.46%	0.00%	0.00%
Covered payroll	\$ 61,103,256	\$ 77,093,623	\$ 77,093,623
Net OPEB liability as a percentage of covered payroll	355%	223%	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
2018	3.56%
2019	3.89%
2020	2.21%

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

MAJOR FUNDS



Comparative Balance Sheets
General Fund
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 154,191,230	\$ 132,744,946
Taxes receivable, net	2,087,256	1,287,517
Sales tax receivable	16,868,635	15,612,692
Due from other governments	10,672,599	14,255,513
Other receivables, net	1,250,308	1,556,927
Due from other funds	1,494,157	1,318,377
Due from component units	1,386,683	1,008,220
Inventories	151,916	174,407
Prepays	1,472	210
Restricted assets		
Cash and cash equivalents	-	1,756,916
Total assets	<u><u>\$ 188,104,256</u></u>	<u><u>\$ 169,715,725</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts and vouchers payable	\$ 7,836,391	\$ 13,467,082
Due to other governments	360,145	361,845
Accrued payroll	4,496,355	2,412,120
Other payables	91,653	204,910
Total liabilities	<u>12,784,544</u>	<u>16,445,957</u>
Deferred inflows of resources	<u>3,165,427</u>	<u>2,569,689</u>
Fund balance		
Nonspendable:		
Inventories	151,916	174,407
Prepays	1,472	210
Restricted:		
Stabilization by State statute	33,873,984	33,205,082
Register of Deeds	925,163	1,059,148
Public health	4,728,362	3,766,799
County school	5,533,695	7,001,882
Committed:		
Tax revaluation	2,158,423	1,979,245
Capital investment fund	36,073,289	20,940,072
LEOSSA pension liability	-	1,756,982
Assigned:		
Subsequent year's expenditures	8,663,701	8,667,646
Tax office software	-	1,700,000
Economic development incentives	2,000,000	2,000,000
Unassigned	78,044,280	68,448,606
Total fund balance	<u>172,154,285</u>	<u>150,700,079</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 188,104,256</u></u>	<u><u>\$ 169,715,725</u></u>

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.

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (continued)
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Revenues				
Ad valorem taxes				
Current year	\$ 165,517,000	\$ 166,739,244	\$ 1,222,244	\$ 165,634,524
Prior years	1,186,000	817,964	(368,036)	1,252,112
Penalties and interest	889,000	773,447	(115,553)	842,454
Motor vehicle - current	19,872,832	20,227,090	354,258	19,910,527
Motor vehicle - prior	65,000	113,093	48,093	86,003
Other	846,000	835,588	(10,412)	914,039
Total ad valorem taxes	<u>188,375,832</u>	<u>189,506,426</u>	<u>1,130,594</u>	<u>188,639,659</u>
Other taxes				
Pet registration fees	62,726	77,299	14,573	132,161
Real estate transfer	700,000	1,689,875	989,875	1,351,286
Beer and wine	381,000	380,596	(404)	378,120
Sales	43,327,484	47,282,838	3,955,354	45,124,462
Other	486,000	451,664	(34,336)	479,752
Total other taxes	<u>44,957,210</u>	<u>49,882,272</u>	<u>4,925,062</u>	<u>47,465,781</u>
Unrestricted intergovernmental revenues				
Federal	75,000	31,720	(43,280)	67,544
State government	322,500	398,881	76,381	208,996
Fayetteville	7,622,000	8,679,491	1,057,491	7,983,779
Municipalities	1,145,613	1,137,816	(7,797)	1,121,741
Other governmental	2,616,000	3,837,105	1,221,105	3,447,636
Total unrestricted intergovernmental revenues	<u>11,781,113</u>	<u>14,085,013</u>	<u>2,303,900</u>	<u>12,829,696</u>
Restricted intergovernmental revenues				
Federal	441,186	1,983,710	1,542,524	184,548
NC health programs	6,532,344	5,290,844	(1,241,500)	5,466,322
NC mental health programs	467,540	439,225	(28,315)	440,558
NC social services programs	39,163,365	33,283,762	(5,879,603)	34,155,162
NC library programs	464,758	421,902	(42,856)	397,579
NC other restricted revenue	5,477,539	5,340,084	(137,455)	5,609,675
Other restricted revenue	699,700	593,355	(106,345)	654,112
Total restricted intergovernmental revenues	<u>53,246,432</u>	<u>47,352,882</u>	<u>(5,893,550)</u>	<u>46,907,956</u>
Licenses and permits				
Inspection department permits	823,500	886,188	62,688	915,692
Marriage licenses	75,623	67,975	(7,648)	88,950
Register of Deeds fees	1,189,677	1,675,050	485,373	1,431,855
Total licenses and permits	<u>2,088,800</u>	<u>2,629,213</u>	<u>540,413</u>	<u>2,436,497</u>
Sales and services				
Health department fees	3,955,576	5,222,600	1,267,024	5,722,398
Library fees	155,000	102,259	(52,741)	150,207
Sheriff department fees	5,202,331	4,348,952	(853,379)	4,013,538
Social services fees	229,599	79,624	(149,975)	88,277
Other department fees	2,305,028	2,141,735	(163,293)	1,748,955
Total sales and services	<u>11,847,534</u>	<u>11,895,170</u>	<u>47,636</u>	<u>11,723,375</u>
Interest earned on investments	<u>700,000</u>	<u>1,561,972</u>	<u>861,972</u>	<u>2,331,529</u>
Miscellaneous				
Miscellaneous	972,490	542,792	(429,698)	474,881
Rent, land, and buildings	4,496,164	4,587,964	91,800	4,453,730
Total miscellaneous	<u>5,468,654</u>	<u>5,130,756</u>	<u>(337,898)</u>	<u>4,928,611</u>
Total revenues	<u>318,465,575</u>	<u>322,043,704</u>	<u>3,578,129</u>	<u>317,263,104</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (continued)
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Expenditures				
Current				
General government				
Governing body	\$ 662,458	\$ 612,702	\$ 49,756	\$ 610,108
Administration	2,701,328	2,343,630	357,698	1,904,457
Court facilities	211,970	114,371	97,599	121,285
Human Resources	1,169,176	1,009,126	160,050	893,308
Information services	7,057,366	5,552,864	1,504,502	4,455,375
Elections	2,022,011	1,400,349	621,662	1,618,420
Finance	1,412,532	1,299,307	113,225	1,175,656
Legal	873,883	631,925	241,958	705,450
Register of Deeds	3,137,006	2,435,628	701,378	2,095,487
Tax Assessor	5,453,789	5,317,584	136,205	5,279,784
Print, mail & design	775,255	643,314	131,941	719,585
Public building	1,372,637	967,335	405,302	808,709
Carpenter shop	246,490	211,909	34,581	152,061
Public buildings - equipment maintenance	1,538,244	1,259,321	278,923	1,172,047
Public buildings - janitorial	959,319	784,441	174,878	680,038
Central maintenance	773,015	590,365	182,650	881,692
Landscaping and grounds	724,187	690,227	33,960	622,742
Property revaluation	487,296	307,569	179,727	270,718
General government - other	4,766,478	2,976,609	1,789,869	3,295,143
Total general government	<u>36,344,440</u>	<u>29,148,576</u>	<u>7,195,864</u>	<u>27,462,065</u>
Public safety				
Emergency services	4,339,202	3,655,978	683,224	3,337,827
Sheriff	28,237,661	25,992,566	2,245,095	25,788,273
Jail	20,065,025	16,873,693	3,191,332	16,960,344
School law enforcement-local	5,626,310	4,959,197	667,113	4,372,032
Sheriff's grants	356,141	152,092	204,049	288,971
Animal services	3,739,759	3,283,993	455,766	3,101,494
Public safety other	1,554,236	1,062,544	491,692	1,070,648
Day reporting center	634,580	632,732	1,848	574,139
Criminal justice unit	587,684	563,625	24,059	491,623
Roxie crisis intervention	374,181	-	374,181	343,232
Youth diversion program	37,027	31,665	5,362	22,769
Total public safety	<u>65,551,806</u>	<u>57,208,085</u>	<u>8,343,721</u>	<u>56,351,352</u>
Economic and physical development				
Planning and inspections department	3,341,686	2,711,212	630,474	2,910,538
Engineering	1,081,606	978,925	102,681	1,113,724
NC cooperative extension service	773,148	558,569	214,579	602,184
Soil conservation district	531,580	108,221	423,359	122,483
Soil conservation cost share	76,594	74,990	1,604	71,691
Economic physical development - other	20,000	20,000	-	20,000
Industrial park	3,415	2,220	1,195	9,020
Location services	211,911	192,231	19,680	176,925
Economic incentives	549,457	402,406	147,051	429,724
Water & sewer industrial expansion	250,000	20,287	229,713	-
Public utilities	88,106	85,108	2,998	83,286
Total economic and physical development	<u>6,927,503</u>	<u>5,154,169</u>	<u>1,773,334</u>	<u>5,539,575</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (continued)
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services				
Mental Health				
Mental health other	\$ 5,064,095	\$ 5,041,498	\$ 22,597	\$ 5,031,247
Court ordered evaluations	318,832	181,339	137,493	181,695
Sobriety court	247,996	94,151	153,845	77,842
Subtotal - mental health	5,630,923	5,316,988	313,935	5,290,784
Health				
Health - administration	2,256,093	2,024,799	231,294	2,022,441
Laboratory	400,323	428,486	(28,163)	378,256
Pharmacy	640,091	561,429	78,662	531,716
C. C. Jail health program	3,461,178	2,822,266	638,912	3,105,332
Management support	270,837	206,640	64,197	226,157
NC environmental health	1,801,232	1,639,680	161,552	1,692,344
Immunization clinic	807,157	722,307	84,850	280,504
School health program	1,829,585	1,577,468	252,117	1,393,774
Child health clinic	999,678	833,740	165,938	871,969
Dental clinic	-	432	(432)	408
Health promotion	503,776	419,000	84,776	470,061
Maternal health clinic	967,457	778,731	188,726	783,808
Medical records	257,956	255,459	2,497	247,453
Breast/cervical cancer	129,220	106,746	22,474	99,753
Child service coordination	889,454	818,297	71,157	1,000,644
Child fatality prevention	4,175	-	4,175	4,062
Chest TB clinic	157,072	145,282	11,790	138,059
Family planning clinic	1,126,047	991,072	134,975	1,039,462
NC general communicable disease	197,839	428,327	(230,488)	196,635
NC AIDS	72,874	65,071	7,803	68,379
Adult health clinic	267,500	255,711	11,789	356,764
School health	867,280	559,149	308,131	585,514
WIC - clinic services	2,639,169	2,202,996	436,173	2,324,029
Health - other	83,771	76,638	7,133	82,771
Bioterrorism preparedness and response	83,278	73,229	10,049	67,865
STD clinic	1,412,890	1,298,188	114,702	1,363,702
Maternal care coordination	1,166,138	1,077,841	88,297	1,944,610
Health express	-	-	-	490,959
Community transformation grant	138,761	75,700	63,061	160,672
Medical records	236,249	238,300	(2,051)	229,281
Teen Pregnancy Preventive Initiative	79,156	78,466	690	49,700
Triple P Program	293,518	293,398	120	283,607
Comprehensive opioid abuse	289,131	13,721	275,410	-
Subtotal - health	24,328,885	21,068,569	3,260,316	22,490,691
Welfare				
Social services department	48,543,396	43,419,052	5,124,344	42,494,114
Social services - other	14,105,549	12,582,360	1,523,189	12,836,993
Grant - FV care center	567,856	437,951	129,905	456,318
Welfare - other	380,064	333,557	46,507	353,351
Subtotal - welfare	63,596,865	56,772,920	6,823,945	56,140,776

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

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (continued)
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Expenditures (continued)				
Current (continued)				
Human services (continued)				
Other human services				
Veterans' services	\$ 454,308	\$ 426,127	\$ 28,181	\$ 369,584
Spring Lake Resource Center	34,542	29,503	5,039	30,226
Child support enforcement	5,412,018	4,929,310	482,708	4,805,599
Subtotal - other human services	<u>5,900,868</u>	<u>5,384,940</u>	<u>515,928</u>	<u>5,205,409</u>
Total human services	<u>99,457,541</u>	<u>88,543,417</u>	<u>10,914,124</u>	<u>89,127,660</u>
Cultural and recreational				
Library	10,608,174	10,010,495	597,679	10,143,839
Stadium maintenance	10,000	1,398	8,602	93,284
Culture recreation other	260,569	260,568	1	260,569
Library - grants	348,522	157,667	190,855	71,201
Total cultural and recreational	<u>11,227,265</u>	<u>10,430,128</u>	<u>797,137</u>	<u>10,568,893</u>
Education				
Public schools - current	80,550,000	80,550,000	-	80,150,000
Public schools - other contractual	1,285,000	1,646,787	(361,787)	1,590,150
Community colleges - current	12,184,126	12,184,126	-	11,735,900
Community colleges - other contractual	28,000	27,261	739	26,757
Total education	<u>94,047,126</u>	<u>94,408,174</u>	<u>(361,048)</u>	<u>93,502,807</u>
Total expenditures	<u>313,555,681</u>	<u>284,892,549</u>	<u>28,663,132</u>	<u>282,552,352</u>
Revenues over (under) expenditures	<u>4,909,894</u>	<u>37,151,155</u>	<u>32,241,261</u>	<u>34,710,752</u>
Other financing sources (uses)				
Sale of capital assets	-	72,807	72,807	151,905
Transfers in	539,637	294,687	(244,950)	83,227
Transfers out	(30,545,537)	(30,131,528)	414,009	(33,893,477)
Fund balance appropriated	25,096,006	-	(25,096,006)	-
Total other financing sources (uses)	<u>(4,909,894)</u>	<u>(29,764,034)</u>	<u>(24,854,140)</u>	<u>(33,658,345)</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>7,387,121</u>	<u>\$ 7,387,121</u>	<u>1,052,407</u>
Fund balance - beginning		119,643,848		118,591,441
Fund balance - ending		<u>\$ 127,030,969</u>		<u>\$ 119,643,848</u>
Reconciliation to H-1:				
General Fund - ending fund balance		\$ 127,030,969		\$ 119,643,848
County School Fund - ending fund balance (H-6)		9,050,027		10,116,159
Capital Investment Fund - ending fund balance (H-7)		36,073,289		20,940,072
		<u>\$ 172,154,285</u>		<u>\$ 150,700,079</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - County School Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Other taxes	\$ 10,900,000	\$ 11,855,220	\$ 955,220	\$ 11,465,798
Unrestricted intergovernmental revenue	1,058,411	1,351,676	293,265	1,280,297
Restricted intergovernmental revenue	3,416,887	3,416,888	1	3,485,206
Interest earned on investments	-	137,589	137,589	229,080
Miscellaneous	75,000	137,347	62,347	-
Total revenues	<u>15,450,298</u>	<u>16,898,720</u>	<u>1,448,422</u>	<u>16,460,381</u>
Expenditures				
Education				
School capital outlay I	17,061,970	10,085,545	6,976,425	8,292,389
School capital outlay II	2,335,000	2,335,000	-	6,014,711
School capital outlay III	830,000	320,979	509,021	702,724
Total expenditures	<u>20,226,970</u>	<u>12,741,524</u>	<u>7,485,446</u>	<u>15,009,824</u>
Revenues over expenditures	<u>(4,776,672)</u>	<u>4,157,196</u>	<u>8,933,868</u>	<u>1,450,557</u>
Other financing sources (uses)				
Transfers out	(5,223,328)	(5,223,328)	-	(5,346,533)
Fund balance appropriated	10,000,000	-	(10,000,000)	-
Total other financing sources (uses)	<u>4,776,672</u>	<u>(5,223,328)</u>	<u>(10,000,000)</u>	<u>(5,346,533)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(1,066,132)</u>	<u>\$ (1,066,132)</u>	<u>(3,895,976)</u>
Fund balance - beginning		<u>10,116,159</u>		<u>14,012,135</u>
Fund balance - ending		<u>\$ 9,050,027</u>		<u>\$ 10,116,159</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Capital Investment Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Revenues				
Interest income	\$ 971,699	\$ 987,493	\$ 15,794	\$ 942,463
Miscellaneous	-	161,790	161,790	-
Total revenues	<u>971,699</u>	<u>1,149,283</u>	<u>177,584</u>	<u>942,463</u>
Expenditures				
General government	1,543,607	602,650	940,957	402,434
Economic and physical development	24,447,060	5,311,189	19,135,871	2,237,257
Education - community college capital outlay	472,951	150,904	322,047	341,431
Debt service				
Principal	15,422,185	10,529,084	4,893,101	14,699,083
Interest	3,171,271	3,029,269	142,002	3,513,691
Total expenditures	<u>45,057,074</u>	<u>19,623,096</u>	<u>25,433,978</u>	<u>21,193,896</u>
Revenues over expenditures	<u>(44,085,375)</u>	<u>(18,473,813)</u>	<u>25,611,562</u>	<u>(20,251,433)</u>
Other financing sources (uses)				
Issuance of debt	12,777,800	12,777,800	-	-
Transfers in	34,413,391	34,413,391	-	38,664,727
Transfers out	(1,330,500)	(841,561)	488,939	(5,563,807)
County contribution	127,060	127,059	(1)	-
Payment to escrow agent	(7,976,559)	(12,869,659)	(4,893,100)	-
Fund balance appropriated	6,074,183	-	(6,074,183)	-
Total other financing sources (uses)	<u>44,085,375</u>	<u>33,607,030</u>	<u>(10,478,345)</u>	<u>33,100,920</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>15,133,217</u>	<u>\$ 15,133,217</u>	<u>12,849,487</u>
Fund balance - beginning		20,940,072		8,090,585
Fund balance - ending		<u>\$ 36,073,289</u>		<u>\$ 20,940,072</u>

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

NONMAJOR GOVERNMENTAL FUNDS



**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 19,378,837	\$ -	\$ -	\$ 19,378,837
Taxes receivable, net	385,014	-	-	385,014
Due from other governments	2,033,345	-	-	2,033,345
Other receivables, net	5,544	120	12	5,676
Restricted assets:				
Cash and cash equivalents	770,410	1,267,561	53,852	2,091,823
Total assets	\$ 22,573,150	\$ 1,267,681	\$ 53,864	\$ 23,894,695
Liabilities deferred inflows of resources and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ 2,085,085	\$ 83,254	\$ 2,227	\$ 2,170,566
Due to other governments	4,413,906	-	-	4,413,906
Accrued payroll	73,189	-	-	73,189
Other payables	63,186	-	-	63,186
Due to other funds	1,425,650	-	-	1,425,650
Total liabilities	8,061,016	83,254	2,227	8,146,497
Deferred inflows of resources - taxes	385,014	-	-	385,014
Fund balances:				
Restricted:				
Stabilization by State Statute	2,048,429	120	12	2,048,561
Inmates	745,859	-	-	745,859
Cemetery	-	-	51,625	51,625
Fire protection	1,041,995	-	-	1,041,995
Public safety	3,123,625	-	-	3,123,625
Economic and physical development	79,045	629,502	-	708,547
Human services	179,909	114,322	-	294,231
Cultural and recreational	8,020,056	440,483	-	8,460,539
Unassigned	(1,111,798)	-	-	(1,111,798)
Total fund balances	14,127,120	1,184,427	51,637	15,363,184
Total liabilities, deferred inflows of resources and fund balances	\$ 22,573,150	\$ 1,267,681	\$ 53,864	\$ 23,894,695

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

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020**

	Special Revenue Funds	Capital Project Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	\$ 15,251,434	\$ -	\$ -	\$ 15,251,434
Other taxes	6,840,608	-	-	6,840,608
Restricted intergovernmental revenue	10,407,989	-	-	10,407,989
Sales and services	191,761	-	-	191,761
Interest earned on investments	193,373	5,928	664	199,965
Miscellaneous	466,178	-	3,600	469,778
Total revenues	<u>33,351,343</u>	<u>5,928</u>	<u>4,264</u>	<u>33,361,535</u>
Expenditures				
Current:				
Public safety	10,124,262	516,689	-	10,640,951
Economic and physical development	6,299,163	1,647,511	2,800	7,949,474
Human services	4,050,936	-	-	4,050,936
Cultural and recreational	4,358,412	-	-	4,358,412
Total expenditures	<u>24,832,773</u>	<u>2,164,200</u>	<u>2,800</u>	<u>26,999,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,518,570</u>	<u>(2,158,272)</u>	<u>1,464</u>	<u>6,361,762</u>
Other financing sources (uses)				
Issuance of debt	-	1,301,616	-	1,301,616
Sale of capital assets	856	-	-	856
Transfers in	841,465	631,011	-	1,472,476
Transfers out	(7,446,205)	-	-	(7,446,205)
Total other financing sources (uses)	<u>(6,603,884)</u>	<u>1,932,627</u>	<u>-</u>	<u>(4,671,257)</u>
Net change in fund balances	1,914,686	(225,645)	1,464	1,690,505
Fund balance - beginning	<u>12,212,434</u>	<u>1,410,072</u>	<u>50,173</u>	<u>13,672,679</u>
Fund balance - ending	<u>\$ 14,127,120</u>	<u>\$ 1,184,427</u>	<u>\$ 51,637</u>	<u>\$ 15,363,184</u>

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

NONMAJOR
SPECIAL REVENUE FUNDS

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020**

(continued)

	Prepared Food and Beverage Fund	Emergency Telephone Fund	Workforce Development Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund	Flea Hill Drainage District Fund	Community Development Fund
Assets								
Cash and cash equivalents	\$ 6,595,452	\$ 2,591,143	\$ -	\$ 2,160,565	\$ 391,764	\$ 43,440	\$ 79,045	\$ 746,411
Taxes receivable, net	-	-	-	131,540	-	-	-	-
Due from other governments	-	71,764	708,783	44,163	1,722	600,785	-	266,719
Other receivables, net	3,215	977	-	724	-	-	25	-
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total assets	\$ 6,598,667	\$ 2,663,884	\$ 708,783	\$ 2,336,992	\$ 393,486	\$ 644,225	\$ 79,070	\$ 1,013,130
Liabilities:								
Accounts and vouchers payable	\$ -	\$ 3,413	\$ 75,826	\$ 735,961	\$ 193,842	\$ 135,387	\$ -	\$ 134,238
Due to other governments	-	-	-	-	-	-	-	-
Accrued payroll	-	-	26,079	-	18,013	5,218	-	18,945
Other payables	-	-	-	-	-	-	-	200
Due to other funds	-	-	864,757	-	-	251,769	-	95,573
Total liabilities	-	3,413	966,662	735,961	211,855	392,374	-	248,956
Deferred inflows of resources - taxes	-	-	-	131,540	-	-	-	-
Fund balances:								
Restricted:								
Stabilization by State Statute	3,215	72,741	708,783	44,887	1,722	600,785	25	266,714
Inmates	-	-	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-	-	-
Public safety	-	2,587,730	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	79,045	-
Human services	-	-	-	-	179,909	-	-	-
Cultural and recreational	6,595,452	-	-	1,424,604	-	-	-	-
Unassigned	-	-	(966,662)	-	-	(348,934)	-	497,460
Total fund balances	6,598,667	2,660,471	(257,879)	1,469,491	181,631	251,851	79,070	764,174
Total liabilities, deferred inflows of resources and fund balances	\$ 6,598,667	\$ 2,663,884	\$ 708,783	\$ 2,336,992	\$ 393,486	\$ 644,225	\$ 79,070	\$ 1,013,130

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

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020**

(concluded)

	Fire Protection Fund	Federal Drug Justice Fund	Federal Drug Forfeiture Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Inmate Welfare Fund	CDBG Disaster Recovery Fund	CARES Relief Fund	Total Nonmajor Special Revenue Funds
Assets									
Cash and cash equivalents	\$ 1,689,653	\$ 159,388	\$ 305,425	\$ 50,384	\$ 30,871	\$ -	\$ -	\$ 4,535,296	\$ 19,378,837
Taxes receivable, net	253,474	-	-	-	-	-	-	-	385,014
Due from other governments	112,374	-	-	-	-	-	227,035	-	2,033,345
Other receivables, net	467	42	77	11	6	-	-	-	5,544
Restricted assets:									
Cash and cash equivalents	-	-	-	-	-	770,410	-	-	770,410
Total assets	\$ 2,055,968	\$ 159,430	\$ 305,502	\$ 50,395	\$ 30,877	\$ 770,410	\$ 227,035	\$ 4,535,296	\$ 22,573,150
Liabilities:									
Accounts and vouchers payable	\$ 638,113	\$ 9,957	\$ -	\$ -	\$ 216	\$ 106	\$ 36,636	\$ 121,390	\$ 2,085,085
Due to other governments	-	-	-	-	-	-	-	4,413,906	4,413,906
Accrued payroll	-	-	-	-	-	4,085	849	-	73,189
Other payables	-	-	-	-	-	-	62,986	-	63,186
Due to other funds	-	-	-	-	-	20,360	193,191	-	1,425,650
Total liabilities	638,113	9,957	-	-	216	24,551	293,662	4,535,296	8,061,016
Deferred inflows of resources - taxes	253,474	-	-	-	-	-	-	-	385,014
Fund balances:									
Restricted:									
Stabilization by State Statute	122,386	42	77	11	6	-	227,035	-	2,048,429
Inmates	-	-	-	-	-	745,859	-	-	745,859
Fire protection	1,041,995	-	-	-	-	-	-	-	1,041,995
Public safety	-	149,431	305,425	50,384	30,655	-	-	-	3,123,625
Economic and physical development	-	-	-	-	-	-	-	-	79,045
Human services	-	-	-	-	-	-	-	-	179,909
Cultural and recreational	-	-	-	-	-	-	-	-	8,020,056
Unassigned	-	-	-	-	-	-	(293,662)	-	(1,111,798)
Total fund balances	1,164,381	149,473	305,502	50,395	30,661	745,859	(66,627)	-	14,127,120
Total liabilities, deferred inflows of resources and fund balances	\$ 2,055,968	\$ 159,430	\$ 305,502	\$ 50,395	\$ 30,877	\$ 770,410	\$ 227,035	\$ 4,535,296	\$ 22,573,150

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

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2020**

(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	\$ -	\$ -	\$ -	\$ 4,358,413	\$ -	\$ -	\$ -	\$ -
Other taxes	6,840,608	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	794,154	2,585,258	18,296	1,194,365	1,107,961	-	1,780,195
Sales and services	-	-	-	-	168,665	23,096	-	-
Interest earned on investments	111,740	29,766	-	29,666	902	1,341	1,004	-
Miscellaneous	-	-	4,212	-	-	-	-	74,609
Total revenues	<u>6,952,348</u>	<u>823,920</u>	<u>2,589,470</u>	<u>4,406,375</u>	<u>1,363,932</u>	<u>1,132,398</u>	<u>1,004</u>	<u>1,854,804</u>
Expenditures								
Current:								
Public safety	-	-	-	-	-	-	-	-
Economic and physical development	-	487,747	2,640,798	-	-	1,135,275	-	1,409,727
Human services	-	-	-	-	1,856,000	-	-	-
Cultural and recreational	-	-	-	4,358,412	-	-	-	-
Total expenditures	<u>-</u>	<u>487,747</u>	<u>2,640,798</u>	<u>4,358,412</u>	<u>1,856,000</u>	<u>1,135,275</u>	<u>-</u>	<u>1,409,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,952,348</u>	<u>336,173</u>	<u>(51,328)</u>	<u>47,963</u>	<u>(492,068)</u>	<u>(2,877)</u>	<u>1,004</u>	<u>445,077</u>
Other financing sources (uses)								
Sale of capital assets	-	-	-	-	-	-	-	856
Transfers in	-	-	74,000	-	482,984	64,089	-	220,392
Transfers out	(7,422,205)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(7,422,205)</u>	<u>-</u>	<u>74,000</u>	<u>-</u>	<u>482,984</u>	<u>64,089</u>	<u>-</u>	<u>221,248</u>
Net change in fund balances	<u>(469,857)</u>	<u>336,173</u>	<u>22,672</u>	<u>47,963</u>	<u>(9,084)</u>	<u>61,212</u>	<u>1,004</u>	<u>666,325</u>
Fund balance - beginning	7,068,524	2,324,298	(280,551)	1,421,528	190,715	190,639	78,066	97,849
Fund balance - ending	<u>\$ 6,598,667</u>	<u>\$ 2,660,471</u>	<u>\$ (257,879)</u>	<u>\$ 1,469,491</u>	<u>\$ 181,631</u>	<u>\$ 251,851</u>	<u>\$ 79,070</u>	<u>\$ 764,174</u>

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

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2020**

(concluded)

	Fire Protection Fund	Federal Drug Justice Fund	Federal Drug Forfeiture Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Inmate Welfare Fund	CDBG Disaster Recovery Fund	CARES Relief Fund	Total Nonmajor Special Revenue Funds
Revenues									
Ad valorem taxes	\$ 10,893,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,251,434
Other taxes	-	-	-	-	-	-	-	-	6,840,608
Restricted intergovernmental revenue	-	45,266	70,906	17,651	1,316	-	597,685	2,194,936	10,407,989
Sales and services	-	-	-	-	-	-	-	-	191,761
Interest earned on investments	12,793	2,155	3,458	565	452	(469)	-	-	193,373
Miscellaneous	-	-	-	-	-	387,357	-	-	466,178
Total revenues	<u>10,905,814</u>	<u>47,421</u>	<u>74,364</u>	<u>18,216</u>	<u>1,768</u>	<u>386,888</u>	<u>597,685</u>	<u>2,194,936</u>	<u>33,351,343</u>
Expenditures									
Current:									
Public safety	9,815,794	57,875	78,334	6,230	5,948	160,081	-	-	10,124,262
Economic and physical development	-	-	-	-	-	-	625,616	-	6,299,163
Human services	-	-	-	-	-	-	-	2,194,936	4,050,936
Cultural and recreational	-	-	-	-	-	-	-	-	4,358,412
Total expenditures	<u>9,815,794</u>	<u>57,875</u>	<u>78,334</u>	<u>6,230</u>	<u>5,948</u>	<u>160,081</u>	<u>625,616</u>	<u>2,194,936</u>	<u>24,832,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,090,020</u>	<u>(10,454)</u>	<u>(3,970)</u>	<u>11,986</u>	<u>(4,180)</u>	<u>226,807</u>	<u>(27,931)</u>	<u>-</u>	<u>8,518,570</u>
Other financing sources (uses)									
Sale of capital assets	-	-	-	-	-	-	-	-	856
Transfers in	-	-	-	-	-	-	-	-	841,465
Transfers out	(24,000)	-	-	-	-	-	-	-	(7,446,205)
Total other financing sources (uses)	<u>(24,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,603,884)</u>
Net change in fund balances	1,066,020	(10,454)	(3,970)	11,986	(4,180)	226,807	(27,931)	-	1,914,686
Fund balance - beginning	98,361	159,927	309,472	38,409	34,841	519,052	(38,696)	-	12,212,434
Fund balance - ending	<u>\$ 1,164,381</u>	<u>\$ 149,473</u>	<u>\$ 305,502</u>	<u>\$ 50,395</u>	<u>\$ 30,661</u>	<u>\$ 745,859</u>	<u>\$ (66,627)</u>	<u>\$ -</u>	<u>\$ 14,127,120</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Prepared Food and Beverage Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Revenues				
Other taxes	\$ 6,758,058	\$ 6,840,608	\$ 82,550	\$ 7,358,509
Interest earned on investments	100,000	111,740	-	166,476
Total revenues	<u>6,858,058</u>	<u>6,952,348</u>	<u>94,290</u>	<u>7,524,985</u>
Expenditures				
Cultural and recreational	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>6,858,058</u>	<u>6,952,348</u>	<u>94,290</u>	<u>7,524,985</u>
Other financing sources (uses)				
Transfers out	(9,492,776)	(7,422,205)	2,070,571	(8,214,434)
Fund balance appropriated	2,634,718	-	(2,634,718)	-
Total other financing sources (uses)	<u>(6,858,058)</u>	<u>(7,422,205)</u>	<u>(564,147)</u>	<u>(8,214,434)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(469,857)</u>	<u>\$ (469,857)</u>	<u>(689,449)</u>
Fund balance - beginning		<u>7,068,524</u>		<u>7,757,973</u>
Fund balance - ending		<u>\$ 6,598,667</u>		<u>\$ 7,068,524</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Emergency Telephone Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	<u>2020</u>		Variance Positive (Negative)	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues				
Restricted intergovernmental revenue	\$ 865,919	\$ 794,154	\$ (71,765)	\$ 797,204
Interest earned on investments	25,000	29,766	4,766	40,310
Total revenues	<u>890,919</u>	<u>823,920</u>	<u>(66,999)</u>	<u>837,514</u>
Expenditures				
Economic and physical development:				
Implemental functions	235,000	158,195	76,805	152,994
Telephone/furniture	53,826	76,645	(22,819)	157,993
Software	126,082	144,585	(18,503)	517,075
Hardware	436,011	70,797	365,214	50,470
Training	40,000	32,433	7,567	34,883
Other	-	5,092	(5,092)	-
Total expenditures	<u>890,919</u>	<u>487,747</u>	<u>403,172</u>	<u>913,415</u>
Revenues over expenditures	<u>-</u>	<u>336,173</u>	<u>336,173</u>	<u>(75,901)</u>
Other financing sources (uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>336,173</u>	<u>\$ 336,173</u>	<u>\$ (75,901)</u>
Fund balance - beginning		<u>2,324,298</u>		<u>2,400,199</u>
Fund balance - ending		<u>\$ 2,660,471</u>		<u>\$ 2,324,298</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Workforce Development Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 7,223,014	\$ 2,585,258	\$ (4,637,756)	\$ 3,991,405
Miscellaneous	-	4,212	4,212	1,865
Total revenues	<u>7,223,014</u>	<u>2,589,470</u>	<u>(4,633,544)</u>	<u>3,993,270</u>
Expenditures				
Economic and physical development:				
WIOA Title I - Administration	630,946	460,629	170,317	410,754
WIOA Title I - Adult	2,001,342	695,619	1,305,723	1,050,836
WIOA Title I - Dislocated worker	2,242,863	487,061	1,755,802	1,118,722
WIOA Title I - Youth	1,882,008	465,459	1,416,549	1,041,288
Senior Aides	539,855	532,030	7,825	528,116
Total expenditures	<u>7,297,014</u>	<u>2,640,798</u>	<u>4,656,216</u>	<u>4,149,716</u>
Revenues over expenditures	<u>(74,000)</u>	<u>(51,328)</u>	<u>22,672</u>	<u>(156,446)</u>
Other financing sources (uses)				
Transfers in	74,000	74,000	-	52,307
Total other financing sources (uses)	<u>74,000</u>	<u>74,000</u>	<u>-</u>	<u>52,307</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>22,672</u>	<u>\$ 22,672</u>	<u>(104,139)</u>
Fund balance - beginning		<u>(280,551)</u>		<u>(176,412)</u>
Fund balance - ending		<u>\$ (257,879)</u>		<u>\$ (280,551)</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Recreation Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Ad valorem taxes	\$ 4,814,657	\$ 4,358,413	\$ (456,244)	\$ 4,305,813
Restricted intergovernmental revenue	-	18,296	18,296	597,166
Interest earned on investments	-	29,666	29,666	92,252
Miscellaneous	-	-	-	25,000
Total revenues	<u>4,814,657</u>	<u>4,406,375</u>	<u>(408,282)</u>	<u>5,020,231</u>
Expenditures				
Culture and recreational	3,550,740	3,869,347	(318,607)	3,230,809
Capital outlay	1,491,211	489,065	1,002,146	1,522,037
Total expenditures	<u>5,041,951</u>	<u>4,358,412</u>	<u>683,539</u>	<u>4,752,846</u>
Revenues over expenditures	<u>(227,294)</u>	<u>47,963</u>	<u>275,257</u>	<u>267,385</u>
Other financing sources (uses)				
Fund balance appropriated	227,294	-	(227,294)	-
Total other financing sources (uses)	<u>227,294</u>	<u>-</u>	<u>(227,294)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>47,963</u>	<u>\$ 47,963</u>	<u>267,385</u>
Fund balance - beginning		<u>1,421,528</u>		<u>1,154,143</u>
Fund balance - ending		<u>\$ 1,469,491</u>		<u>\$ 1,421,528</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Juvenile Crime Prevention Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,205,230	\$ 1,194,365	\$ (10,865)	\$ 1,023,582
Sales and services	317,406	168,665	(148,741)	121,731
Interest earned on investments	0	902	902	845
Total revenues	<u>1,522,636</u>	<u>1,363,932</u>	<u>(158,704)</u>	<u>1,146,158</u>
Expenditures				
JCP programs	1,455,244	1,289,490	165,754	943,678
Residential group home	736,496	566,510	169,986	570,786
Total expenditures	<u>2,191,740</u>	<u>1,856,000</u>	<u>335,740</u>	<u>1,514,464</u>
Revenues over expenditures	<u>(669,104)</u>	<u>(492,068)</u>	<u>177,036</u>	<u>(368,306)</u>
Other financing sources (uses)				
Transfers in	644,104	482,984	(161,120)	369,120
Fund balance appropriated	25,000	-	(25,000)	-
Total other financing sources (uses)	<u>669,104</u>	<u>482,984</u>	<u>(186,120)</u>	<u>369,120</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(9,084)</u>	<u>\$ (9,084)</u>	<u>814</u>
Fund balance - beginning		<u>190,715</u>		<u>189,901</u>
Fund balance - ending		<u>\$ 181,631</u>		<u>\$ 190,715</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Transportation Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 1,620,782	\$ 1,107,961	\$ (512,821)	\$ 1,174,008
Sales and services	132,390	23,096	(109,294)	22,841
Interest earned on investments	-	1,341	1,341	3,238
Total revenues	<u>1,753,172</u>	<u>1,132,398</u>	<u>(620,774)</u>	<u>1,200,087</u>
Expenditures				
Economic and physical development	1,831,611	1,135,275	696,336	1,213,246
Total expenditures	<u>1,831,611</u>	<u>1,135,275</u>	<u>696,336</u>	<u>1,213,246</u>
Revenues over expenditures	<u>(78,439)</u>	<u>(2,877)</u>	<u>75,562</u>	<u>(13,159)</u>
Other financing sources (uses)				
Transfers in	78,439	64,089	(14,350)	66,710
Total other financing sources (uses)	<u>78,439</u>	<u>64,089</u>	<u>(14,350)</u>	<u>66,710</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>61,212</u>	<u>\$ 61,212</u>	<u>53,551</u>
Fund balance - beginning		<u>190,639</u>		<u>137,088</u>
Fund balance - ending		<u>\$ 251,851</u>		<u>\$ 190,639</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Flea Hill Drainage District Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Revenues				
Interest earned on investments	\$ -	\$ 1,004	\$ 1,004	\$ 1,382
Total revenues	<u>-</u>	<u>1,004</u>	<u>1,004</u>	<u>1,382</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>1,004</u>	<u>1,004</u>	<u>1,382</u>
Other financing sources (uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>1,004</u>	<u>\$ 1,004</u>	<u>1,382</u>
Fund balance - beginning		<u>78,066</u>		<u>76,684</u>
Fund balance - ending		<u>\$ 79,070</u>		<u>\$ 78,066</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Community Development Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 3,935,066	\$ 1,780,195	\$ (2,154,871)	\$ 1,417,991
Miscellaneous	100,000	74,609	(25,391)	204,521
Total revenues	<u>4,035,066</u>	<u>1,854,804</u>	<u>(2,180,262)</u>	<u>1,622,512</u>
Expenditures				
Economic and physical development				
Administration	1,025,656	344,417	681,239	233,907
Economic Development	1,133,441	343,634	789,807	459,781
Housing activities	1,288,169	245,159	1,043,010	491,351
Public facilities	450,000	160,843	289,157	167,863
Public services	125,499	88,226	37,273	87,050
Program grants	497,120	227,448	269,672	400,957
Total expenditures	<u>4,519,885</u>	<u>1,409,727</u>	<u>3,110,158</u>	<u>1,840,909</u>
Revenues over (under) expenditures	<u>(484,819)</u>	<u>445,077</u>	<u>929,896</u>	<u>(218,397)</u>
Other financing sources (uses)				
Sale of capital assets	-	856	856	-
Transfers in	458,931	220,392	(238,539)	235,445
Fund balance appropriated	25,888	-	(25,888)	-
Total other financing sources (uses)	<u>484,819</u>	<u>221,248</u>	<u>(263,571)</u>	<u>235,445</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>666,325</u>	<u>\$ 666,325</u>	<u>17,048</u>
Fund balance - beginning		<u>97,849</u>		<u>80,801</u>
Fund balance - ending		<u>\$ 764,174</u>		<u>\$ 97,849</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Fire Protection Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Revenues				
Ad valorem taxes	\$ 11,058,066	\$ 10,893,021	\$ (165,045)	\$ 8,169,225
Interest earned on investments	1,800	12,793	10,993	8,189
Total revenues	<u>11,059,866</u>	<u>10,905,814</u>	<u>(154,052)</u>	<u>8,177,414</u>
Expenditures				
Public safety	11,035,866	9,815,794	1,220,072	8,389,251
Total expenditures	<u>11,035,866</u>	<u>9,815,794</u>	<u>1,220,072</u>	<u>8,389,251</u>
Revenues over expenditures	<u>24,000</u>	<u>1,090,020</u>	<u>1,066,020</u>	<u>(211,837)</u>
Other financing sources (uses)				
Transfer in	-	-	-	58,410
Transfers out	(24,000)	(24,000)	-	(24,000)
Total other financing sources (uses)	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>	<u>34,410</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>1,066,020</u>	<u>\$ 1,066,020</u>	<u>(177,427)</u>
Fund balance - beginning		<u>98,361</u>		<u>275,788</u>
Fund balance - ending		<u>\$ 1,164,381</u>		<u>\$ 98,361</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Federal Drug Justice Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	<u>2020</u>		Variance Positive (Negative)	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues				
Restricted intergovernmental revenue	\$ 25,000	\$ 45,266	\$ 20,266	\$ 89,470
Interest earned on investments	1,750	2,155	405	2,797
Total revenues	<u>26,750</u>	<u>47,421</u>	<u>20,671</u>	<u>92,267</u>
Expenditures				
Public safety	75,000	57,875	17,125	59,641
Total expenditures	<u>75,000</u>	<u>57,875</u>	<u>17,125</u>	<u>59,641</u>
Revenues over expenditures	<u>(48,250)</u>	<u>(10,454)</u>	<u>37,796</u>	<u>32,626</u>
Other financing sources (uses)				
Fund balance appropriated	48,250	-	(48,250)	-
Total other financing sources (uses)	<u>48,250</u>	<u>-</u>	<u>(48,250)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(10,454)</u>	<u>\$ (10,454)</u>	<u>32,626</u>
Fund balance - beginning		<u>159,927</u>		<u>127,301</u>
Fund balance - ending		<u>\$ 149,473</u>		<u>\$ 159,927</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Federal Drug Forfeiture Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	<u>2020</u>		Variance Positive (Negative)	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues				
Miscellaneous	\$ 15,000	\$ 70,906	\$ 55,906	\$ 19,972
Interest earned on investments	3,500	3,458	(42)	5,172
Total revenues	<u>18,500</u>	<u>74,364</u>	<u>55,864</u>	<u>25,144</u>
Expenditures				
Public safety	205,000	78,334	126,666	-
Total expenditures	<u>205,000</u>	<u>78,334</u>	<u>126,666</u>	<u>-</u>
Revenues over expenditures	<u>(186,500)</u>	<u>(3,970)</u>	<u>182,530</u>	<u>25,144</u>
Total other financing sources (uses)	<u>186,500</u>	<u>-</u>	<u>182,530</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(3,970)</u>	<u>\$ (3,970)</u>	<u>25,144</u>
Fund balance - beginning		<u>309,472</u>		<u>284,328</u>
Fund balance - ending		<u>\$ 305,502</u>		<u>\$ 309,472</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - North Carolina Controlled Substance Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	
Revenues				
Restricted intergovernmental revenue	\$ 35,000	\$ 17,651	\$ (17,349)	\$ 33,511
Interest earned on investments	1,250	565	(685)	1,601
Total revenues	<u>36,250</u>	<u>18,216</u>	<u>(18,034)</u>	<u>35,112</u>
Expenditures				
Public safety	36,250	6,230	30,020	326,923
Total expenditures	<u>36,250</u>	<u>6,230</u>	<u>30,020</u>	<u>326,923</u>
Revenues over expenditures	<u>-</u>	<u>11,986</u>	<u>11,986</u>	<u>(291,811)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>11,986</u>	<u>\$ 11,986</u>	<u>(291,811)</u>
Fund balance - beginning		<u>38,409</u>		<u>330,220</u>
Fund balance - ending		<u>\$ 50,395</u>		<u>\$ 38,409</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Injured Animal Stabilization Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Restricted intergovernmental revenue	\$ 1,000	\$ 1,316	\$ 316	\$ 883
Interest earned on investments	400	452	52	679
Total revenues	<u>1,400</u>	<u>1,768</u>	<u>368</u>	<u>1,562</u>
Expenditures				
Public safety	6,000	5,948	52	5,289
Total expenditures	<u>6,000</u>	<u>5,948</u>	<u>52</u>	<u>5,289</u>
Revenues over expenditures	<u>(4,600)</u>	<u>(4,180)</u>	<u>420</u>	<u>(3,727)</u>
Other financing sources (uses)				
Fund balance appropriated	4,600	-	(4,600)	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(4,180)</u>	<u>\$ (4,180)</u>	<u>(3,727)</u>
Fund balance - beginning		<u>34,841</u>		<u>38,568</u>
Fund balance - ending		<u>\$ 30,661</u>		<u>\$ 34,841</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Inmate Welfare Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Revenues				
Interest earned on investments	\$ -	\$ (469)	\$ (469)	\$ -
Miscellaneous	240,859	387,357	146,498	373,995
Total revenues	<u>240,859</u>	<u>386,888</u>	<u>146,029</u>	<u>373,995</u>
Expenditures				
Public safety	240,859	160,081	80,778	280,904
Total expenditures	<u>240,859</u>	<u>160,081</u>	<u>80,778</u>	<u>280,904</u>
Revenues over expenditures	<u>-</u>	<u>226,807</u>	<u>226,807</u>	<u>93,091</u>
Other financing sources (uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>226,807</u>	<u>\$ 226,807</u>	<u>93,091</u>
Fund balance - beginning		<u>519,052</u>		<u>425,961</u>
Fund balance - ending		<u>\$ 745,859</u>		<u>\$ 519,052</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - CDBG Disaster Recovery Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	<u>2020</u>		Variance Positive (Negative)	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues				
Restricted intergovernmental revenue	\$ 4,170,283	\$ 597,685	\$ (3,572,598)	\$ 717,942
Total revenues	<u>4,170,283</u>	<u>597,685</u>	<u>(3,572,598)</u>	<u>717,942</u>
Expenditures				
Economic and Physical Development	4,170,283	625,616	3,544,667	756,638
Total expenditures	<u>4,170,283</u>	<u>625,616</u>	<u>3,544,667</u>	<u>756,638</u>
Revenues over expenditures	<u>-</u>	<u>(27,931)</u>	<u>(27,931)</u>	<u>(38,696)</u>
Other financing sources (uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(27,931)</u>	<u>\$ (27,931)</u>	<u>(38,696)</u>
Fund balance - beginning		<u>(38,696)</u>		<u>-</u>
Fund balance - ending		<u>\$ (66,627)</u>		<u>\$ (38,696)</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - CARES Relief Fund
Year Ended June 30, 2020
(With Comparative Totals for Year Ended June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Revenues				
Restricted intergovernmental revenue	\$ 5,708,842	\$ 2,194,936	\$ (3,513,906)	\$ -
Total revenues	<u>5,708,842</u>	<u>2,194,936</u>	<u>(3,513,906)</u>	<u>-</u>
Expenditures				
Human Services	5,708,842	2,194,936	3,513,906	-
Total expenditures	<u>5,708,842</u>	<u>2,194,936</u>	<u>3,513,906</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balance - beginning		<u>-</u>		<u>-</u>
Fund balance - ending		<u>\$ -</u>		<u>\$ -</u>

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

NONMAJOR
CAPITAL PROJECT FUNDS

**Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2020**

	Cultural and Recreation Fund	Governmental Capital Improvement Fund	Emergency Operations Center Fund	Total Nonmajor Capital Project Funds
Assets				
Other receivables, net	\$ 120	\$ -	\$ -	\$ 120
Restricted assets:				
Cash and cash equivalents	440,484	687,214	139,863	1,267,561
Total assets	\$ 440,604	\$ 687,214	\$ 139,863	\$ 1,267,681
Liabilities and fund balances				
Liabilities:				
Accounts and vouchers payable	\$ 1	\$ 57,712	\$ 25,541	\$ 83,254
Total liabilities	1	57,712	25,541	83,254
Fund balances:				
Restricted:				
Stabilization by State Statute	120	-	-	120
Cultural and recreational	440,483	-	-	440,483
Economic and physical development	-	629,502	-	629,502
Public Safety	-	-	114,322	114,322
Total fund balances	440,603	629,502	114,322	1,184,427
Total liabilities and fund balances	\$ 440,604	\$ 687,214	\$ 139,863	\$ 1,267,681

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

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended June 30, 2020**

	Cultural and Recreation Fund	Governmental Capital Improvement Fund	Emergency Operations Center Fund	Total Nonmajor Capital Project Funds
Revenues				
Interest earned on investments	\$ 5,668	\$ 260	\$ -	\$ 5,928
Total revenues	<u>5,668</u>	<u>260</u>	<u>-</u>	<u>5,928</u>
Expenditures				
Economic and physical development	-	1,647,511	-	1,647,511
Public safety	-	-	516,689	516,689
Total expenditures	<u>-</u>	<u>1,647,511</u>	<u>516,689</u>	<u>2,164,200</u>
Revenues over (under) expenditures	5,668	(1,647,251)	(516,689)	(2,158,272)
Other financing sources				
Issuance of debt	-	1,301,616	-	1,301,616
Transfers in	-	-	631,011	631,011
Total other financing sources	<u>-</u>	<u>1,301,616</u>	<u>631,011</u>	<u>1,932,627</u>
Revenues and other financing sources over (under) expenditures	5,668	(345,635)	114,322	(225,645)
Fund balance - beginning	<u>434,935</u>	<u>975,137</u>	<u>-</u>	<u>1,410,072</u>
Fund balance - ending	<u>\$ 440,603</u>	<u>\$ 629,502</u>	<u>\$ 114,322</u>	<u>\$ 1,184,427</u>

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

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Cultural and Recreation Fund
From Inception and for Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 34,756	\$ -	\$ 5,668	\$ 40,424
Total revenues	<u>-</u>	<u>34,756</u>	<u>-</u>	<u>5,668</u>	<u>40,424</u>
Expenditures					
Cultural and recreation	5,266,456	4,837,490	-	-	4,837,490
Debt issuance costs	18,709	76,555	-	-	76,555
Total expenditures	<u>5,285,165</u>	<u>4,914,045</u>	<u>-</u>	<u>-</u>	<u>4,914,045</u>
Revenues over (under) expenditures	<u>(5,285,165)</u>	<u>(4,879,289)</u>	<u>-</u>	<u>5,668</u>	<u>(4,873,621)</u>
Other financing sources (uses)					
Gain on refunding of debt	5,285,165	-	-	-	-
Issuance of debt	-	5,285,165	-	-	5,285,165
Premium on debt issuance	-	29,059	-	-	29,059
Transfers in	402,962	402,962	-	-	402,962
Transfers out	(402,962)	(402,962)	-	-	(402,962)
Total other financing sources	<u>5,285,165</u>	<u>5,314,224</u>	<u>-</u>	<u>-</u>	<u>5,314,224</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 434,935</u>	<u>\$ -</u>	<u>5,668</u>	<u>\$ 440,603</u>
Fund balance - beginning				<u>434,935</u>	
Fund balance - ending				<u>\$ 440,603</u>	

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

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Governmental Capital Improvement Fund
From Inception and for Year Ended June 30, 2020**

	<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 earned on investments	-	6,996	-	260	7,256
Total revenues	<u>69,535</u>	<u>81,240</u>	<u>-</u>	<u>260</u>	<u>81,500</u>
Expenditures					
Economic and physical development	6,036,561	4,037,373	-	1,647,511	5,684,884
Total expenditures	<u>6,036,561</u>	<u>4,037,373</u>	<u>-</u>	<u>1,647,511</u>	<u>5,684,884</u>
Revenues over (under) expenditures	<u>(5,967,026)</u>	<u>(3,956,133)</u>	<u>-</u>	<u>(1,647,251)</u>	<u>(5,603,384)</u>
Other financing sources (uses)					
Issuance of debt	5,715,996	4,691,484	-	1,301,616	5,993,100
Debt issuance costs	(63,373)	(74,617)	-	-	(74,617)
Transfers in	1,414,403	1,414,403	-	-	1,414,403
Transfers out	(1,100,000)	(1,100,000)	-	-	(1,100,000)
Total other financing sources	<u>5,967,026</u>	<u>4,931,270</u>	<u>-</u>	<u>1,301,616</u>	<u>6,232,886</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 975,137</u>	<u>\$ -</u>	<u>(345,635)</u>	<u>\$ 629,502</u>
Fund balance - beginning				<u>975,137</u>	
Fund balance - ending				<u>\$ 629,502</u>	

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

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Emergency Operations Center Fund
From Inception and for Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental	\$ 2,251,387	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>2,251,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Public safety	10,829,193	5,170,807	-	516,689	5,687,496
Total expenditures	<u>10,829,193</u>	<u>5,170,807</u>	<u>-</u>	<u>516,689</u>	<u>5,687,496</u>
Revenues over (under) expenditures	<u>(8,577,806)</u>	<u>(5,170,807)</u>	<u>-</u>	<u>(516,689)</u>	<u>(5,687,496)</u>
Other financing sources (uses)					
Issuance of debt	12,873,613	-	-	-	-
Transfers in	(4,295,807)	5,170,807	-	631,011	5,801,818
Total other financing sources	<u>8,577,806</u>	<u>5,170,807</u>	<u>-</u>	<u>631,011</u>	<u>5,801,818</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	114,322	<u>\$ 114,322</u>
Fund balance - beginning				<u>-</u>	
Fund balance - ending				<u>\$ 114,322</u>	

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

NONMAJOR
PERMANENT FUND



**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Cemetery Permanent Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)**

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Revenues				
Interest earned on investments	\$ 511	\$ 664	\$ 153	\$ 932
Burial Fees	2,289	3,600	1,311	4,800
Total revenues	<u>2,800</u>	<u>4,264</u>	<u>1,464</u>	<u>5,732</u>
Expenditures				
Maintenance	2,800	2,800	-	2,740
Total expenditures	<u>2,800</u>	<u>2,800</u>	<u>-</u>	<u>2,740</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,464</u>	<u>1,464</u>	<u>2,992</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>1,464</u>	<u>\$ 1,464</u>	<u>2,992</u>
Fund balance - beginning		<u>50,173</u>		<u>47,181</u>
Fund balance - ending		<u>\$ 51,637</u>		<u>\$ 50,173</u>

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

ENTERPRISE FUNDS



Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Cumberland County Solid Waste Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 4,206,000	\$ 4,310,031	\$ 104,031	\$ 4,726,508
Other operating revenue	50,000	23,943	(26,057)	47,012
Solid waste fees	5,962,764	5,879,766	(82,998)	5,857,175
Total operating revenues	<u>10,218,764</u>	<u>10,213,740</u>	<u>(5,024)</u>	<u>10,630,695</u>
Non-operating revenues and other financing sources				
Interest earned on investments	489,550	571,510	81,960	836,115
Gain (loss) on disposal of capital assets	-	(101,533)	(101,533)	49,654
Miscellaneous	10,975	62,536	51,561	11,798
Grant revenue	3,430,895	2,627,021	(803,874)	520,453
Transfers in	14,137,531	-	(14,137,531)	-
Total non-operating revenues and other financing sources	<u>18,068,951</u>	<u>3,159,534</u>	<u>(14,909,417)</u>	<u>1,418,020</u>
Fund balance appropriated	4,518,913	-	(4,518,913)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 32,806,628</u>	<u>\$ 13,373,274</u>	<u>\$ (19,433,354)</u>	<u>\$ 12,048,715</u>
Operating expenditures				
Salaries and employee benefits	\$ 4,194,067	\$ 3,372,515	\$ 821,552	\$ 3,181,464
Repairs and maintenance	1,522,245	1,316,509	205,736	1,438,187
Utilities	250,000	223,321	26,679	230,450
Administrative costs	7,740,863	4,511,503	3,229,360	3,882,228
Landfill closure and postclosure care costs	700,000	(911,075)	1,611,075	471,182
Total operating expenditures	<u>14,407,175</u>	<u>8,512,773</u>	<u>5,894,402</u>	<u>9,203,511</u>
Other expenditures and financing uses				
Capital outlay	18,149,453	8,335,713	9,813,740	3,010,603
Transfers out	250,000	-	250,000	-
Total other expenditures and financing uses	<u>18,399,453</u>	<u>8,335,713</u>	<u>10,063,740</u>	<u>3,010,603</u>
Total expenditures and financing uses	<u>\$ 32,806,628</u>	<u>\$ 16,848,486</u>	<u>\$ 15,958,142</u>	<u>\$ 12,214,114</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 13,373,274		
Total expenditures and other financing uses		<u>16,848,486</u>		
		(3,475,212)		
Capital outlay		8,335,713		
Depreciation		(1,204,787)		
Change in net pension liability		(97,665)		
Change in deferred outflows of resources - pensions		(71,873)		
Change in deferred inflows of resources - pensions		10,289		
Change in net OPEB liability		(748,718)		
Change in deferred outflows of resources - OPEB		633,714		
Change in deferred inflows of resources - OPEB		<u>602,016</u>		
Change in net position		<u>\$ 3,983,477</u>		

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Cumberland County Crown Center Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Operating revenues				
Charges for services	\$ -	\$ 1,505,646	\$ 1,505,646	\$ 1,960,708
Total operating revenues	<u>-</u>	<u>1,505,646</u>	<u>1,505,646</u>	<u>1,960,708</u>
Non-operating revenues and other financing sources				
Interest earned on investments	-	83,794	83,794	78,616
Motel occupancy tax	1,500,000	1,469,474	(30,526)	1,772,614
Gain (loss) on disposal of capital assets	-	(116,920)	(116,920)	-
Grant revenue	349,263	17,840	(331,423)	372,460
Issuance of debt	27,676,204	21,072,200	(6,604,004)	3,098,202
Insurance proceeds	5,985	5,986	1	22,262
Transfers in	12,646,913	7,362,068	(5,284,845)	8,155,207
Total non-operating revenues and other financing sources	<u>42,178,365</u>	<u>29,894,442</u>	<u>(12,283,923)</u>	<u>13,499,361</u>
Fund balance appropriated	<u>742,455</u>	<u>-</u>	<u>(742,455)</u>	<u>-</u>
Total revenues, other financing sources and fund balance appropriations	<u>\$ 42,920,820</u>	<u>\$ 31,400,088</u>	<u>\$ (11,520,732)</u>	<u>\$ 15,460,069</u>
Operating expenditures				
Repairs and maintenance	\$ 2,121,999	\$ 710,158	\$ 1,411,841	\$ 260,273
Global Spectrum, LP	5,791,923	4,472,970	1,318,953	4,943,443
Total operating expenditures	<u>7,913,922</u>	<u>5,183,128</u>	<u>2,730,794</u>	<u>5,203,716</u>
Non-operating expenditures				
Capital outlay	8,265,895	4,791,353	3,474,542	3,784,091
Debt Issuance Costs	84,800	41,310	43,490	-
Interest expense	862,120	759,217	102,903	1,103,258
Total non-operating expenditures	<u>9,212,815</u>	<u>5,591,880</u>	<u>3,620,935</u>	<u>4,887,349</u>
Other expenditures and financing uses				
Principal payments	24,147,154	22,537,913	1,609,241	2,751,800
Transfers out	1,646,929	-	1,646,929	-
Total other expenditures and financing uses	<u>25,794,083</u>	<u>22,537,913</u>	<u>3,256,170</u>	<u>2,751,800</u>
Total expenditures and financing uses	<u>\$ 42,920,820</u>	<u>\$ 33,312,921</u>	<u>\$ 9,607,899</u>	<u>\$ 12,842,865</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 31,400,088		
Total expenditures and other financing uses		<u>33,312,921</u>		
		(1,912,833)		
Capital outlay		4,791,353		
Depreciation		(2,028,609)		
Principal payments		22,537,913		
Installment purchase revenue		(21,072,200)		
Premium amortization		<u>125,716</u>		
Change in net position		<u>\$ 2,441,340</u>		

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

Schedule of Revenues and Expenditures
Budget and Actual - Solid Waste Capital Projects
From Inception and for Year Ended June 30, 2020

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental revenue	\$ 1,526,056	\$ -	\$ -	\$ -	\$ -
Interest earned on investments	64,550	4,361	-	(810)	3,551.00
Miscellaneous	-	2,227	-	-	2,227
Total revenues	<u>1,590,606</u>	<u>6,588</u>	<u>-</u>	<u>(810)</u>	<u>5,778</u>
Expenditures					
Economic & Physical Development	1,487,615	-	-	-	-
Administrative	75,000	-	-	-	-
Contracted services	3,000	-	-	-	-
Other	13,912,522	8,112,435	-	4,321,894	12,434,329
Depreciation	-	-	-	9,805	-
Total expenditures	<u>15,478,137</u>	<u>8,112,435</u>	<u>-</u>	<u>4,331,699</u>	<u>12,434,329</u>
Revenues over (under) expenditures	<u>(13,887,531)</u>	<u>(8,105,847)</u>	<u>-</u>	<u>(4,332,509)</u>	<u>(12,428,551)</u>
Other financing sources (uses)					
Transfers in	14,137,531	11,918,307	-	-	11,918,307
Transfers out	(250,000)	4,058,343	-	-	4,058,343
Total other financing sources	<u>13,887,531</u>	<u>15,976,650</u>	<u>-</u>	<u>-</u>	<u>15,976,650</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 7,870,803</u>	<u>\$ -</u>	<u>\$ (4,332,509)</u>	<u>\$ 3,548,099</u>

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

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Crown Capital Project Fund
From Inception and for Year Ended June 30, 2019**

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ -	\$ 439	\$ -	\$ -	\$ 439
Total revenues	<u>-</u>	<u>439</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Economic & Physical Development	8,131,349	3,188,302	-	4,570,725	7,759,027
Total expenditures	<u>8,131,349</u>	<u>3,188,302</u>	<u>-</u>	<u>4,570,725</u>	<u>7,759,027</u>
Revenues over (under) expenditures	<u>\$ (8,131,349)</u>	<u>\$ (3,187,863)</u>	<u>\$ -</u>	<u>\$ (4,570,725)</u>	<u>\$ (7,758,588)</u>
Other financing sources (uses)					
Installment purchase revenue	6,604,004	4,384,958	-	-	4,384,958
Debt issuance costs	(40,000)	-	-	-	-
Transfers in	1,655,557	1,655,557	-	-	1,655,557
Transfers out	(88,212)	(88,212)	-	-	(88,212)
Total other financing sources (uses)	<u>8,131,349</u>	<u>5,952,303</u>	<u>-</u>	<u>-</u>	<u>5,952,303</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 2,764,440</u>	<u>\$ -</u>	<u>(4,570,725)</u>	<u>\$ (1,806,285)</u>
Fund balance - beginning				<u>2,764,440</u>	
Fund balance - ending				<u>\$ (1,806,285)</u>	

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Kelly Hills Water and Sewer District Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 86,806	\$ 76,409	\$ (10,397)	\$ 76,123
Total operating revenues	<u>86,806</u>	<u>76,409</u>	<u>(10,397)</u>	<u>76,123</u>
Non-operating revenues				
Interest earned on investments	-	2,954	2,954	3,886
Total non-operating revenues	<u>-</u>	<u>2,954</u>	<u>2,954</u>	<u>3,886</u>
Total revenues	<u>\$ 86,806</u>	<u>\$ 79,363</u>	<u>\$ (7,443)</u>	<u>\$ 80,009</u>
Operating expenditures				
Repairs and maintenance	\$ 74,208	\$ 37,557	\$ 36,651	\$ 64,488
Administrative	12,598	3,624	8,974	7,150
Total operating expenditures	<u>86,806</u>	<u>41,181</u>	<u>45,625</u>	<u>71,638</u>
Total expenditures	<u>\$ 86,806</u>	<u>\$ 41,181</u>	<u>\$ 45,625</u>	<u>\$ 71,638</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 79,363		
Total expenditures and other financing uses		<u>41,181</u>		
		38,182		
Depreciation		<u>66,429</u>		
Change in net position		<u>\$ (28,247)</u>		

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
NORCRESS Water and Sewer District Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 499,658	\$ 438,979	\$ (60,679)	\$ 440,558
Total operating revenues	<u>499,658</u>	<u>438,979</u>	<u>(60,679)</u>	<u>440,558</u>
Non-operating revenues and other financing sources				
Interest earned on investments	-	3,148	3,148	3,163
Miscellaneous	-	-	-	60
Grant revenue	-	-	-	29,613
Transfers in	-	-	-	41,291
Total non-operating revenues and other financing sources	<u>-</u>	<u>3,148</u>	<u>3,148</u>	<u>74,127</u>
Fund balance appropriated	129,500	-	(129,500)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 629,158</u>	<u>\$ 442,127</u>	<u>\$ (187,031)</u>	<u>\$ 514,685</u>
Operating expenditures				
Repairs and maintenance	\$ 135,859	\$ 205,511	\$ (69,652)	\$ 108,980
Utilities	310,487	233,938	76,549	270,849
Administrative costs	117,242	9,491	107,751	6,373
Total operating expenditures	<u>563,588</u>	<u>448,940</u>	<u>114,648</u>	<u>386,202</u>
Non-operating expenditures				
Interest expense	65,570	42,491	23,079	43,402
Total non-operating expenditures	<u>65,570</u>	<u>42,491</u>	<u>23,079</u>	<u>43,402</u>
Total expenditures	<u>\$ 629,158</u>	<u>\$ 491,431</u>	<u>\$ 137,727</u>	<u>\$ 429,604</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 442,127		
Total expenditures and other financing uses		<u>491,431</u>		
		(49,304)		
Depreciation		<u>228,228</u>		
Change in net position		<u>\$ (277,532)</u>		

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Southpoint Water and Sewer District Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Operating revenues				
Charges for services	\$ 34,110	\$ 38,343	\$ 4,233	\$ 33,395
Total operating revenues	<u>34,110</u>	<u>38,343</u>	<u>4,233</u>	<u>33,395</u>
Non-operating revenues				
Interest earned on investments	-	1,860	1,860	2,303
Total non-operating revenues	<u>-</u>	<u>1,860</u>	<u>1,860</u>	<u>2,303</u>
Total revenues	<u>\$ 34,110</u>	<u>\$ 40,203</u>	<u>\$ 6,093</u>	<u>\$ 35,698</u>
Operating expenditures				
Miscellaneous	\$ 2,880	\$ 2,214	\$ 666	\$ 1,981
Repairs and maintenance	19,857	4,995	14,862	4,662
Administrative costs	6,377	5,356	1,021	3,482
Total operating expenditures	<u>29,114</u>	<u>12,565</u>	<u>16,549</u>	<u>10,125</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	<u>\$ 34,110</u>	<u>\$ 12,565</u>	<u>\$ 21,545</u>	<u>\$ 10,125</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 40,203		
Total expenditures and other financing uses		<u>12,565</u>		
		27,638		
Depreciation		<u>11,794</u>		
Change in net position		<u>\$ 15,844</u>		

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Overhills Park Water and Sewer District Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Operating revenues				
Charges for services	\$ 124,361	\$ 111,608	\$ (12,753)	\$ -
Total operating revenues	<u>124,361</u>	<u>111,608</u>	<u>(12,753)</u>	<u>-</u>
Non-operating revenues				
Interest earned on investments	-	16	16	35
Miscellaneous	150	61	(89)	-
Total non-operating revenues	<u>150</u>	<u>77</u>	<u>(73)</u>	<u>35</u>
Total revenues	<u>\$ 124,511</u>	<u>\$ 111,685</u>	<u>\$ (12,826)</u>	<u>\$ 35</u>
Operating expenditures				
Utilities	\$ 74,827	\$ 35,397	\$ 39,430	\$ -
Administrative costs	5,780	4,369	1,411	529
Maintenance & Repairs	10,068	-	10,068	-
Total operating expenditures	<u>90,675</u>	<u>39,766</u>	<u>50,909</u>	<u>529</u>
Other expenditures				
Interest	28,552	28,551	1	28,598
Debt issuance costs	5,284	-	5,284	5,000
Total other expenditures	<u>33,836</u>	<u>28,551</u>	<u>5,285</u>	<u>33,598</u>
Total expenditures	<u>\$ 124,511</u>	<u>\$ 68,317</u>	<u>\$ 56,194</u>	<u>\$ 34,127</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 111,685		
Total expenditures and other financing uses		<u>68,317</u>		
		43,368		
Change in net position				
Overhills Park Water and Sewer District Fund		43,368		
Overhills Park Water and Sewer District Capital Project Fund		<u>238,170</u>		
Change in net position		<u>\$ 281,538</u>		

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

**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, 2020**

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ -	\$ 3,065	\$ -	\$ -	\$ 3,065
USDA Rural Development grant	3,099,000	2,805,380	-	293,620	3,099,000
Total revenues	<u>3,099,000</u>	<u>2,808,445</u>	<u>-</u>	<u>293,620</u>	<u>3,102,065</u>
Expenditures					
Economic & Physical Development	4,535,700	4,269,486	-	62,239	4,331,725
Total expenditures	<u>4,535,700</u>	<u>4,269,486</u>	<u>-</u>	<u>62,239</u>	<u>4,331,725</u>
Revenues over (under) expenditures	<u>(1,436,700)</u>	<u>(1,461,041)</u>	<u>-</u>	<u>231,381</u>	<u>(1,229,660)</u>
Other financing sources (uses)					
Issuance of debt	1,379,000	1,379,000	-	-	1,379,000
Debt issuance costs	(40,000)	(10,458)	-	-	(10,458)
Transfers in	146,500	99,500	-	-	99,500
Transfers out	(48,800)	47,000	-	-	47,000
Total other financing sources	<u>1,436,700</u>	<u>1,515,042</u>	<u>-</u>	<u>-</u>	<u>1,515,042</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 54,001</u>	<u>\$ -</u>	<u>231,381</u>	<u>\$ 285,382</u>
Fund balance - beginning				<u>54,001</u>	
Fund balance - ending				<u>\$ 285,382</u>	

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

**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, 2020**

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
USDA Rural Development grant	\$ 1,453,000	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>1,453,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Economic & Physical Development	1,988,000	109,690	-	48,235	157,925
Total expenditures	<u>1,988,000</u>	<u>109,690</u>	<u>-</u>	<u>48,235</u>	<u>157,925</u>
Revenues over (under) expenditures	<u>(535,000)</u>	<u>(109,690)</u>	<u>-</u>	<u>(48,235)</u>	<u>(157,925)</u>
Other financing sources (uses)					
Issuance of debt	497,000	-	-	-	-
Transfers in	50,000	50,000	-	-	50,000
Debt issuance costs	(12,000)	-	-	-	-
Total other financing sources	<u>535,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (59,690)</u>	<u>\$ -</u>	<u>(48,235)</u>	<u>\$ (107,925)</u>
Fund balance - beginning				<u>(59,690)</u>	
Fund balance - ending				<u>\$ (107,925)</u>	

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

INTERNAL SERVICE FUNDS



**Combining Statement of Net Position
Internal Service Funds
June 30, 2020**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total
Assets						
Current assets						
Other receivables, net	\$ 228,402	\$ 18	\$ 1,341	\$ 150	\$ 149	\$ 230,060
Inventories	154,576	-	-	-	-	154,576
Prepays	-	-	101,842	-	-	101,842
Total current assets	382,978	18	103,183	150	149	486,478
Noncurrent assets						
Restricted:						
Cash and cash equivalents	11,028,038	108,637	5,207,199	646,540	553,379	17,543,793
Total noncurrent assets	11,028,038	108,637	5,207,199	646,540	553,379	17,543,793
Total assets	11,411,016	108,655	5,310,382	646,690	553,528	18,030,271
Deferred outflows of resources						
Pension	65,375	-	26,238	-	-	91,613
OPEB	43,624	-	31,961	-	-	75,585
Total deferred outflows of resources	108,999	-	58,199	-	-	167,198
Liabilities and net position						
Current liabilities						
Accounts and vouchers payable	240,779	1,676	2,157	3,513	-	248,125
Accrued payroll	18,531	-	5,821	-	-	24,352
Incurred but not reported	1,450,928	-	3,622,800	-	-	5,073,728
Current portion of long-term debt and compensated absences	26,193	-	7,950	-	-	34,143
Total current liabilities	1,736,431	1,676	3,638,728	3,513	-	5,380,348
Noncurrent liabilities						
Compensated absences	1,379	-	418	-	-	1,797
Net pension liability	92,692	-	31,246	-	-	123,938
OPEB Liability	494,383	-	302,856	-	-	797,239
Total noncurrent liabilities	588,454	-	334,520	-	-	922,974
Total liabilities	2,324,885	1,676	3,973,248	3,513	-	6,303,322
Deferred inflows of resources						
Pension	23,205	-	27,601	-	-	50,806
OPEB	155,267	-	78,328	-	-	233,595
Total deferred inflows of resources	178,472	-	105,929	-	-	284,401
Net position						
Restricted net position - claims	11,028,038	108,637	5,207,199	646,540	553,379	17,543,793
Unrestricted	(2,011,380)	(1,658)	(3,917,795)	(3,363)	149	(5,934,047)
Total net position	\$ 9,016,658	\$ 106,979	\$ 1,289,404	\$ 643,177	\$ 553,528	\$ 11,609,746

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

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2020**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total
Operating revenues						
Contributions	\$ -	\$ 455,992	\$ 1,955,705	\$ -	\$ 1,000,000	\$ 3,411,697
Contributions - Group health insurance	23,471,552	-	-	-	-	23,471,552
Pharmacy services	2,554,693	-	-	-	-	2,554,693
Total operating revenues	<u>26,026,245</u>	<u>455,992</u>	<u>1,955,705</u>	<u>-</u>	<u>1,000,000</u>	<u>29,437,942</u>
Operating expenses						
Salaries and employee benefits	-	452,964	179,551	-	-	632,515
Administrative costs	-	-	2,974	100,827	900,207	1,004,008
Depreciation	-	-	-	-	-	-
Workers' compensation claims	-	-	1,650,698	-	-	1,650,698
Group health insurance	20,391,280	-	-	-	-	20,391,280
Employee pharmacy	3,089,242	-	-	-	-	3,089,242
Employee clinic	353,999	-	-	-	-	353,999
Employee wellness program	173,433	-	-	-	-	173,433
Total operating expenses	<u>24,007,954</u>	<u>452,964</u>	<u>1,833,223</u>	<u>100,827</u>	<u>900,207</u>	<u>27,295,175</u>
Operating income (loss)	<u>2,018,291</u>	<u>3,028</u>	<u>122,482</u>	<u>(100,827)</u>	<u>99,793</u>	<u>2,142,767</u>
Nonoperating revenue (expense)						
Interest earned on investments	124,435	114	71,687	8,220	4,937	209,393
Miscellaneous	81,009	(137)	-	-	-	80,872
Total nonoperating revenue (expense)	<u>205,444</u>	<u>(23)</u>	<u>71,687</u>	<u>8,220</u>	<u>4,937</u>	<u>290,265</u>
Income (loss) before transfers	<u>2,223,735</u>	<u>3,005</u>	<u>194,169</u>	<u>(92,607)</u>	<u>104,730</u>	<u>2,433,032</u>
Transfers in	-	-	-	100,000	-	100,000
Change in net position	<u>2,223,735</u>	<u>3,005</u>	<u>194,169</u>	<u>7,393</u>	<u>104,730</u>	<u>2,533,032</u>
Total net position - beginning	6,789,022	103,974	1,091,842	635,784	448,798	9,069,420
Restatement - OPEB	3,901	-	3,393	-	-	7,294
Total net position - beginning, restated	<u>6,792,923</u>	<u>103,974</u>	<u>1,095,235</u>	<u>635,784</u>	<u>448,798</u>	<u>9,076,714</u>
Total net position - ending	<u>\$ 9,016,658</u>	<u>\$ 106,979</u>	<u>\$ 1,289,404</u>	<u>\$ 643,177</u>	<u>\$ 553,528</u>	<u>\$ 11,609,746</u>

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

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2020**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total Internal Service Funds
Operating activities						
Contributions	\$ 23,471,552	\$ 455,992	\$ 1,958,360	\$ -	\$ 1,000,000	\$ 26,885,904
Cash paid to employees	32,338	(452,964)	12,043	-	-	(408,583)
Cash paid for goods and services	-	-	-	(97,938)	(900,207)	(998,145)
Cash received for goods and services	2,576,659	(254)	(45,234)	-	-	2,531,171
Cash paid for claims	(24,727,554)	-	(1,843,076)	-	(2,031)	(26,572,661)
Net cash from operating activities	<u>1,352,995</u>	<u>2,774</u>	<u>82,093</u>	<u>(97,938)</u>	<u>97,762</u>	<u>1,437,686</u>
Noncapital financing activities						
Transfers in	-	-	-	100,000	-	100,000
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investing activities						
Investment earnings	124,435	114	71,687	8,618	5,177	210,031
Net cash from investing activities	<u>124,435</u>	<u>114</u>	<u>71,687</u>	<u>8,618</u>	<u>5,177</u>	<u>210,031</u>
Net increase in cash and cash equivalents	<u>1,477,430</u>	<u>2,888</u>	<u>153,780</u>	<u>10,680</u>	<u>102,939</u>	<u>1,747,717</u>
Cash and cash equivalents						
Beginning of year	<u>9,550,608</u>	<u>105,749</u>	<u>5,053,419</u>	<u>635,860</u>	<u>450,440</u>	<u>15,796,076</u>
End of year	<u>\$ 11,028,038</u>	<u>\$ 108,637</u>	<u>\$ 5,207,199</u>	<u>\$ 646,540</u>	<u>\$ 553,379</u>	<u>\$ 17,543,793</u>

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

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2020**

	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 from operating activities						
Operating income (loss)	\$ 2,018,291	\$ 3,028	\$ 122,482	\$ (100,827)	\$ 99,793	\$ 2,142,767
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Changes in operating assets and liabilities						
Other receivables	83,148	35	2,655	-	-	85,838
Inventories	(21,559)	-	-	-	-	(21,559)
Prepays	-	-	(14,373)	-	-	(14,373)
Accounts payable and accrued liabilities	(707,685)	(289)	(12,827)	2,889	(2,031)	(719,943)
Compensated absences payable	3,009	-	(203)	-	-	2,806
Net pension liability	11,297	-	5,418	-	-	16,715
Deferred outflows of resources - pensions	1,210	-	4,073	-	-	5,283
Deferred inflows of resources - pensions	(1,189)	-	(570)	-	-	(1,759)
OPEB liability	51,541	-	37,761	-	-	89,302
Deferred outflows of resources - OPEB	(43,625)	-	(31,960)	-	-	(75,585)
Deferred inflows of resources - OPEB	(41,443)	-	(30,363)	-	-	(71,806)
Total adjustments	<u>(665,296)</u>	<u>(254)</u>	<u>(40,389)</u>	<u>2,889</u>	<u>(2,031)</u>	<u>(705,081)</u>
Net cash from operating activities	<u>\$ 1,352,995</u>	<u>\$ 2,774</u>	<u>\$ 82,093</u>	<u>\$ (97,938)</u>	<u>\$ 97,762</u>	<u>\$ 1,437,686</u>

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Group Insurance Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Operating revenues				
Contributions - Group health insurance	\$ 23,655,139	\$ 23,471,552	\$ (183,587)	\$ 23,281,126
Pharmacy services	2,901,880	2,554,693	(347,187)	3,305,966
Total operating revenues	<u>26,557,019</u>	<u>26,026,245</u>	<u>(530,774)</u>	<u>26,587,092</u>
Non-operating revenues				
Miscellaneous	-	6,009	6,009	20,939
Interest earned on investments	60,000	124,435	64,435	141,412
Litigation Settlement	-	75,000	75,000	-
Total non-operating revenues	<u>60,000</u>	<u>205,444</u>	<u>70,444</u>	<u>162,351</u>
Other financing sources				
Transfers in	-	-	-	-
Fund balance appropriated	1,000,000	-	(1,000,000)	-
Total revenues and other financing sources	<u>\$ 27,617,019</u>	<u>\$ 26,231,689</u>	<u>\$ (1,460,330)</u>	<u>\$ 26,749,443</u>
Operating expenditures				
Employee pharmacy	\$ 3,954,003	\$ 3,089,868	\$ 864,135	\$ 3,818,170
Employee clinic	382,976	353,999	28,977	349,412
Group health insurance	23,005,220	20,412,818	2,592,402	22,459,014
Employee wellness program	274,820	173,478	101,342	140,544
Total operating expenditures	<u>27,617,019</u>	<u>24,030,163</u>	<u>3,586,856</u>	<u>26,767,140</u>
Total expenditures	<u>\$ 27,617,019</u>	<u>\$ 24,030,163</u>	<u>\$ 3,586,856</u>	<u>\$ 26,767,140</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 26,231,689		
Total expenditures and other financing uses		<u>24,030,163</u>		
Subtotal		<u>2,201,526</u>		
Change in net pension liability		(11,297)		
Change in deferred outflows of resources - pensions		(1,210)		
Change in deferred inflows of resources - pensions		1,189		
Change in net OPEB liability		(51,541)		
Change in deferred outflows of resources - OPEB		43,625		
Change in deferred inflows of resources - OPEB		<u>41,443</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position		<u>\$ 2,223,735</u>		

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Employee Flexible Benefit Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Contributions	\$ 600,000	\$ 455,992	\$ (144,008)	\$ 511,334
Total operating revenues	<u>600,000</u>	<u>455,992</u>	<u>(144,008)</u>	<u>511,334</u>
Non-operating revenues				
Interest earned on investments	100	114	14	494
Total non-operating revenues	<u>100</u>	<u>114</u>	<u>14</u>	<u>494</u>
Total revenues	<u>\$ 600,100</u>	<u>\$ 456,106</u>	<u>\$ (143,994)</u>	<u>\$ 511,828</u>
Operating expenditures				
Salaries and employee benefits	\$ 600,000	\$ 452,964	\$ 147,036	\$ 509,271
Total operating expenditures	<u>600,000</u>	<u>452,964</u>	<u>147,036</u>	<u>509,271</u>
Non-operating expenditures				
Miscellaneous	100	137	37	2,020
Total non-operating expenditures	<u>100</u>	<u>137</u>	<u>37</u>	<u>2,020</u>
Total expenditures	<u>\$ 600,100</u>	<u>\$ 453,101</u>	<u>\$ 147,073</u>	<u>\$ 511,291</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 456,106		
Total expenditures and other financing uses		<u>453,101</u>		
Subtotal		<u>3,005</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position		<u>\$ 3,005</u>		

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Workers' Compensation Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020		Variance Positive (Negative)	2019
	Budget	Actual		
Operating revenues				
Contributions	\$ 1,924,215	\$ 1,955,705	\$ 31,490	\$ 1,948,703
Total operating revenues	<u>1,924,215</u>	<u>1,955,705</u>	<u>31,490</u>	<u>1,948,703</u>
Non-operating revenues				
Interest earned on investments	-	71,687	71,687	81,191
Total non-operating revenues	<u>-</u>	<u>71,687</u>	<u>71,687</u>	<u>81,191</u>
Fund balance appropriated	<u>904,846</u>	<u>-</u>	<u>(904,846)</u>	<u>-</u>
Total revenues	<u>\$ 2,829,061</u>	<u>\$ 2,027,392</u>	<u>\$ (801,669)</u>	<u>\$ 2,029,894</u>
Operating expenditures				
Administrative costs	\$ 12,341	\$ 2,974	\$ 9,367	\$ 11,150
Workers' compensation claims	2,558,634	1,650,698	907,936	1,177,176
Salaries and employee benefits	258,086	195,192	62,894	191,589
Total operating expenditures	<u>2,829,061</u>	<u>1,848,864</u>	<u>980,197</u>	<u>1,379,915</u>
Total expenditures	<u>\$ 2,829,061</u>	<u>\$ 1,848,864</u>	<u>\$ 980,197</u>	<u>\$ 1,379,915</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 2,027,392		
Total expenditures		<u>1,848,864</u>		
Subtotal		<u>178,528</u>		
Change in net pension liability		(5,418)		
Change in deferred outflows of resources - pensions		(4,073)		
Change in deferred inflows of resources - pensions		570		
Change in net OPEB liability		(37,761)		
Change in deferred outflows of resources - OPEB		31,960		
Change in deferred inflows of resources - OPEB		<u>30,363</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position		<u>\$ 194,169</u>		

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
General Litigation Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Non-operating revenues				
Interest earned on investments	\$ 4,200	\$ 8,220	\$ 4,020	\$ 10,357
Total non-operating revenues	<u>4,200</u>	<u>8,220</u>	<u>4,020</u>	<u>10,357</u>
Other financing sources				
Transfers in	100,000	100,000	-	100,000
Fund balance appropriated	20,000	-	(20,000)	-
Total other financing sources	<u>120,000</u>	<u>100,000</u>	<u>(20,000)</u>	<u>100,000</u>
Total revenues and other financing sources	<u>\$ 124,200</u>	<u>\$ 108,220</u>	<u>\$ (15,980)</u>	<u>\$ 110,357</u>
Operating expenditures				
Administrative costs	\$ 124,200	\$ 100,827	\$ 23,373	\$ 41,218
Total operating expenditures	<u>124,200</u>	<u>100,827</u>	<u>23,373</u>	<u>41,218</u>
Total expenditures	<u>\$ 124,200</u>	<u>\$ 100,827</u>	<u>\$ 23,373</u>	<u>\$ 41,218</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 108,220		
Total expenditures		<u>100,827</u>		
Subtotal		<u>7,393</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position		<u>\$ 7,393</u>		

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Vehicle Insurance Fund
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Contributions	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 905,865
Interest earned on investments	-	4,937	4,937	8,290
Total operating revenues	<u>\$ 1,000,000</u>	<u>\$ 1,004,937</u>	<u>\$ 4,937</u>	<u>\$ 914,155</u>
Operating expenditures				
Administrative costs	\$ 1,000,000	\$ 900,207	\$ 99,793	\$ 830,925
Total operating expenditures	<u>1,000,000</u>	<u>900,207</u>	<u>99,793</u>	<u>830,925</u>
Reconciliation of income before transfers				
Total revenues and other financing sources		\$ 1,004,937		
Total expenditures		<u>900,207</u>		
Subtotal		<u>104,730</u>		
Income (loss) per the Statement of Revenues, Expenses and Changes in Net Position		<u>\$ 104,730</u>		

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

AGENCY FUNDS



**Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2020**

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Vehicle Interest Fund	OPEB Trust Fund	Totals
Assets								
Taxes receivable	\$ 3,479,153	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,479,153
Due from other governments	825,809	-	-	-	-	-	-	825,809
Restricted cash and cash equivalents	142,436	535,587	134,144	237,191	23,686	-	1,000,851	2,073,895
Total assets	<u>\$ 4,447,398</u>	<u>\$ 535,587</u>	<u>\$ 134,144</u>	<u>\$ 237,191</u>	<u>\$ 23,686</u>	<u>\$ -</u>	<u>\$ 1,000,851</u>	<u>\$ 6,378,857</u>
Liabilities								
Accounts and vouchers payable	\$ 4,443,902	\$ 535,587	\$ 134,144	\$ 237,191	\$ 23,686	\$ -	\$ 1,000,851	\$ 6,375,361
Due to other governments	3,496	-	-	-	-	-	-	3,496
Total liabilities	<u>\$ 4,447,398</u>	<u>\$ 535,587</u>	<u>\$ 134,144</u>	<u>\$ 237,191</u>	<u>\$ 23,686</u>	<u>\$ -</u>	<u>\$ 1,000,851</u>	<u>\$ 6,378,857</u>

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

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2020

	July 1, 2019	Additions	Deductions	June 30, 2020
City Tax Fund				
Assets				
Taxes receivable	\$ 3,077,533	\$ 98,185,982	\$ 97,784,362	\$ 3,479,153
Due from other governments	853,012	824,653	851,856	825,809
Restricted cash and cash equivalents	159,083	109,189,736	109,206,383	142,436
Total assets	\$ 4,089,628	\$ 208,200,371	\$ 207,842,601	\$ 4,447,398
Liabilities				
Accounts and vouchers payable	\$ 4,085,301	\$ 208,127,539	\$ 207,768,938	\$ 4,443,902
Due to other governments	4,327	72,832	73,663	3,496
Total liabilities	\$ 4,089,628	\$ 208,200,371	\$ 207,842,601	\$ 4,447,398
Payee Account Fund				
Assets				
Restricted cash and cash equivalents	\$ 600,583	\$ 1,014,396	\$ 1,079,392	\$ 535,587
Total assets	\$ 600,583	\$ 1,014,396	\$ 1,079,392	\$ 535,587
Liabilities				
Accounts and vouchers payable	\$ 600,583	\$ 1,014,396	\$ 1,079,392	\$ 535,587
Total liabilities	\$ 600,583	\$ 1,014,396	\$ 1,079,392	\$ 535,587
Inmate Payee Fund				
Assets				
Restricted cash and cash equivalents	\$ 130,534	\$ 1,448,277	\$ 1,444,667	\$ 134,144
Total assets	\$ 130,534	\$ 1,448,277	\$ 1,444,667	\$ 134,144
Liabilities				
Accounts and vouchers payable	\$ 130,534	\$ 1,448,277	\$ 1,444,667	\$ 134,144
Total liabilities	\$ 130,534	\$ 1,448,277	\$ 1,444,667	\$ 134,144
Intergovernmental Custodial Fund				
Assets				
Restricted cash and cash equivalents	\$ 144,202	\$ 2,432,525	\$ 2,339,536	\$ 237,191
Total assets	\$ 144,202	\$ 2,432,525	\$ 2,339,536	\$ 237,191
Liabilities				
Accounts and vouchers payable	\$ 144,202	\$ 2,432,525	\$ 2,339,536	\$ 237,191
Total liabilities	\$ 144,202	\$ 2,432,525	\$ 2,339,536	\$ 237,191

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

**Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2020**

	July 1, 2019	Additions	Deductions	June 30, 2020
<u>Stormwater Utility Fund</u>				
Assets				
Taxes receivable	\$ 6,424	\$ 3,505	\$ 9,929	\$ -
Restricted cash and cash equivalents	25,685	2,676	4,675	23,686
Total assets	\$ 32,109	\$ 6,181	\$ 14,604	\$ 23,686
Liabilities				
Accounts and vouchers payable	\$ 32,109	\$ 6,181	\$ 14,604	\$ 23,686
Total liabilities	\$ 32,109	\$ 6,181	\$ 14,604	\$ 23,686
<u>Vehicle Interest Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ -	\$ 165	\$ 165	\$ -
Total assets	\$ -	\$ 165	\$ 165	\$ -
Liabilities				
Due to other governments	\$ -	\$ 165	\$ 165	\$ -
Total liabilities	\$ -	\$ 165	\$ 165	\$ -
<u>OPEB Trust Fund</u>				
Assets				
Restricted cash and cash equivalents	\$ -	\$ 1,000,851	\$ -	\$ 1,000,851
Total assets	\$ -	\$ 1,000,851	\$ -	\$ 1,000,851
Liabilities				
Accounts and vouchers payable	\$ -	\$ 1,000,851	\$ -	\$ 1,000,851
Total liabilities	\$ -	\$ 1,000,851	\$ -	\$ 1,000,851
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Taxes receivable	\$ 3,083,957	\$ 98,189,487	\$ 97,794,291	\$ 3,479,153
Due from other governments	853,012	824,653	851,856	825,809
Restricted cash and cash equivalents	1,060,087	115,088,626	114,074,818	2,073,895
Total assets	\$ 4,997,056	\$ 214,102,766	\$ 212,720,965	\$ 6,378,857
Liabilities				
Accounts and vouchers payable	\$ 4,992,729	\$ 214,029,769	\$ 212,647,137	\$ 6,375,361
Due to other governments	4,327	72,997	73,828	3,496
Total liabilities	\$ 4,997,056	\$ 214,102,766	\$ 212,720,965	\$ 6,378,857

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

Combining Statement of Fiduciary Assets and Liabilities
Agency Fund - City Tax Fund
June 30, 2020

	Fayetteville Tax Fund	Downtown Revitalization Tax Fund	Falcon Tax Fund	Godwin Tax Fund	Hope Mills Tax Fund	Linden Tax Fund	Spring Lake Tax Fund	Stedman Tax Fund	Wade Tax Fund	Eastover Tax Fund	Totals
Assets											
Taxes receivable	\$ 3,000,835	\$ 4,748	\$ 1,083	\$ 1,078	\$ 174,284	\$ 1,269	\$ 261,375	\$ 8,600	\$ 4,558	\$ 21,323	\$ 3,479,153
Due from other governments	724,020	725	326	268	56,393	436	30,478	4,802	1,227	7,134	825,809
Restricted cash and cash equivalents	99,020	-	-	103	926	725	36,266	1,159	1,771	2,466	142,436
Total assets	<u>\$ 3,823,875</u>	<u>\$ 5,473</u>	<u>\$ 1,409</u>	<u>\$ 1,449</u>	<u>\$ 231,603</u>	<u>\$ 2,430</u>	<u>\$ 328,119</u>	<u>\$ 14,561</u>	<u>\$ 7,556</u>	<u>\$ 30,923</u>	<u>\$ 4,447,398</u>
Liabilities											
Accounts and vouchers payable	\$ 3,823,280	\$ 2,649	\$ 1,392	\$ 1,449	\$ 231,554	\$ 2,430	\$ 328,119	\$ 14,557	\$ 7,555	\$ 30,917	\$ 4,443,902
Due to other governments	595	2,824	17	-	49	-	-	4	1	6	3,496
Total liabilities	<u>\$ 3,823,875</u>	<u>\$ 5,473</u>	<u>\$ 1,409</u>	<u>\$ 1,449</u>	<u>\$ 231,603</u>	<u>\$ 2,430</u>	<u>\$ 328,119</u>	<u>\$ 14,561</u>	<u>\$ 7,556</u>	<u>\$ 30,923</u>	<u>\$ 4,447,398</u>

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

DISCRETE COMPONENT UNITS



EASTOVER SANITARY DISTRICT



**Discretely Presented Component Unit
Eastover Sanitary District
Statement of Net Position
June 30, 2020**

Assets	
Current assets	
Cash and cash equivalents	\$ 2,559,634
Accounts receivable, net	206,061
Other receivables, net	730
Total current assets	2,766,425
Noncurrent assets	
Restricted:	
Cash and cash equivalents	285,363
Capital assets, net of accumulated depreciation	17,880,943
Total noncurrent assets	18,166,306
Total assets	20,932,731
Liabilities and net position	
Current liabilities	
Accounts and vouchers payable	124,580
Accrued payroll	4,679
Accrued interest payable	34,608
Other payables	14,017
Current portion of long-term debt	309,689
Total current liabilities	487,573
Noncurrent liabilities	
Long-term debt	10,098,864
Accrued Vacation Payable	10,444
Total noncurrent liabilities	10,109,308
Total liabilities	10,596,881
Net position	
Net investment in capital assets	7,472,390
Restricted net position - debt service	285,363
Restricted net position - capital	362,000
Restricted net position - facility investment fee	123,649
Unrestricted	2,092,448
Total net position	\$ 10,335,850

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

**Discretely Presented Component Unit
Eastover Sanitary District
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020**

Operating revenues	
Charges for services	\$ 2,327,786
Total operating revenues	<u>2,327,786</u>
Operating expenses	
Salaries and employee benefits	190,499
Repairs and maintenance	29,096
Utilities	18,129
Administrative costs	246,275
Bulk water purchases	334,726
Sewer treatment	114,642
Contracted services	311,153
Miscellaneous	4,104
Depreciation	608,671
Total operating expenses	<u>1,857,295</u>
Operating income (loss)	<u>470,491</u>
Nonoperating revenue (expense)	
Interest earned on investments	33,125
Interest expense	(442,678)
Total nonoperating revenue (expense)	<u>(409,553)</u>
Change in net position	60,938
Total net position - beginning	<u>10,274,912</u>
Total net position - ending	<u><u>\$ 10,335,850</u></u>

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

**Discretely Presented Component Unit
Eastover Sanitary District
Statement of Cash Flows
Year Ended June 30, 2020**

Operating activities	
Cash received from customers	\$ 2,326,758
Cash paid to employees	(191,547)
Cash paid for goods and services	(1,030,873)
Net cash from operating activities	<u>1,104,338</u>
Net cash from noncapital financing activities	<u>-</u>
Capital and related financing activities	
Acquisition and construction of capital assets	(74,058)
Principal paid on long-term debt	(287,059)
Interest paid on debt	(443,573)
Other miscellaneous transactions	-
Net cash from by capital and related financing activities	<u>(804,690)</u>
Investing activities	
Investment earnings	34,358
Net cash from in investing activities	<u>34,358</u>
Net increase in cash and cash equivalents	<u>334,006</u>
Cash and cash equivalents	
Beginning of year	<u>2,510,991</u>
End of year	<u>\$ 2,844,997</u>
Reconciliation of operating income (loss) to net cash from operating activities	
Operating income	\$ 470,491
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	608,671
Changes in operating assets and liabilities	
Accounts receivable	(1,028)
Accounts payable and accrued liabilities	19,491
Compensated absences payable	6,713
Total adjustments	<u>633,847</u>
Net cash from operating activities	<u>\$ 1,104,338</u>
Reconciliation to cash and cash equivalents	
Cash and cash equivalents - unrestricted	\$ 2,559,634
Cash and cash equivalents - restricted	285,363
	<u>\$ 2,844,997</u>

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Eastover Sanitary District
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	
Operating revenues				
Charges for services	\$ 2,132,925	\$ 2,327,786	\$ 194,861	\$ 2,230,321
Total operating revenues	<u>2,132,925</u>	<u>2,327,786</u>	<u>194,861</u>	<u>2,230,321</u>
Nonoperating revenues and other financing sources				
Interest earned on investments	20,000	33,125	13,125	43,618
Miscellaneous	1,000	-	(1,000)	6,163
Transfers in	1,182,161	887,139	(295,022)	1,006,819
Capital contributions	-	-	-	476,570
Total nonoperating revenues and other	<u>1,203,161</u>	<u>920,264</u>	<u>(282,897)</u>	<u>1,533,170</u>
Fund balance appropriated	98,000	-	(98,000)	-
Total revenues, other financing sources and fund balance appropriations	<u>\$ 3,434,086</u>	<u>\$ 3,248,050</u>	<u>\$ (186,036)</u>	<u>\$ 3,763,491</u>
Operating expenditures				
Salaries and employee benefits	\$ 202,210	\$ 190,499	\$ 11,711	\$ 184,018
Repairs and maintenance	153,500	29,096	124,404	11,077
Utilities	17,500	18,129	(629)	16,806
Administrative costs	325,610	246,275	79,335	157,562
Bulk water purchases	351,117	334,726	16,391	305,107
Sewer treatment	111,176	114,642	(3,466)	101,315
Contracted services	315,493	311,153	4,340	293,292
Miscellaneous	4,000	4,104	(104)	-
Total operating expenditures	<u>1,480,606</u>	<u>1,248,624</u>	<u>231,982</u>	<u>1,069,177</u>
Nonoperating expenditures				
Debt service	762,341	442,678	319,663	454,199
Contingency	83,778	-	83,778	-
Total nonoperating expenditures	<u>846,119</u>	<u>442,678</u>	<u>403,441</u>	<u>454,199</u>
Other expenditures and financing uses				
Capital outlay	220,220	74,058	146,162	476,570
Transfers out	887,141	887,139	2	1,006,819
Total other expenditures and financing uses	<u>1,107,361</u>	<u>961,197</u>	<u>146,164</u>	<u>1,483,389</u>
Total expenditures and other financing uses	<u>\$ 3,434,086</u>	<u>\$ 2,652,499</u>	<u>\$ 781,587</u>	<u>\$ 3,006,765</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues and other financing sources		\$ 3,248,050		
Total expenditures and other financing uses		<u>2,652,499</u>		
		595,551		
Capital outlay		74,058		
Depreciation		<u>(608,671)</u>		
Income per Statement of Revenues, Expenses, and Changes in Net Position		<u>\$ 60,938</u>		

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

Schedule of Revenues and Expenditures
Budget and Actual - Eastover Sanitary District Capital Project Fund
From Inception and for Year Ended June 30, 2020

	<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					
Water and sewer	50,000	32,074	-	-	32,074
Buildings	135,220	19,966	-	74,058	94,024
Total expenditures	<u>185,220</u>	<u>52,040</u>	<u>-</u>	<u>74,058</u>	<u>126,098</u>
Revenues over (under) expenditures	<u>(185,220)</u>	<u>(52,040)</u>	<u>-</u>	<u>(74,058)</u>	<u>(126,098)</u>
Other financing sources (uses)					
Transfers in	310,020	295,019	-	15,000	310,019
Transfers out	(109,800)	-	-	(109,799)	(109,799)
Debt issuance costs	(15,000)	-	-	-	-
Total other financing sources	<u>185,220</u>	<u>295,019</u>	<u>-</u>	<u>(94,799)</u>	<u>200,220</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 242,979</u>	<u>\$ -</u>	<u>\$ (168,857)</u>	<u>\$ 74,122</u>

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

TOURISM DEVELOPMENT AUTHORITY



Discretely Presented Component Unit
Tourism Development Authority
Statement of Net Position
June 30, 2020

Assets

Current assets

Cash and cash equivalents

\$ 1,510,045

Other receivables, net

347

Total current assets

1,510,392

Total assets

1,510,392

Liabilities and net position

Current liabilities

Accounts and vouchers payable

462,737

Total liabilities

462,737

Net position

Unrestricted

1,047,655

Total net position

\$ 1,047,655

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

Discretely Presented Component Unit
Tourism Development Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020

Operating revenues	
Occupancy taxes	\$ 6,008,057
Operating expenses	
Cultural and recreational	<u>5,922,599</u>
Operating income (loss)	<u>85,458</u>
Nonoperating revenue (expense)	
Interest earned on investments	<u>20,296</u>
Income (loss) before transfers and contributions	<u>105,754</u>
Change in net position	105,754
Total net position - beginning	941,901
Total net position - ending	<u>\$ 1,047,655</u>

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

**Discretely Presented Component Unit
Tourism Development Authority
Statement of Cash Flows
Year Ended June 30, 2020**

Operating activities	
Cash received from operations	\$ 6,008,057
Cash paid for goods and services	<u>(6,251,426)</u>
Net cash from operating activities	<u>(243,369)</u>
Net cash from capital and related financing activities	<u>-</u>
Net cash from in investing activities	<u>21,099</u>
Net increase in cash and cash equivalents	<u>(222,270)</u>
Cash and cash equivalents	
Beginning of year	<u>1,732,315</u>
End of year	<u><u>\$ 1,510,045</u></u>
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ 85,458
Changes in operating assets and liabilities	
Accounts payable and accrued liabilities	<u>(328,827)</u>
Total adjustments	<u>(328,827)</u>
Net cash from operating activities	<u><u>\$ (243,369)</u></u>

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

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Tourism Development Authority
Year Ended June 30, 2020
(With Comparative Totals for June 30, 2019)

	<u>2020</u>		Variance Positive (Negative)	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>		
Operating revenues				
Charges for services	\$ 6,571,210	\$ 6,008,057	\$ (563,153)	\$ 7,245,361
Total operating revenues	<u>6,571,210</u>	<u>6,008,057</u>	<u>(563,153)</u>	<u>7,245,361</u>
Non-operating revenues				
Interest earned on investments	-	20,296	20,296	21,965
Total non-operating revenues	<u>-</u>	<u>20,296</u>	<u>20,296</u>	<u>21,965</u>
Total revenues	<u>\$ 6,571,210</u>	<u>\$ 6,028,353</u>	<u>\$ (542,857)</u>	<u>\$ 7,267,326</u>
Operating expenditures				
Cultural and recreational	\$ 6,571,210	\$ 5,922,599	\$ 648,611	\$ 7,187,479
Total operating expenditures	<u>\$ 6,571,210</u>	<u>\$ 5,922,599</u>	<u>\$ 648,611</u>	<u>\$ 7,187,479</u>
Reconciliation of modified accrual basis to full accrual basis				
Total revenues		\$ 6,028,353		
Total expenditures		<u>5,922,599</u>		
		<u>105,754</u>		
Income (loss) before transfers and contributions per Statement of Revenues, Expenses, and Changes in Net Position		<u>\$ 105,754</u>		

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

SUPPLEMENTAL FINANCIAL DATA



**Schedule of Current Tax Levy
Year Ended June 30, 2020**

	County-Wide			Total Levy		
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
Original levy						
County-wide	\$ 23,595,703,863	0.00799	\$ 188,529,674			
Late listing penalties		0.10000	97,420	\$ 188,627,094	\$ 168,274,191	\$ 20,352,903
Discoveries						
County-wide	127,842,051	0.00799	1,021,458			
Late listing penalties		0.10000	232,353	1,253,811	1,241,803	12,008
Abatements						
County wide	(56,929,105)	0.00799	(454,864)			
Late listing penalties		0.10000	(104,068)	(558,932)	(552,039)	(6,893)
	<u>\$ 23,666,616,809</u>					
Adjusted tax levy				189,321,973	168,965,816	20,356,157
Uncollected taxes at June 30, 2019				(2,133,568)	(2,018,201)	(115,367)
Current year's taxes collected				<u>\$ 187,188,405</u>	<u>\$ 166,947,615</u>	<u>\$ 20,240,790</u>
Percent of current year's taxes collected				<u>98.87%</u>	<u>98.81%</u>	<u>99.43%</u>

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

**Schedule of Ad Valorem Taxes Receivable
June 30, 2020**

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 189,321,973	\$ 187,188,405	\$ 2,133,568
Prior years	5,565,360		954,606	4,610,754
	<u>\$ 5,565,360</u>	<u>\$ 189,321,973</u>	<u>\$ 188,143,011</u>	6,744,322
Less allowance for uncollectible ad valorem taxes receivable				<u>(4,376,877)</u>
				<u>\$ 2,367,445</u>

RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES

Collections and credits per above	\$ 188,143,011
Interest	501,296
Processing fees	82,693
Rental Car/Equipment Taxes	836,654
Releases from prior years	<u>(57,228)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 189,506,426</u>

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

**Emergency Telephone System Unspent Balance
PSAP Reconciliation
June 30, 2020**

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	\$ 341,264
Market adjustment on investments after PSAP report submitted	-
Ineligible 911 expenditures - prior years	-
	<hr/>
Beginning Balance, PSAP Revenue-Expenditure Report	2,319,207
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 2,660,471</u>

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

STATISTICAL SECTION



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.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 145,718,565	\$ 144,858,779	\$ 152,206,505	\$ 159,441,226	\$ 160,482,008	\$ 161,376,329	\$ 163,004,686	\$ 161,369,905	\$ 167,529,351	\$ 135,788,691
Restricted	91,003,476	54,474,736	51,350,047	55,508,183	51,285,265	54,946,069	66,301,394	75,001,538	74,320,510	79,080,417
Unrestricted	(136,915,906)	(102,125,872)	(107,618,490)	(120,546,496)	(119,598,444)	(112,796,933)	(119,952,268)	(282,762,923)	(249,889,610)	(178,635,656)
Prior period adjustment	-	(1,464,823)	-	-	-	-	-	-	-	-
Total governmental activities net position	\$ 99,806,135	\$ 95,742,820	\$ 95,938,062	\$ 94,402,913	\$ 92,168,829	\$ 103,525,465	\$ 109,353,812	\$ (46,391,480)	\$ (8,039,749)	\$ 36,233,452
Business-type activities										
Net investment in capital assets	\$ 36,170,451	\$ 32,823,195	\$ 32,095,383	\$ 31,819,848	\$ 31,557,533	\$ 33,490,377	\$ 37,152,240	\$ 46,331,906	\$ 50,999,184	\$ 58,831,891
Restricted	8,927,040	11,838,655	11,525,551	19,988,485	14,589,748	-	10,374,109	3,759,889	10,011,668	3,546,422
Unrestricted	26,268,296	25,781,447	25,993,379	18,426,927	24,812,220	39,387,855	30,809,678	27,028,957	22,360,900	27,477,141
Prior period adjustment	-	(254,826)	-	-	-	-	-	-	-	-
Total business-type activities net position	\$ 71,365,787	\$ 70,188,471	\$ 69,614,313	\$ 70,235,260	\$ 70,959,501	\$ 72,878,232	\$ 78,336,027	\$ 77,120,752	\$ 83,371,752	\$ 89,855,454
Primary government										
Net investment in capital assets	\$ 181,889,016	\$ 177,681,974	\$ 184,301,888	\$ 191,261,074	\$ 192,039,541	\$ 194,866,706	\$ 200,156,926	\$ 207,701,811	\$ 218,528,535	\$ 194,620,582
Restricted	99,930,516	66,313,391	62,875,598	75,496,668	65,875,013	54,946,069	76,675,503	78,761,427	84,332,178	82,626,839
Unrestricted	(110,647,610)	(76,344,425)	(81,625,111)	(102,119,569)	(94,786,224)	(73,409,078)	(89,142,590)	(255,733,966)	(227,528,710)	(151,158,515)
Prior period adjustment	-	(1,719,649)	-	-	-	-	-	-	-	-
Total primary government net position	\$ 171,171,922	\$ 165,931,291	\$ 165,552,375	\$ 164,638,173	\$ 163,128,330	\$ 176,403,697	\$ 187,689,839	\$ 30,729,272	\$ 75,332,003	\$ 126,088,906

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

(continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
General government	\$ 26,113,873	\$ 26,438,229	\$ 26,044,059	\$ 28,905,546	\$ 26,795,436	\$ 29,528,752	\$ 30,128,456	\$ 29,507,515	\$ 28,782,804	\$ 29,475,147
Public safety	57,268,195	59,658,090	61,955,844	66,897,589	65,033,036	68,675,832	70,034,152	68,374,946	63,788,508	65,079,734
Economic & physical development	16,199,629	13,147,908	12,806,612	12,557,762	11,911,261	13,667,168	13,008,901	13,777,811	13,495,875	17,062,941
Human services	115,603,566	117,628,689	110,237,271	105,177,910	101,196,588	107,291,125	110,361,150	95,495,386	87,063,672	89,720,840
Cultural & recreational	16,019,975	16,416,067	17,031,729	17,973,551	16,715,175	17,100,127	17,527,672	15,818,615	13,850,878	14,666,048
Education	93,248,232	92,463,573	96,686,785	94,841,212	99,040,656	97,089,412	97,230,388	104,859,935	108,512,631	107,300,602
Interest on long-term debt	8,080,259	7,322,300	6,746,530	6,049,811	5,259,142	4,684,877	4,010,962	2,380,138	2,872,177	1,485,783
Total governmental activities expenses	<u>\$ 332,533,729</u>	<u>\$ 333,074,856</u>	<u>\$ 331,508,830</u>	<u>\$ 332,403,381</u>	<u>\$ 325,951,294</u>	<u>\$ 338,037,293</u>	<u>\$ 342,301,681</u>	<u>\$ 330,214,346</u>	<u>\$ 318,366,545</u>	<u>\$ 324,791,095</u>
Business type activities										
Solid Waste	\$ 10,631,856	\$ 10,362,349	\$ 9,717,623	\$ 7,274,208	\$ 8,367,442	\$ 9,382,539	\$ 10,189,981	\$ 11,055,063	\$ 9,833,056	\$ 9,389,797
Crown Center	9,348,450	9,227,595	9,134,040	9,004,249	7,829,562	7,436,596	7,745,790	8,081,185	8,105,009	7,886,548
Kelly Hills Water and Sewer District	66,855	72,569	75,337	68,661	67,709	139,826	118,113	108,803	138,070	107,610
NORCRESS Water and Sewer District	560,100	667,009	517,050	576,691	572,121	872,557	803,787	601,087	657,832	719,659
Southpoint Water District	-	-	3,529	24,674	30,673	26,564	25,936	21,418	21,918	24,359
Overhills Park Water and Sewer District	-	-	-	-	-	-	29,118	7,490	34,127	123,767
Total business-type activities	<u>\$ 20,607,261</u>	<u>\$ 20,329,522</u>	<u>\$ 19,447,579</u>	<u>\$ 16,948,483</u>	<u>\$ 16,867,507</u>	<u>\$ 17,858,082</u>	<u>\$ 18,912,725</u>	<u>\$ 19,875,046</u>	<u>\$ 18,790,012</u>	<u>\$ 18,251,740</u>
Total primary government expenses	<u>\$ 353,140,990</u>	<u>\$ 353,404,378</u>	<u>\$ 350,956,409</u>	<u>\$ 349,351,864</u>	<u>\$ 342,818,801</u>	<u>\$ 355,895,375</u>	<u>\$ 361,214,406</u>	<u>\$ 350,089,392</u>	<u>\$ 337,156,557</u>	<u>\$ 343,042,835</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 2,832,221	\$ 3,099,848	\$ 2,773,636	\$ 2,302,492	\$ 2,264,053	\$ 2,277,018	\$ 2,410,131	\$ 2,333,837	\$ 2,314,448	\$ 3,707,411
Public safety	3,310,454	3,847,775	4,190,473	3,588,254	4,176,589	3,571,955	3,824,951	4,077,437	4,058,644	4,497,179
Economic & physical development	1,660,379	1,509,164	1,440,607	1,387,921	1,330,020	1,394,180	1,354,788	1,177,033	1,063,423	1,105,500
Human services	10,466,993	11,018,446	8,358,643	4,858,269	5,092,117	6,144,958	6,093,677	6,056,500	6,717,407	6,249,717
Cultural & recreational	347,121	325,891	290,288	227,669	196,460	206,028	181,280	152,129	150,207	102,259
Operating grants and contributions										
General government	1,362,164	1,343,499	1,273,932	1,210,508	1,210,223	1,290,179	2,207,743	1,407,281	563,329	1,346,132
Public safety	1,251,625	924,305	572,249	553,242	646,878	948,585	611,451	491,006	572,859	544,689
Economic & physical development	7,901,581	4,401,963	5,031,215	4,570,441	5,209,718	7,193,042	6,680,711	7,472,115	8,033,758	8,939,622
Human services	67,653,598	62,937,668	59,693,157	53,687,957	57,238,248	59,695,265	61,630,079	49,480,015	45,259,798	45,492,853
Cultural & recreational	859,040	739,037	690,144	940,764	629,495	644,904	690,437	747,975	1,060,053	509,598
Capital grants and contributions										
General government	7,566,686	4,230,817	5,397,336	3,863,323	3,802,117	3,724,973	3,674,258	3,592,098	3,485,206	3,416,888
Public safety	228,701	293,661	467,535	774,769	56,472	171,196	301,935	166,330	142,953	133,823
Economic & physical development	1,153,621	929,630	935,972	1,165,423	917,914	1,180,957	957,955	677,334	797,204	794,154
Human services	-	-	-	-	-	-	-	-	-	-
Cultural & recreational	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Total governmental activities programs revenues	<u>\$ 106,594,184</u>	<u>\$ 95,601,704</u>	<u>\$ 91,115,187</u>	<u>\$ 79,131,032</u>	<u>\$ 82,770,304</u>	<u>\$ 88,443,240</u>	<u>\$ 90,619,396</u>	<u>\$ 77,831,090</u>	<u>\$ 74,219,289</u>	<u>\$ 76,839,825</u>

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

(concluded)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services										
Solid Waste	\$ 3,725,540	\$ 3,523,978	\$ 2,897,533	\$ 2,884,517	\$ 3,407,640	\$ 3,948,096	\$ 4,626,879	\$ 4,232,104	\$ 4,773,520	\$ 4,310,031
Crown Center	2,515,822	2,466,218	2,392,763	2,035,391	1,785,734	1,834,124	1,853,954	1,892,840	1,960,708	1,505,646
Kelly Hills Water and Sewer District	1,951	2,082	6,097	5,641	2,856	93,318	77,952	79,303	76,126	76,409
NORCRESS Water and Sewer district	370,612	391,357	385,599	392,137	423,601	397,195	350,328	347,257	440,558	438,979
Southpoint Water District	-	-	4,700	32,009	31,371	41,013	35,754	36,491	33,395	38,343
Overhills Park Water and Sewer District	-	-	-	-	-	-	-	-	-	111,608
Operating grants and contributions										
Solid Waste	591,983	456,766	729,269	589,023	621,463	493,139	3,384,721	734,831	520,453	2,627,021
Crown Center	-	-	-	-	-	-	159,663	42,971	372,460	17,840
NORCRESS Water and Sewer District	-	-	-	-	-	-	-	-	29,613	-
Overhills Water and Sewer District	-	-	-	-	-	-	-	-	-	293,620
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	\$ 7,205,908	\$ 6,840,401	\$ 6,777,200	\$ 5,978,771	\$ 6,272,665	\$ 6,806,885	\$ 11,869,673	\$ 8,790,755	\$ 8,206,833	\$ 9,419,497
Total primary government program revenues	\$ 113,800,092	\$ 102,442,105	\$ 97,892,387	\$ 85,109,803	\$ 89,042,969	\$ 95,250,125	\$ 102,489,069	\$ 86,621,845	\$ 82,426,122	\$ 86,259,322
Net (expense)/revenue										
Governmental activities	\$ (225,939,545)	\$ (237,473,152)	\$ (240,393,643)	\$ (253,272,349)	\$ (243,180,990)	\$ (249,594,053)	\$ (251,682,285)	\$ (252,383,256)	\$ (244,147,256)	\$ (247,951,270)
Business-type activities	(13,401,353)	(13,489,121)	(12,670,379)	(10,969,712)	(10,594,842)	(11,051,197)	(7,043,052)	(11,084,291)	(10,583,179)	(8,832,243)
Total primary government net expense	\$ (239,340,898)	\$ (250,962,273)	\$ (253,064,022)	\$ (264,242,061)	\$ (253,775,832)	\$ (260,645,250)	\$ (258,725,337)	\$ (263,467,547)	\$ (254,730,435)	\$ (256,783,513)
General Revenues and Other Changes in Net Position										
Governmental activities										
Ad valorem taxes	\$ 167,672,376	\$ 171,683,119	\$ 176,659,705	\$ 184,443,830	\$ 182,564,817	\$ 185,971,389	\$ 189,961,506	\$ 197,423,713	\$ 200,555,934	\$ 204,041,081
Other taxes	50,238,808	53,075,353	54,126,583	54,497,219	57,502,019	59,433,120	60,818,546	61,690,570	66,290,088	68,578,100
Unrestricted grants and contributions	10,313,488	10,614,999	10,434,412	11,708,537	11,250,145	12,746,032	12,493,334	13,609,843	14,109,993	15,436,689
Investment earnings	307,459	212,121	204,969	187,033	188,401	350,879	499,798	1,283,268	4,076,490	3,096,412
Gain(Loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	73,663
Miscellaneous	5,772,310	5,587,620	4,874,901	6,141,380	5,606,531	6,033,427	7,109,669	6,533,566	5,662,980	6,107,602
Transfers	(8,061,835)	(6,298,552)	(5,711,685)	(5,141,299)	(5,441,959)	(5,680,022)	(5,552,333)	(5,784,863)	(8,196,498)	(7,362,068)
Total governmental activities	\$ 226,242,606	\$ 234,874,660	\$ 240,588,885	\$ 251,836,700	\$ 251,669,954	\$ 258,854,825	\$ 265,330,520	\$ 274,756,097	\$ 282,498,987	\$ 289,971,479
Business-type activities:										
Other taxes	\$ 6,051,624	\$ 6,097,110	\$ 6,181,215	\$ 6,189,859	\$ 6,349,741	\$ 6,328,374	\$ 6,505,637	\$ 7,338,720	\$ 7,629,789	\$ 7,349,240
Investment earnings	193,799	73,141	123,773	123,409	123,897	263,733	218,310	490,373	924,118	663,282
Gain(Loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	(218,453)
Miscellaneous	153,030	97,828	79,548	36,592	-	697,799	224,567	98,551	83,774	92,526
Transfers	8,061,835	6,298,552	5,711,685	5,141,299	5,441,959	5,680,022	5,552,333	5,784,863	8,196,498	7,362,068
Total business-type activities	\$ 14,460,288	\$ 12,566,631	\$ 12,096,221	\$ 11,491,159	\$ 11,915,597	\$ 12,969,928	\$ 12,500,847	\$ 13,712,507	\$ 16,834,179	\$ 15,248,663
Total primary government	\$ 240,702,894	\$ 247,441,291	\$ 252,685,106	\$ 263,327,859	\$ 263,585,551	\$ 271,824,753	\$ 277,831,367	\$ 288,468,604	\$ 299,333,166	\$ 305,220,142
Change in Net Position										
Governmental activities	\$ 303,061	\$ (2,598,492)	\$ 195,242	\$ (1,435,649)	\$ 8,488,964	\$ 9,260,772	\$ 13,648,235	\$ 22,372,841	\$ 38,351,731	\$ 42,020,209
Business-type activities	1,058,935	(922,490)	(574,158)	521,447	1,320,755	1,918,731	5,457,795	2,628,216	6,251,000	6,416,420
Total primary government	\$ 1,361,996	\$ (3,520,982)	\$ (378,916)	\$ (914,202)	\$ 9,809,719	\$ 11,179,503	\$ 19,106,030	\$ 25,001,057	\$ 44,602,731	\$ 48,436,629

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

(continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable:										
Inventories	\$ 179,164	\$ 144,603	\$ 139,885	\$ 161,583	\$ 172,503	\$ 191,535	\$ 174,458	\$ 155,968	\$ 174,407	\$ 151,916
Prepays	-	-	-	2,387,765	2,381,625	210	11,628	5,400	210	1,472
Restricted:										
Mental Health programs	14,331,047	-	-	-	-	-	-	-	-	-
Stabilization by state statute	30,902,011	28,676,134	29,317,680	34,692,443	30,590,474	27,929,111	29,406,164	32,308,498	33,205,082	33,873,984
Register of Deeds	498,743	623,297	820,471	714,243	754,325	867,507	901,098	1,022,258	1,059,148	925,163
Public health	-	-	-	-	-	-	-	3,952,885	3,766,799	4,728,362
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	7,001,882	5,533,695
Committed:										
Tax revaluation	416,927	443,426	494,773	631,503	758,093	602,906	1,167,295	1,877,327	1,979,245	2,158,423
Capital investment fund	-	-	-	-	-	-	-	8,090,585	20,940,072	36,073,289
LEOSSA pension obligation	-	-	-	-	-	2,215,961	2,290,100	1,756,915	1,756,982	-
Hope VI project	-	-	-	-	-	-	-	-	-	-
Assigned										
Subsequent year's expenditures	12,245,321	6,289,246	13,214,992	18,376,960	14,523,875	16,337,899	8,889,652	7,447,195	8,667,646	8,663,701
Finance & tax office software	1,175,000	1,175,000	7,175,000	4,000,000	4,500,000	4,500,000	4,406,300	4,406,300	1,700,000	-
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	2,000,000	2,000,000
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	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	-	-	-	-	-	-	-	-	-	-
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	28,994,728	31,043,762	31,763,738	32,584,014	31,823,417	32,603,540	47,016,763	53,191,505	68,448,606	78,044,280
Total general fund	<u>\$ 111,501,350</u>	<u>\$ 112,185,007</u>	<u>\$ 109,900,651</u>	<u>\$ 111,512,652</u>	<u>\$ 113,176,472</u>	<u>\$ 114,135,308</u>	<u>\$ 123,724,329</u>	<u>\$ 140,694,161</u>	<u>\$ 150,700,079</u>	<u>\$ 172,154,285</u>

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

(concluded)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
All other governmental funds										
Nonspendable:										
Prepays	\$ -	\$ -	\$ -	\$ 37,334	\$ 35,715	\$ -	\$ 500	\$ -	\$ -	\$ -
Restricted:										
Stabilization by state statute	3,294,515	1,458,636	1,491,278	1,356,802	995,242	1,120,972	1,688,092	1,551,077	2,787,310	2,048,561
Inmates	125,212	135,440	264,683	374,799	466,736	638,782	505,070	280,761	519,052	745,859
Cemetery	42,540	42,565	44,980	45,587	45,923	48,451	47,583	47,181	50,173	51,625
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	10,606	1,041,995
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	2,704,997	3,123,625
Economic and physical development	315,108	315,276	583,024	468,277	682,412	796,225	674,215	465,406	1,053,132	708,547
Human services	1,826,613	1,878,210	119,324	81,672	94,776	1,398,421	168,535	164,891	165,715	294,231
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	6,235,379	8,460,539
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	-	-	2,276,469	295,689	3,177,259	1,803,902	1,803,902	3,398,261	2,744,068	-
Unassigned reported in other major funds										
Special revenue	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Assigned reported in nonmajor funds										
Subsequent year's expenditures- special revenue	1,588,147	1,588,147	-	-	-	-	-	-	-	-
Unassigned reported in nonmajor funds										
Special revenue	(978,187)	(773,963)	(743,450)	(573,862)	(582,116)	(299,551)	(1,265,317)	(1,345,025)	(2,597,753)	(1,111,798)
Total all other governmental funds	<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>	<u>\$ 13,672,679</u>	<u>\$ 15,363,184</u>
Change in fund classification			\$ (99,500)							
Total all governmental funds	<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>	<u>\$ 164,372,758</u>	<u>\$ 187,517,469</u>

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Ad valorem taxes	\$ 167,525,335	\$ 172,060,308	\$ 176,550,408	\$ 186,599,051	\$ 184,434,796	\$ 186,035,597	\$ 188,871,898	\$ 197,023,861	\$ 201,114,697	\$ 204,757,860
Other taxes	50,238,808	53,075,353	54,126,583	54,497,219	57,502,019	59,433,120	60,818,546	61,690,570	66,290,088	68,578,100
Unrestricted Intergovernmental	11,034,949	11,568,980	11,175,941	11,708,537	11,255,038	12,746,032	12,493,334	13,609,843	14,109,993	15,436,689
Restricted Intergovernmental	88,077,437	75,813,478	74,586,602	66,766,427	69,639,674	74,823,227	76,705,822	64,130,538	60,256,296	61,177,759
Licenses and permits	2,626,234	2,573,132	2,628,527	2,291,257	2,263,956	2,248,884	2,533,749	2,481,724	2,436,497	2,629,213
Sales and services	15,169,052	16,166,037	13,438,278	10,073,348	10,793,783	11,325,255	11,276,669	11,306,162	11,867,947	12,086,931
Investment earnings	323,232	213,148	204,317	184,759	186,167	343,238	477,286	1,207,204	3,834,746	2,887,019
Other general revenues	5,758,820	5,479,404	5,467,383	6,085,295	5,408,695	5,813,705	7,376,388	5,338,704	5,538,792	6,026,730
Total revenues	340,753,867	336,949,840	338,178,039	338,205,893	341,484,128	352,769,058	360,553,692	356,788,606	365,449,056	373,580,301
Expenditures										
General government	23,007,884	22,839,074	23,036,995	24,675,393	25,668,164	26,250,791	27,720,014	25,902,953	27,864,499	29,751,226
Public safety	52,273,973	53,893,878	63,336,548	66,757,676	61,760,956	63,152,331	63,749,936	63,382,917	70,584,167	67,849,036
Economic and physical development	15,566,827	12,555,173	11,295,650	12,312,111	10,594,359	13,511,856	13,002,856	14,710,741	18,589,617	18,414,832
Human services	107,562,119	108,744,079	101,970,567	97,163,671	98,724,331	100,953,854	104,321,862	89,808,120	90,642,124	92,594,353
Cultural and recreational	14,934,525	14,674,542	14,950,120	15,864,055	15,233,536	15,519,128	15,780,744	15,000,134	15,321,739	14,788,540
Education	105,744,251	105,549,244	100,386,158	94,993,970	97,713,376	97,090,796	97,230,388	104,859,935	108,854,062	107,300,602
Debt service										
Principal	18,067,605	18,530,350	18,325,685	18,711,637	18,838,421	19,310,871	19,149,018	17,999,414	14,699,083	10,529,084
Interest and fees	8,259,775	7,639,054	7,524,594	6,647,785	5,848,011	5,349,679	4,785,439	3,967,289	3,513,691	3,029,269
Debt issuance costs	-	-	-	-	-	-	10,697	314,767	-	-
Total expenditures	345,416,959	344,425,394	340,826,317	337,126,298	334,381,154	341,139,306	345,750,954	335,946,270	350,068,982	344,256,942
Revenues over (under) expenditures	(4,663,092)	(7,475,554)	(2,648,278)	1,079,595	7,102,974	11,629,752	14,802,738	20,842,336	15,380,074	29,323,359
Other financing sources (uses)										
Sale of capital assets	172,674	239,985	221,680	215,878	348,691	273,441	230,165	1,230,515	151,905	73,663
Issuance of debt	14,805,000	56,018,808	3,198,130	15,070,000	3,000,000	1,100,000	-	24,119,148	2,477,336	14,079,416
Premium on debt issuance	-	-	-	-	-	-	-	4,285,557	-	-
Payment to escrow agent for refunding	-	(55,560,424)	-	(15,204,915)	-	-	-	(27,245,984)	-	(12,869,659)
County contribution	-	-	-	-	-	-	-	254,735	-	-
Discount on issuance of bonds	-	-	-	-	-	-	-	-	-	-
Debt issuance costs	(300,027)	(371,354)	-	(73,607)	(45,100)	(33,399)	-	-	-	-
Transfers in	5,138,793	1,165,227	10,672,931	1,016,060	1,076,789	3,481,990	987,026	779,712	6,081,026	1,556,613
Transfers out	(13,410,628)	(7,565,979)	(17,486,816)	(6,759,559)	(8,920,948)	(14,739,212)	(6,641,559)	(6,664,575)	(14,377,524)	(9,018,681)
Payment from/to component unit	-	-	(425,520)	-	-	-	-	-	-	-
Total other financing sources (uses)	6,405,812	(6,073,737)	(3,819,595)	(5,736,143)	(4,540,568)	(9,917,180)	(5,424,368)	(3,240,892)	(5,667,257)	(6,178,648)
Net change in fund balances	<u>\$ 1,742,720</u>	<u>\$ (13,549,291)</u>	<u>\$ (6,467,873)</u>	<u>\$ (4,656,548)</u>	<u>\$ 2,562,406</u>	<u>\$ 1,712,572</u>	<u>\$ 9,378,370</u>	<u>\$ 17,601,444</u>	<u>\$ 9,712,817</u>	<u>\$ 23,144,711</u>
Debt service as a percentage of noncapital expenditures	<u>7.62%</u>	<u>7.97%</u>	<u>7.92%</u>	<u>7.75%</u>	<u>7.45%</u>	<u>7.30%</u>	<u>6.99%</u>	<u>6.65%</u>	<u>5.41%</u>	<u>4.05%</u>

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

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
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
2019	201,114,697	56,590,260	479,752	378,120	1,351,286	132,161	7,358,509	267,404,785
2020	204,757,860	59,138,058	451,664	380,596	1,689,875	77,299	6,840,608	273,335,960

**Assessed Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)
Unaudited**

Fiscal Year Ended June 30	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
	Real Property	Public Service ¹	Motor Vehicle	Other					
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%
2019	22,237,380	456,289	2,550,041	2,015,067	3,842,536	23,416,241	0.9615	23,683,869	98.87%
2020	22,548,622	461,428	2,547,297	2,034,824	3,925,554	23,666,617	0.9990	24,655,294	95.99%

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

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

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

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

Source: Cumberland County Tax Department

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. Assessed valuations are established by the Board of Commissioners at 100% of market value as of the year of the revaluation. The last revaluation was effective January 1, 2017 and is reflected beginning in Fiscal Year 2018.

**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	Town of Falcon	Town of Godwin	Town of Linden (3)	Town of Stedman	Town of Wade
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
2019	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
2020	0.799	0.050	0.150	-	0.9990	0.4995	0.1000	0.4600	0.7000	0.2050	0.1500	0.2400	0.3000	0.3200	0.2600

(1) Cumberland County has eighteen fire protection districts. In FY2020 , the fire tax was set at 15 cents, with 10 cents allocated to all fire districts, 1.25 cents allocated to low wealth fire districts, and the remaining 3.75 cents distributed through supplements, incentives and grants.

(2) Eliminated in FY2020

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

Source: Cumberland County Tax Department

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

Schedule 8

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	2019 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2010 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 339,284	1	1.43%	\$ 300,829	1	1.43%
Cross Creek Mall, LLC	164,407	2	0.69%	129,011	2	0.61%
Wal-Mart Stores, Inc.	147,196	3	0.62%	125,395	3	0.60%
Duke Energy Progress, Inc.	111,656	4	0.47%			
Fayetteville, VA Co., LLC	91,132	5	0.39%			
Piedmont Natural Gas Co., Inc.	82,599	6	0.35%	60,024	6	0.29%
Cargill, Inc.	69,038	7	0.29%	32,070	10	0.15%
Mann+Hummel Purolator Filters	67,027	8	0.28%	55,627	7	0.26%
DAK Americas, LLC	63,563	9	0.27%	37,195	9	0.18%
South River EMC	55,969	10	0.24%	41,376	8	0.20%
Carolina Telephone				83,784	4	0.40%
Progress Energy				69,015	5	0.33%
	<u>\$ 1,191,871</u>		<u>5.03%</u>	<u>\$ 934,326</u>		<u>4.45%</u>

Source: Cumberland County Tax Department

**Property Tax Levies and Collections - General Fund
Last Ten Fiscal Years
Unaudited**

Schedule 9

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
2011	155,671,269	151,707,302	97.45%	3,180,922	154,888,224	99.50%
2012	159,824,747	155,867,130	97.52%	3,162,399	159,029,529	99.50%
2013	164,274,193	160,024,057	97.41%	3,309,898	163,333,955	99.43%
2014	171,641,426	169,217,802	98.59%	1,871,216	171,089,018	99.68%
2015	170,223,065	168,914,935	99.23%	1,104,149	170,019,084	99.88%
2016	172,307,349	170,999,219	99.24%	999,879	171,999,098	99.82%
2017	175,933,805	173,906,079	98.85%	1,103,580	175,009,659	99.47%
2018 ¹	183,621,079	182,126,897	99.19%	1,107,120	183,234,017	99.79%
2019	187,163,252	185,734,181	99.24%	604,266	186,338,447	99.56%
2020	189,321,973	187,188,405	98.87%	NA	187,188,405	98.87%

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 FY2011 include all collections through 9th prior year.
 Collections for FY2012 include all collections through 8th prior year.
 Collections for FY2013 include all collections through 7th prior year.
 Collections for FY2014 include all collections through 6th prior year.
 Collections for FY2015 include all collections through 5th prior year.
 Collections for FY2016 include all collections through 4th prior year.
 Collections for FY2017 include all collections through 3rd prior year.
 Collections for FY2018 include all collections through 2nd prior year.
 Collections for FY2019 include all collections through 1st prior year.

NA - Not Applicable

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			
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
2019	5,680,376	59,064,787	-	5,108,151	1,032,000	1,379,000	17,966,871	4,766,695	94,997,880	NA	289
2020	3,056,994	55,449,933	-	733,333	1,009,000	1,379,000	21,072,200	64,942	82,765,402	NA	248

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

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

Schedule 11

<u>Fiscal Year</u>	<u>Total General Obligation Bonds</u>	<u>Percentage of Personal Income (1)</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>G.O. Debt Per Capita (1)</u>
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	0.23%	0.13%	86
2017	20,533,140	0.17%	0.09%	63
2018	13,527,758	NA	0.06%	41
2019	6,712,376	NA	0.03%	20
2020	4,065,994	NA	0.02%	12

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 2,037,270	\$ 2,098,236	\$ 2,020,254	\$ 2,104,340	\$ 2,093,592	\$ 2,122,201	\$ 2,168,537	\$ 2,139,235	\$ 2,180,702	\$ 2,207,374
Total net debt applicable to limit	65,845	56,830	49,115	42,711	34,857	27,207	19,771	12,984	6,387	3,959
Legal debt margin	<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>	<u>\$ 2,174,315</u>	<u>\$ 2,203,415</u>
Total net debt applicable to the limit as a percentage of debt limit	3.23%	2.71%	2.43%	2.03%	1.66%	1.28%	0.91%	0.61%	0.29%	0.18%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Property Value	\$ 23,666,617
Plus : Exempt Property	<u>3,925,554</u>
Total Assessed Value	<u>\$ 27,592,171</u>
Debt Limit (8% of total assessed value)	2,207,374
Debt applicable to limit:	
Total Bonded debt	3,959
Revenue bonds	1,379
Authorized and unissued debt	-
	<u>5,338</u>
Less: Statutory deductions	
Authorized and unissued debt	-
Revenue bonds	<u>1,379</u>
	<u>1,379</u>
Total amount of debt applicable to debt limit	<u>3,959</u>
Legal debt margin	<u>\$ 2,203,415</u>

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
2011	326,673	11,306,461,000	34,911	NA	52,400	10.2%
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	50,258	6.7%
2016	328,860	12,376,828,000	37,835	31.5	49,918	6.1%
2017	323,838	12,439,189,000	37,406	31.0	49,928	5.3%
2018	329,824	12,887,624,000	38,780	31.5	49,641	5.4%
2019	329,017	*	*	*	49,503	5.8%
2020	333,209	*	*	*	49,579	9.9%

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 (2017 data is now available, 2018 and 2019 data is not available)
3. NC Commerce, Labor and Economic Analysis Division for NC
4. U.S. Bureau of Labor Statistics, Unemployment Rate in Cumberland County, NC

* data not available

Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Department of Defense-Civilians	14,000 +	1	11.65%	6,111	2	4.90%
Cape Fear Valley Health System	7,000 +	2	5.89%	5,200	4	4.17%
Cumberland County Schools	6,500 +	3	5.64%	6,807	1	5.46%
Wal-Mart Associates Inc.	3,000 +	4	2.20%			
Goodyear Tire & Rubber Co.	2,500 +	5	2.07%	3,570	5	2.86%
Cumberland County Government	2,000 +	6	1.78%	2,920	6	2.34%
Veterans Administration	1,500 +	7	1.66%	1,500	8	1.20%
City of Fayetteville	1,500 +	8	1.46%	2,416	7	1.94%
Fayetteville Technical Community College	1,000 +	9	1.15%			
Mann-Hummel (Purolator)	1,000 +	10	1.08%	1,309	10	1.05%
U.S. Department of Defense-Other Civilians				5,780	3	4.64%
U.S. Postal Services				1,312	9	1.05%
Total Employment (Ten Largest Civilian Employers)	<u>40,000</u>		<u>34.58%</u>	<u>36,925</u>		<u>29.62%</u>
Total Employment	<u>120,525</u>			<u>124,656</u>		

Sources:

Fayetteville Cumberland County Economic Development

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

Full-Time County Government Employees by Function
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	239	232	250	248	247	245	234	242	243	242
Public Safety										
Sheriff	377	377	378	395	395	398	322	348	432	425
Detention Facility	188	200	254	266	266	251	255	228	220	190
Other	96	101	97	97	101	55	54	93	99	103
Human Services										
Public Health	251	289	280	276	274	242	245	196	207	211
Mental Health	145	72	5	4	4	-	-	-	-	-
Social Services	643	636	636	636	655	608	602	605	570	581
Other	76	77	77	77	80	75	161	75	78	85
Cultural & Recreation										
Library	191	188	188	188	186	153	178	137	140	138
Economic and Physical Development	102	102	80	80	86	79	78	63	70	67
Crown Center	40	40	40	-	-	-	-	-	-	-
Solid Waste	68	68	68	68	68	59	55	57	57	60
Total	2,416	2,382	2,353	2,335	2,362	2,165	2,184	2,044	2,116	2,102

Source: Munis

Operating Indicators by Function
Last Ten Fiscal Years
Unaudited

(Continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Number of persons voting in elections	69,644	53,878	134,566	63,062	76,615	90,038	198,833	61,497	117,383	81,683
Number of registered voters	195,242	199,194	215,084	202,486	204,462	202,770	211,971	212,599	220,237	211,932
Number of birth certificates processed	8,502	8,401	8,865	8,973	8,206	8,035	7,844	7,845	7,918	7,971
Number of death certificates processed	2,862	2,842	2,985	3,015	3,101	2,976	3,098	3,109	3,130	3,265
Number of land record instruments	43,487	46,217	49,619	41,770	39,515	39,206	41,309	39,466	37,469	45,520
Number of marriage licenses issued	4,407	3,946	3,964	3,751	3,772	3,591	3,676	3,573	3,558	2,719
Number of pieces of mail handled	674,100	837,402	683,304	502,486	626,820	613,235	671,513	669,366	571,508	693,858
Public Safety										
Number of fire calls answered	15,113	30,632	14,968	14,080	15,327	15,753	16,653	18,704	21,085	18,454
Number fire permits issued	161	122	223	243	193	220	211	138	220	266
Number of emergency calls dispatched	367,109	326,410	309,872	303,011	322,475	341,488	323,491	320,806	322,164	303,101
Number of sheriff calls answered	189,149	190,335	174,953	172,367	189,184	213,486	212,864	195,227	190,661	170,935
Number of civil court papers handled	50,363	47,142	47,419	47,893	45,368	44,119	43,220	44,130	41,864	40,258
Average daily inmate population	586	601	658	721	740	714	766	760	715	649
Number of inmates admitted	12,280	12,537	11,359	11,253	11,643	12,065	11,565	14,748	14,304	6,842
Number of animals impounded (dogs and cats)	15,691	14,111	14,143	12,987	12,208	11,085	11,072	10,629	10,440	7,090
Number of animal investigations	15,093	21,121	33,424	43,075	41,518	35,085	31,118	30,868	30,777	20,785
*Due to COVID-19, inmates actually being admitted began to decrease drastically in mid March. They still came in the door, but a lot were immediately released on little to no bond.										
Human Services										
Number of health dept. clinical services	32,918	34,724	36,701	40,739	44,039	45,275	35,643	32,287	33,375	29,350
Number of health dept. lab tests processed	33,339	36,179	35,233	39,506	49,047	47,433	42,513	39,807	37,603	40,322
Number of health dept. prescriptions filled	40,566	16,146	40,574	42,799	40,521	40,689	38,321	29,452	31,316	16,368
Amount of health care provided with no compensation	\$1,997,502	\$2,626,841	\$2,428,495	\$2,938,037	\$2,831,271	\$3,354,545	\$3,439,278	\$3,503,641	\$3,344,297	\$3,432,148
Number of WIC Clients	171,260	147,977	170,450	167,541	159,461	156,032	144,476	141,287	136,305	119,682
Avg monthly households receiving Food & Nutrition svcs	28,644	31,491	32,011	32,731	34,201	33,302	34,625	32,462	32,843	30,878
Average monthly active Medicaid cases*	36,546	36,980	36,983	34,115	60,048	67,199	68,235	71,149	72,122	73,752
Average monthly households receiving TANF benefits***	1,324	1,297	1,219	1,025	965	436	317	292	1,459	1,563
Average monthly Child Protective services referrals	5,502	6,105	5,413	5,427	5,242	5,984	5,623	448	418	395
Average monthly Adult Protective services referrals									932	85
*effective FY15, total includes all categories of Medicaid, while previous years only included certain categories										
***TANF cases are no longer reported separately: includes benefit diversion, child only & TANF cases										

**Operating Indicators by Function
Last Ten Fiscal Years
Unaudited**

(Concluded)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Human Services (continued)										
Number of veterans claims processed **	2,454	4,040	4,122	2,405	5,028	2,309	NA	NA	NA	NA
Number of veterans served in office	8,553	10,014	8,517	10,803	10,821	9,061	6,787	4,923	6,391	4,306
Number of veterans served by telephone	19,695	24,247	24,040	27,696	29,962	24,656	12,918	12,825	12,335	15,097
Number of mental health days of service (24 hrs)	69,943	42,339	32,758	NA	NA	NA	NA	NA	NA	NA
Number of mental health outpatients served	6,265	6,508	5,538	NA	NA	NA	NA	NA	NA	NA
Number of workforce development applicants***	1,046	NA	NA	NA	NA	5,278	NA	NA	NA	NA
Number of workforce initiative opportunity applicants****						16,789	18,910	18,837	15,360	14,682
**no longer available										
***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	20,702	19,988	16,700	16,291	16,146	14,688	14,704	14,266	14,521	16,697
Number of building permits issued	1,081	1,037	1,046	1,038	955	786	915	795	888	861
Culture and Recreation										
Number of library books	592,186	485,469	490,528	549,798	478,071	472,567	474,701	464,460	450,323	426,284
Number of books & audio visual materials circulated	2,177,794	2,644,472	2,377,598	2,220,865	2,078,733	1,689,681	1,538,035	1,423,364	1,382,660	1,150,628
Number of public visits	1,342,587	1,431,217	1,447,152	1,346,026	1,345,163	1,262,216	1,214,921	1,208,774	1,210,767	681,568
Number of E-audio, E-video & E-periodical collections						23,243	26,961	35,591	41,159	48,586
Business Activities										
Number of civic center event days	291	320	266	190	227	166	155	143	154	92
Number in attendance	567,936	518,103	519,485	485,290	486,951	479,606	416,962	440,413	438,239	295,956
Number of solid waste tonnages processed	263,410	261,952	235,295	270,571	260,194	291,643	310,852	250,962	329,251	221,243

Source: Information provided by various County departments.

NA: Information not available

Capital Asset Statistics by Function
Last Ten Fiscal Years
Unaudited

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire										
Number of volunteer stations	20	20	20	20	21	21	21	21	21	21
Sheriff										
Number of stations	5	4	4	5	5	5	5	5	5	5
Number of patrol vehicles	333	342	344	355	375	382	361	371	378	374
Detention facility beds	568	568	592	884	884	884	884	884	884	884
Culture and Recreation										
Number of libraries	9	9	9	9	9	9	9	8	8	8
Library collections	558,186 *	546,909	555,557	611,496	536,145	537,235	540,686	525,333	514,822	498,756
E-book collections**	10,384	9,503	16,551	53,045	218,420	61,095	90,362	106,844	96,654	150,255
Number of parks	3	3	3	3	3	4	4	4	5	5
Park acreage	170	170	170	170	170	177	177	177	192	192
Number of ball fields	65	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	85	86	87	87	87	87	87	87	87	87
Number of students	52,400	52,166	52,729	51,845	51,855	50,939	50,655	49,641	50,937	50,880
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	606	606	606	606	606	606	606

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

CONTINUING DISCLOSURES

Continuing Disclosure Information

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.

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

AVAILABLE SOURCES OF PAYMENT OF DEBT

The County may pay debt 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 and Capital Investments) for fiscal year ended June 30, 2020 were \$322,043,704. The major sources of General Fund revenues include property taxes (58.8%), sales taxes (14.7%), and intergovernmental revenues (19.1%). The County's property tax rate for FY 2020 is \$0.799 per \$100 of assessed value. The value of one penny on the tax rate is \$2,323,807.

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 \$106,994) at June 30, 2020 is \$3,959,000. Debt service was 2.59% of expenditures for FY2020 and 3.58% of adopted expenditures for FY2021.

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, 2020 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2025:

<u>Fiscal Year Ended June 30 (1)</u>	<u>Historical Receipts (2)</u>
2016	\$ 6,443,541
2017	6,623,400
2018	6,792,048
2019	7,299,282
2020	6,840,608
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (3)</u>
2021	\$ 6,498,578
2022	7,310,900
2023	7,530,227
2024	7,703,422
2025	7,934,525

- (1) The Food and Beverage Tax became effective on 1/1/1994 and is scheduled to sunset in FY2025 when debt matures.
- (2) Historical receipts are audited amounts less collection costs ranging from \$54,718 to \$60,137 per year. FY 2021 receipts were down 9.3%, primarily due to the impacts of the COVID-19 pandemic.
- (3) Forecasted receipts show additional 5% drop in FY 2021 due to COVID-19. Sharp rebound expected post COVID-19, with receipts returning to a normalized annual growth pattern of about 3% by FY2023.

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

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, 2020 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2025:

<u>Fiscal Year Ended June 30</u>	<u>Historical Receipts (1)</u>
2016	\$ 1,329,245
2017	1,483,761
2018	1,457,929
2019	1,719,436
2020	1,425,390
<u>Fiscal Year Ended June 30</u>	<u>Forecasted Receipts (2)</u>
2021	\$ 1,140,312
2022	1,482,405
2023	1,630,646
2024	1,679,565
2025	1,729,952

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee. FY 2020 receipts were down 17%, primarily due to reductions in travel and tourism caused by the COVID-19 pandemic.
- (2) Forecasted receipts show additional 20% drop in FY2021 due to COVID-19. Sharp rebound expected post COVID-19, with receipts returning to normal annual growth of about 3% by FY2024. Receipts shown less 3% cost of collections.

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

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

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

DEBT INFORMATION

RATINGS

In 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, 2020, all prior year defeased general obligation debt has been fully paid by various escrow agents.

OUTSTANDING GENERAL OBLIGATION DEBT

	Principal Outstanding as of			
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
General Obligation Bonds				
School	\$ 17,868,861	\$ 11,526,346	\$ 5,355,000	\$ 2,950,000
Library Facilities	826,139	403,654	-	-
NORCRESS Sewer	1,076,000	1,054,000	1,032,000	1,009,000
Total G.O. Principal	\$ 19,771,000	\$ 12,984,000	\$ 6,387,000	\$ 3,959,000
Premium	762,140	543,758	325,376	106,994
G.O. Debt Carrying Value	<u>\$ 20,553,140</u>	<u>\$ 13,527,758</u>	<u>\$ 6,712,376</u>	<u>\$ 4,065,994</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 (\$2,946,500), a discretely presented component unit.

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

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 \$2,203,415,000 as of June 30, 2020.

GENERAL OBLIGATION DEBT RATIOS

At July 1	Total G.O. Debt (1)	Assessed Valuation	Ratio of G.O. Debt To Assessed Valuation	Population (2)	Total G.O. Debt Per Capita
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
2019	6,387,000	23,416,241,000	0.03%	329,017	19.41
2020	3,959,000	23,666,617,000	0.02%	333,209	11.88

- (1) General obligation principal balances shown before amortization of premium.
 (2) North Carolina Office of State Budget & Management – State Demographics Section.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

Cumberland County

FY Ending June 30	Schools (Including Related Refundings)		NORCRESS Sanitary Sewer (Blended Component Unit)		Total General Obligation Debt Service Requirements	
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2021	\$ 2,285,000	\$ 2,368,725	\$ 24,000	\$ 65,621	\$ 2,309,000	\$ 2,434,346
2022	500,000	516,600	25,000	65,631	525,000	582,231
2023	165,000	168,300	26,000	65,600	191,000	233,900
2024	-	-	27,000	65,528	27,000	65,528
2025	-	-	29,000	66,414	29,000	66,414
2026	-	-	30,000	66,218	30,000	66,218
2027	-	-	31,000	65,980	31,000	65,980
2028	-	-	32,000	65,701	32,000	65,701
2029	-	-	34,000	66,381	34,000	66,381
2030	-	-	35,000	65,979	35,000	65,979
2031-35	-	-	197,000	329,124	197,000	329,124
2036-40	-	-	241,000	328,904	241,000	328,904
2041-45	-	-	278,000	312,567	278,000	312,567
	<u>\$ 2,950,000</u>	<u>\$ 3,053,625</u>	<u>\$ 1,009,000</u>	<u>\$ 1,629,648</u>	<u>\$ 3,959,000</u>	<u>\$ 4,683,273</u>

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED

As of June 30, 2020, the County has no general obligation bonds authorized and unissued.

GENERAL OBLIGATION DEBT INFORMATION FOR UNDERLYING UNITS AS OF JUNE 30, 2020

Please refer to the report “Analysis of Debt of North Carolina Counties, Municipalities and Districts at June 30, 2020” filed with the Municipal Securities Rulemaking Board (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>FY2021 Principal And Interest Requirements</u>	<u>Balance June 30, 2020</u>
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	\$ 5,962,500
Limited Obligation Bonds - Qualified School Construction Bonds Series 2011A	14,805,000	Annual sinking fund (principal) payments of \$987,000 beginning December 15, 2010 and ending December 15, 2025 plus semi-annual interest payments of \$451,553 at a rate of 6.1%. Interest payments are eligible for a 5.49% federal rebate (subject to sequester) thus reducing the semiannual net interest cost to \$45,156; payable from General Fund.	1,890,105	5,922,000

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

Purpose	Original Amount/Costs	Principal & Interest Repayment/Requirements	FY2021 Principal And Interest Requirements	Balance June 30, 2020
Limited Obligation Refunding Bonds Series 2017 – Partial refunding of COPS Series 2009 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.	\$ 2,128,500	\$ 23,005,000
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.	2,306,250	4,295,000
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	64,942
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.	196,826	733,333
USDA Revenue Bonds – Series 2018 A&B -Overhills Park Sewer Project	1,379,000	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.	53,551	1,379,000

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

<u>Purpose</u>	<u>Original Amount/Costs</u>	<u>Principal & Interest Repayment/Requirements</u>	<u>FY2021 Principal And Interest Requirements</u>	<u>Balance June 30, 2020</u>
Limited Obligation Refunding Bonds Series 2019 A & B:				
(Series A is full refunding of 2017 CIP Draw Program)	\$ 11,300,000 (Series A)	Principal payable annually and interest payable semi- annually in arrears ending December 1, 2026. Annual debt payments range from \$122,724 to \$1,796,520; payable from the General Fund and Enterprise Fund.	\$ 1,796,520	\$ 11,300,000
(Series B is partial refunding of 2009B Refunding COPS)	<u>22,550,000</u> (Series B)	Principal payable annually and interest payable semi- annually in arrears ending December 1, 2024. Annual debt payments range from \$220,840 to \$5,278,108; payable from the General Fund and Enterprise Fund.	<u>5,271,108</u>	<u>22,550,000</u>
Total:	<u>\$ 127,894,323</u>		<u>\$ 14,840,231</u>	<u>\$ 75,211,775</u>

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SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

The County's payment obligations (principal & interest) at June 30, 2020 for the non-general obligation installment financing arrangements described in the preceding table are as follows:

Fiscal Year Ending June 30	2011B Refunding LOBS Debt Service	2017 Refunding LOBS Debt Service	2019 Refunding LOBS Debt Service	Other Agreements Debt Service	Total Non-General Obligation Debt Service
2021	\$ 2,306,125	\$ 2,128,500	\$ 7,067,628	\$ 3,337,978	\$ 14,840,231
2022	2,203,750	2,073,900	6,924,640	3,334,093	14,536,383
2023	-	4,129,950	6,779,268	3,330,211	14,239,429
2024	-	3,976,200	6,634,536	3,327,324	13,938,060
2025	-	3,816,850	4,662,811	3,140,084	11,619,745
2026	-	3,659,750	1,656,823	2,589,620	7,906,193
2027	-	3,495,375	1,623,927	58,392	5,177,694
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>\$ 4,509,875</u>	<u>\$ 28,082,400</u>	<u>\$ 35,349,633</u>	<u>\$ 20,782,689</u>	<u>\$ 88,724,597</u>
Premium	313,145	3,174,488	-	-	3,487,633
Carry Value	<u>\$ 4,823,020</u>	<u>\$ 31,256,888</u>	<u>\$ 35,349,633</u>	<u>\$ 20,782,689</u>	<u>\$ 92,212,230</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 (\$7,462,053).

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.

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

DEFEASANCE OF OTHER (NON-GENERAL OBLIGATION) DEBT

On October 15, 2019, the County issued \$33,850,000 Limited Obligation Refunding Bonds 2019 to current refund the outstanding balance of the 2017 CIP Draw Program (\$11,220,000) and to current refund a portion of Refunding Certificates of Participation 2009B (\$22,480,000). Proceeds from the refunding were used to purchase U.S. government securities and were placed in trust with US Bank for the Refunding COPS 2009B. The investments and related fixed earnings were sufficient to fully service the defeased debt until the scheduled call date of December 1, 2019. For financial reporting purposes, the debt is considered defeased and has been removed from the County's liabilities.

On June 1, 2020, the County has defeased debt outstanding related to the Limited Obligation Refunding Bonds 2011B in the amount of \$13,530,000. 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 FY 2021, the County anticipates issuing limited obligation bonds in an amount not to exceed \$25,000,000. The County will contribute \$10,000,000 for a new Fire Training Facility for the local community college and will allocate the remaining funds to upfit an existing building to house a "state-of-the-art" Emergency Operations Center. Over 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>2019</u>	<u>2020</u>	<u>2021</u> ⁽³⁾
		(Amounts in thousands)	
Assessment Ratio ⁽¹⁾	100%	100%	100%
Real Property	\$ 18,725,265	\$ 18,952,777	\$ 19,142,305
Personal Property	1,684,646	1,705,115	1,722,166
Vehicles	2,550,041	2,547,297	2,562,791
Public Service Companies ⁽²⁾	<u>456,289</u>	<u>461,428</u>	<u>457,112</u>
Total Assessed Valuation	\$ 23,416,241	\$ 23,666,617	\$ 23,884,374
Assessed Valuation Per Capita	71.17	71.03	71.37
Rate per \$100	.799	.799	.799
County-wide Levy	\$ 187,096	\$ 189,096	\$ 190,836

(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, 2020 for the fiscal year ending June 30, 2021. Population figures used for assessed valuation per capita are 329,017 for FY2019, 333,209 for FY2020, and 334,642 for FY2021.

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

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>2019</u>	<u>2020</u>	<u>2021</u> ⁽¹⁾
County-wide	\$ 187,095,766	\$ 189,096,270	\$ 190,836,148
Recreation District	3,774,389	3,844,270	3,841,245
Special Fire Districts	<u>7,145,350</u>	<u>9,690,270</u>	<u>9,680,727</u>
Total Levy	<u>\$ 198,015,505</u>	<u>\$ 202,630,810</u>	<u>\$ 204,358,120</u>

1) Valuation estimates as of September 2, 2020 for the fiscal year ending June 30, 2021.

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>
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	98.19%
2019	2,075,106	185,734,181	99.24%
2020	954,606	187,188,405	98.87%

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 2020 (TAX YEAR 2019)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2019 Taxable Assessed Valuation*</u>	<u>% of Total Taxable Assessed Valuation</u>
Goodyear Tire & Rubber Co.	Tire Manufacturer	\$ 339,284	1.43%
Cross Creek Mall, LLC.	Retail Mall	164,407	0.69
Wal-Mart Stores Inc.	Retail/Distribution	147,196	0.62
Duke Progress Energy, Inc.	Electric Utility	111,656	0.47
Fayetteville VA Co., LLC	Veterans' Health Services	91,132	0.39
Piedmont Natural Gas Co., Inc.	Gas Utility	82,599	0.35
Cargill, Inc.	Soybean Processor	69,038	0.29
Mann+Hummel Purolator Filters	Auto Filter Manufacturer	67,027	0.28
Dak Americas, LLC	Textiles	63,563	0.27
South River EMC	Electric Utility	<u>55,969</u>	<u>0.24</u>
		<u>\$ 1,191,871</u>	<u>5.03%</u>

* Amounts expressed in thousands

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

COMPILED BUDGET - ANNUALLY BUDGETED FUNDS YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	\$ 188,375,832	\$ 16,101,817	\$ -
Other taxes	55,857,210	6,758,058	7,487,764
Unrestricted intergovernmental	12,839,524	-	-
Restricted intergovernmental	56,663,319	24,959,569	2,108,241
Licenses and permits	2,088,800	-	50,000
Sales and services	11,847,534	616,222	4,858,642
Interest earned on investments	1,671,699	131,900	400,000
Miscellaneous	5,543,654	20,000	17,310
Total estimated revenues	334,887,572	48,587,566	14,921,957
Appropriations:			
General government	37,888,047	-	-
Public safety	65,551,806	16,957,817	-
Economic and physical development	31,374,563	19,059,712	-
Human services	99,457,541	2,191,740	-
Cultural and recreation	11,227,265	5,041,951	-
Education	114,747,047	-	-
Salaries and employee benefits	-	-	4,194,067
Repairs and maintenance	-	-	1,522,245
Contracted services	-	-	1,803,809
Utilities	-	-	250,000
Administrative costs	-	-	4,106,471
Landfill closure and postclosure	-	-	700,000
Other operating - crown center	-	-	7,203,184
Capital outlay	-	-	5,082,215
Contingency	-	-	264,968
Water and sewer	-	-	770,183
Debt service:			
Principal retirement	15,422,185	-	9,236,696
Interest and fees	3,136,071	-	933,242
Issuance costs	35,200	-	44,800
Reserve for debt	-	-	5,284
Total appropriations	378,839,725	43,251,220	36,117,164
Estimated revenues over (under) appropriations	(43,952,153)	5,336,346	(21,195,207)
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	1,255,474	-
Special revenue funds	84,137	-	9,432,639
Internal service funds	-	-	-
Enterprise funds	-	-	-
Transfers to other funds:			
General fund	-	(84,137)	-
Special revenue funds	(1,255,474)	-	-
Capital projects	(875,000)	-	-
Internal service funds	(100,000)	-	-
Enterprise funds	-	(9,432,639)	-
Proceeds of general long term debt	12,777,800	-	21,072,200
County contribution	127,060	-	237,954
Refunding escrow payment	(7,976,559)	-	(14,938,454)
Sale of fixed assets	-	-	-
Appropriated fund balances	41,170,189	2,924,956	5,390,868
Total other financing sources	43,952,153	(5,336,346)	21,195,207
Estimated revenues and other sources over appropriations and other uses	\$ -	\$ -	\$ -

Compiled for the Primary Government by the Cumberland County finance department from the FY2020 budget at June 30, 2020.

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.

SEC Rule 15c2-12 Continuing Disclosures (Unaudited)

COMPILED BUDGET - ANNUALLY BUDGETED FUNDS YEAR ENDING JUNE 30, 2021

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	\$ 188,498,187	\$ 17,130,978	\$ -
Other taxes	54,559,481	6,108,595	7,316,323
Unrestricted intergovernmental	13,874,989	-	-
Restricted intergovernmental	59,883,561	17,347,016	669,480
Licenses and permits	2,099,900	-	100,000
Sales and services	10,967,556	538,510	5,867,058
Interest earned on investments	1,081,025	158,911	451,421
Miscellaneous	4,837,886	4,000	7,775
Total estimated revenues	335,802,585	41,288,010	14,412,057
Appropriations:			
General government	46,583,297	-	-
Public safety	63,027,938	16,939,526	-
Economic and physical development	5,886,937	12,189,206	-
Human services	99,182,756	2,113,796	-
Cultural and recreation	10,296,777	5,067,041	-
Education	105,582,999	-	-
Salaries and employee benefits	-	-	4,028,027
Repairs and maintenance	-	-	1,530,500
Contracted services	-	-	946,950
Utilities	-	-	295,000
Administrative costs	-	-	4,424,788
Landfill closure and postclosure	-	-	700,000
Other operating - crown center	-	-	5,745,682
Capital outlay	-	-	1,989,000
Contingency	-	-	304,968
Water and sewer	-	-	824,385
Debt service:			
Principal retirement	10,144,285	-	4,196,797
Interest and fees	2,556,857	-	376,645
Issuance costs	-	-	-
Reserve for debt	-	-	-
Total appropriations	343,261,846	36,309,569	25,362,742
Estimated revenues over (under) appropriations	(7,459,261)	4,978,441	(10,950,685)
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	1,193,218	-
Special revenue funds	88,778	-	8,798,252
Internal service funds	-	-	-
Enterprise funds	-	-	-
Transfers to other funds:			
General fund	-	-	-
Special revenue funds	(1,193,218)	(88,778)	-
Capital projects	-	-	-
Internal service funds	(100,000)	-	-
Enterprise funds	-	(8,798,252)	-
Proceeds of general long term debt	-	-	-
County contribution	-	-	-
Refunding escrow payment	-	-	-
Sale of fixed assets	-	-	200,000
Appropriated fund balances	8,663,701	2,715,371	1,952,433
Total other financing sources	7,459,261	(4,978,441)	10,950,685
Estimated revenues and other sources over appropriations and other uses	\$ -	\$ -	\$ -

Compiled for the Primary Government by the Cumberland County finance department from the FY2021 adopted budget at July 1, 2020.

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.

COMPLIANCE SECTION



**Independent Auditor’s Report 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***

The Board of County Commissioners
Cumberland County
Fayetteville, North Carolina

We have audited, 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 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 Cumberland County, North Carolina (the “County”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated December 16, 2020. Our report includes a reference to other auditors who audited the financial statements of Cumberland County ABC Board and the Fayetteville Area Convention and Visitors Bureau as described in our report on Cumberland 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 Cumberland County Board of Alcoholic Beverage Control 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 entity’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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
December 16, 2020

**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; In Accordance
With OMB Uniform Guidance and the State Single Audit Implementation Act**

The Board of County Commissioners
Cumberland County
Fayetteville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Cumberland County, North Carolina’s (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, 2020. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of Cumberland 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 Cumberland County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Cumberland 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 a 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 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 material weaknesses or significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items 2020-001, 2020-002, and 2020-003 that we consider to be significant deficiencies.

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*. 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 OMB Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Raleigh, North Carolina
December 16, 2020



**Independent Auditor’s Report on Compliance for Each Major State Program;
Report on Internal Control over Compliance; In Accordance with
OMB the Uniform Guidance and the State Single Audit Implementation Act**

The Board of County Commissioners
Cumberland County
Fayetteville, North Carolina

Report on Compliance for Each Major State Program

We have audited Cumberland County, North Carolina’s (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, 2020. 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 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 Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

elliottdavis.com

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying *Schedule of Findings and Questioned Costs* as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, 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 and the State Single Audit Implementation Act but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002 and 2020-003 that we consider to be significant deficiencies.

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*. 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. Accordingly, this report is not suitable for any other purpose.

Elliott Davis, PLLC

Raleigh, North Carolina
December 16, 2020

Cumberland County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.551, 10.561	Food Stamp Cluster
21.019	Coronavirus Relief Fund
93.556, 93.658	Foster Care and Adoption Cluster
93.778	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 1,267,295

Auditee qualified as low-risk auditee? Yes

State Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

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

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

Identification of major state programs:

State Foster Care Benefit Program

Other major state programs include Medical Assistance Program (Medicaid), Foster Care Adoption Assistance. Therefore, these programs have been included in the list of major federal programs above.

Cumberland County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2020-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance

Information on the federal program: DSS Crosscutting, U.S. Department of Social Services, passed through the N.C Department of Health and Human Services, Division of Social Services, Supplemental Nutrition Assistance Program, CFDA 10.551, Low-Income Home Energy Assistance, CFDA 93.568 and Medicaid Cluster, CFDA 93.778.

Criteria or specific requirement: Per North Carolina DSS Crosscutting compliance supplement: "Counties must maintain adequate case documentation to substantiate the claim entry into EPI. This information includes but is not limited to the dates of the overpayment period, documentary evidence to substantiate that an overpayment occurred, such as wage stubs or verification from an employer, other income verification and household composition verification, and the budgets used to compute the amount of the overpayment."

Condition: We noted 1 instance where the claim information entered into the NCFAST Enterprise Program Integrity (EPI) was not substantiated by the supporting documentation.

Context: We sampled 40 files that were entered into the EPI system during the year. We noted the above condition in 1 of the 40 files tested.

Effect: The County's supporting documentation does not substantiate what was reported into EPI.

Cause: Internal Controls surrounding the submittal of cases to EPI are not in place.

Recommendation: County DSS staff need to ensure that all documentation is retained and can substantiate what is entered into EPI.

Finding 2020-002, Significant Deficiency over Eligibility

Information on the federal program: Medicaid Cluster (Medicaid), CFDA 93.778, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Medical Assistance.

Criteria or specific requirement: Per the North Carolina Medicaid Assistance Program (Medicaid; Title XIX) Compliance Supplement and the DSS manuals (Aged, Blind and Disabled manual, Family and Children Medicaid manual and the Integrated Policy manual), case files for individuals or families receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including:

- verifications of United States citizenship
- accurate record of household members and relationships
- verification of social security number
- accurate computation of countable income
- verification of earned income
- verification of unearned income

Cumberland County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED

Conditions: We noted that in nine instances, the case record did not contain evidence that the household and relationship information to verify household composition. In four instances, the total countable income was not recorded accurately into NC FAST based upon documentation in the case record.

Context: We sampled 93 of 4,926,710 payments made to the participants during the fiscal year. We noted the above condition in 13 of the 93 case files inspected for applicable payments.

Effect: Case files not containing all required documentation result in a risk that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Subsequent to being notified that required documentation had not been retained in case files, the County was able obtain documentation to substantiate that the applicants tested were eligible to receive benefits.

Cause: The County did not retain required documentation in case files at the time eligibility was determined.

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed and retained by the County.

Finding 2020-003, Significant Deficiency over Eligibility

Information on the federal program: Foster Care and Adoption Cluster, CFDA 93.556 and 93.658, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Medical Assistance.

Criteria or specific requirement: Per Form 5120 - Determination of Foster care Assistance Benefits and/or Medical Assistance Only, supervisor should sign and verify eligibility only after Income Maintenance Caseworker has verified AFDC need in Part V.

Condition: We noted that in thirty-seven instances, the Income Maintenance Caseworker signed to verify AFDC later than the Supervisor signed off to review.

Context: We sampled 60 case files of a total of 6,480 cases. We noted the above condition in 37 of the 60 inspected files.

Effect: Supervisors reviewing and signing off the eligibility determination prior to the Income Maintenance Caseworker results in a risk that the eligibility was determined based on incomplete AFDC need verification, that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Based on the cases tested there were no instances of benefits received by ineligible parties.

Cause: Proper internal controls are not in place to ensure the AFDC need verification is completed before the Supervisor verifies eligibility.

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed on time.

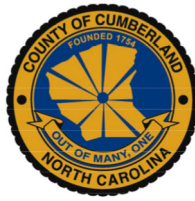
Cumberland County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

Findings 2020-001, 2020-002 and 2020-003 as listed in Section III *Federal Award Findings and Questioned Costs* are also considered to be state award findings.



Christopher Carr
Legal Services

Crystal Black
Adult Services

VACANT
Children's Services

Vivian Tookes
Economic Services

John Nalbone
Business Operations

SECTION CHIEFS

Kristin Bonoyer
Adult Services

Sharon McLeod
Children's Services

VACANT
Economic Services



DEPARTMENT OF SOCIAL SERVICES

Corrective Action Plan

Finding 2020-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance

Recommendation: County DSS staff need to ensure that all documentation is retained and can substantiate what is entered into EPI.

Corrective Action Plan: County will complete refresher training on how to retain and substantiate what is entered into the claims system.

Proposed Completion Date: October 28, 2020

Name of Contact Persons: Sarah Smith, Program Integrity Supervisor (910) 677-2357

Finding 2020-002, Significant Deficiency over Eligibility

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed and retained by the County.

Corrective Action Plan: County will complete refresher training on eligibility determination and continue to monitor staff compliance utilizing our current quality assurance review process.

Proposed Completion Date: September 30, 2020

Name of Contact Persons: Vanessa McClain-Gray, IM Program Manager (910) 677-2230

Finding 2020-003, Significant Deficiency over Eligibility

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed on time.

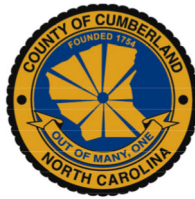
Corrective Action Plan: The income maintenance case worker will refer to the instructions of the 5120 and verify AFDC need for Part V and for part VI the social worker and the supervisor will also refer to the instructions on the 5120. All parties will ensure that proper compliance will be met.

Proposed Completion Date: November 20, 2020

Name of Contact Persons: Sharon McLeod

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Economic Services

John Nalbene
Business Operations

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Sharon McLeod
Children's Services

VACANT
Economic Services



DEPARTMENT OF SOCIAL SERVICES

Schedule of Prior Year Audit Findings

Finding 2019-001, Significant Deficiency, Non-material Noncompliance – Eligibility

Condition: We noted one instance where a child on the case was receiving SSI/SSA and the benefit amounts were miscalculated.

Current status: This finding was properly addressed during FY20. Appropriate case corrections were made, and training was conducted to address the issue.

2019-002: Non-material Noncompliance – Eligibility

Condition: We noted one instance where the County did not send in a case for child support, even though it was applicable as it included an absent parent noted.

Current status: This finding was properly addressed during FY20. Appropriate case corrections were made, and training was conducted to address the issue.

2019-003: Non-material noncompliance – Eligibility

Condition: We noted four instances in which the first review was completed after 12 months, not the mandated six months.

Current status: This finding was properly addressed during FY20. Appropriate case corrections were made, and training was conducted to address the issue.

2019-004: Non-material noncompliance – Eligibility

Condition: We noted one instances where the case head showed two different accounts in NCFast. The SSN was not verified as the second case should have been included with the already existing one.

Current status: This finding was properly addressed during FY20. Appropriate case corrections were made, and training was conducted to address the issue.

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2019-005: Temporary Assistance for Needy Families Non-material noncompliance – Eligibility

Condition: We noted eight cases where the assignment of rights box was populated with “no” in NCFAST. We also noted one case where the required form DSS-8228 was not signed to acknowledge the assignment of rights to the State.

Current status: This finding was properly addressed during FY20. Appropriate case corrections were made, and training was conducted to address the issue.

2019-006: Temporary Assistance for Needy Families Non-material noncompliance – Eligibility

Condition: We noted one case where the initial application was not scanned into NCFAST.

Current status: This finding was properly addressed during FY20. Appropriate case corrections were made, and training was conducted to address the issue.

2019-007: Medical Assistance Program Non-material noncompliance – Eligibility

Condition: We noted one case where the client was no longer eligible for Medicaid benefits and the case was terminated. However, the caseworker did not open a NC Health Choice case, even though the client was eligible for it.

Current status: This finding was properly addressed during FY20. Appropriate case corrections were made, and training was conducted to address the issue.

2019-008: Medical Assistance Program Non-material noncompliance – Eligibility

Condition: We noted seven cases where a Family Services Agreement was not in the file.

Current status: This finding was properly addressed during FY20. Appropriate case corrections were made, and training was conducted to address the issue.

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

YEAR ENDED JUNE 30, 2020

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		\$ 3,216	\$ -	\$ -	-
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		84,689	-	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		3,499,368	-	-	3,499,367
Total Food Stamp Cluster			<u>3,584,057</u>	-	-	<u>3,499,367</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		2,187,456	-	-	-
Total U.S. Dept. of Agriculture						
			<u>5,774,729</u>	-	-	<u>3,499,367</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			38,599	-	-
Direct Program:						
Community Development Block Grants/Entitlement Grants						
	14.218		435,546	-	-	-
Disaster Relief Act 2017	14.218		537,556	-	-	-
CDGB-Disaster Recovery	14.228		60,129	-	-	-
Supportive Housing Program	14.235		131,041	-	131,041	-
HOME Investment Partnerships Program	14.239		121,040	-	-	-
Total U.S. Dept. of Housing and Urban Development						
			<u>1,285,312</u>	<u>38,599</u>	<u>131,041</u>	<u>-</u>
<u>U.S. Dept. of Justice</u>						
<u>Bureau of Justice Assistance</u>						
Direct Program:						
NIBRS Grant	16.734		1,901	-	-	-
F Equitable Sharing Program	16.922		45,266	-	-	-
Passed-through the N.C. Dept. of Crime Control and Public Safety:						
Crime Victim Assistance	16.575		202,983	-	-	-
Direct Program:						
Edward Byrne Memorial Justice Assistance Grant	16.579		150,193	-	-	-
Total U.S. Dept. of Justice						
			<u>400,343</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		433,040	-	-	-

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

YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>WorkForce Innovation & Opportunity Act Cluster</u>					
Passed-through the N.C. Department of Commerce:					
Division of WorkForce Solutions					
WIA/WIOA Adult Program	17.258		789,692	-	-
WIA/WIOA Youth Activities	17.259		690,140	-	-
WIA/WIOA Dislocated Workers Formula Grants	17.278		384,751	-	-
Total WorkForce Innovation & Opportunity Act Cluster			1,864,583	-	-
Passed-through the N.C. Department of Commerce:					
National Emergency Grant					
	17.277		187,885	-	-
Total U.S. Dept. of Labor					
			2,485,508	-	-
<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		197,052	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants					
	20.505		40,557	5,013	-
Formula Grants for Other Than Urbanized Areas					
	20.509		123,973	7,913	-
State & Community Highway Safety Programs					
	20.600		23,142	-	-
National Priority Safety Programs					
	20.616		7,398	-	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Public Safety					
Hazardous Materials Emergency Preparedness					
	20.703		9,450	-	-
Total U.S. Dept. of Transportation					
			401,572	12,926	-
<u>U.S. Department of the Treasury</u>					
Direct Program:					
E Equitable Sharing					
	21.016		70,906	-	-
Coronavirus Relief Fund					
	21.019		2,194,936	-	-
Total U.S. Department of the Treasury					
			2,265,842	-	-
<u>Institute of Museum and Library Services</u>					
Passed-through the State Library of NC					
Grants to States					
	45.310		64,922	-	-
<u>Department of Military and Veteran's Affairs</u>					
Passed-through the NC Division of Veteran's Affairs					
VA Supportive Services for Veteran Families					
	64.033		2,175	-	-
<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		4,957,247	-	6,952,807
Special Children Adoption					
	93.558		171,189	(19,788)	19,788
N.C. Child Support Enforcement Section					
	93.563		3,950,065	-	-
Refugee Assistance					
	93.566		1,591	-	-
Energy Assistance Block Grant:					
Administration					
	93.568		291,096	-	476,313
Crisis Intervention Program					
	93.568		3,329,657	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
Permanency Planning - Families for Kids					
	93.645		68,136	-	621,830
SSBG - Other Services and Training					
	93.667		1,669,044	-	3,980,472
LINKS (formerly Independent Living Grant)					
	93.674		137,378	32,717	91,390

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

YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Foster Care and Adoption Cluster:</u>					
Family Preservation	93.556		38,795	-	-
Title IV-E Foster Care	93.658		4,202,419	1,789,768	1,911,228
Total Foster Care and Adoption Cluster			4,241,214	1,789,768	1,911,228
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		36,684	68,896	15,108
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		670,505	-	51,720
Total Child Care Development Fund Cluster			670,505	-	51,720
Division of Social Services:					
Medical Assistance Program Administration	93.778		6,641,227	9,366	4,261,963
Health Choice	93.767		215,376	(3,171)	19,954
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		70,491	-	-
COVID-19 - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		205,618	-	-
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116		37,207	-	-
Immunization Grants	93.268		146,804	-	-
National State Based Tobacco Control Programs	93.305		55,817	-	-
Temporary Assistance for Needy Families	93.558		63,150	-	-
Cancer Prevention and Control Programs for State, Territorial	93.898		25,622	-	-
Preventive Health and Health Services Block Grant	93.991		30,847	-	-
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977		100	-	-
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		291,116	69,244	-
Office of Population Affairs passed-through the N.C. Dept. of Health and Human Services:					
Office of Population Affairs					
Family Planning Services	93.217		183,623	-	-
Total U.S. Dept. of Health and Human Services			27,490,804	1,947,032	18,402,573
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		1,956,546	652,182	-
Emergency Management Performance Grants	97.042		79,892	-	-
Homeland Security Grant Program	97.067		35,524	-	-
Total Homeland Security			2,071,962	652,182	-
Total Federal awards			42,243,169	2,650,739	131,041
					21,901,940

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

YEAR ENDED JUNE 30, 2020

<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>
State Awards:						
<u>N.C. Dept. of Health and Human Services</u>						
Division of Social Services:						
State Foster Care Benefits Program	-		-	1,914,912	-	1,914,906
Energy Assistance - CP&L Energy Program	-		-	15,688	-	658
State CPS Caseload Reduction	-		-	315,426	-	152,522
CPS State	-		-	130,242	-	5,458
Child Welfare State In-Home Expansion	-		-	61,977	-	100,197
Temporary Assistance for Needy Families Incentives	-		-	836	-	-
Special Links	-		-	4,558	-	-
AFDC Incentives	-		-	104	-	-
Adult Protective Services	-		-	9,861	-	775,712
Smart Start Administration	-		-	155,723	-	209,771
Family Violence Prevention Grant	-		-	35,000	-	-
Division of Public Health:						
School Nurse Funding Initiative	-		-	189,406	-	-
CHA/CHIP Peer Review	-		-	233,260	-	-
General Communicable Disease Control	-		-	25,762	-	-
Triple P	-		-	289,042	-	-
TPPI - Adolescent Parenting Program	-		-	56,588	-	-
Breast & Cervical Cancer Program	-		-	17,813	-	-
Women's Health Service Fund	-		-	30,183	-	-
Child Health	-		-	48,375	-	-
HMHC-Family Planning - State	-		-	37,882	-	-
Maternal Health (HMHC)	-		-	168,927	-	-
HIV/STD State	-		-	25,000	-	-
STD Drugs	-		-	5,126	-	-
Gonorrhea Partner Services	-		-	417	-	-
Healthy Community Activities	-		-	23,125	-	-
TB Control	-		-	89,163	-	-
Total N. C. Department of Health and Human Services	-		-	3,884,396	-	1,244,318
<u>N.C. Dept. of Environment & Natural Resources</u>						
Division of Water and Soil Conservation:						
Agriculture Cost Share Program	-		-	27,235	-	-
Soil and Water District Projects	-		-	3,600	-	-
Stream Debris Removal Grant	-		-	396,654	396,654	-
Total N.C. Department of Environment & Natural Resources	-		-	427,489	396,654	-

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

YEAR ENDED JUNE 30, 2020

Grantor/Pass-through <u>Grantor/Program Title</u> 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Department of Public Safety</u>					
Juvenile Crime Prevention Program			-	1,105,664	1,090,664
NC Tier II Grant			-	960	-
Total N.C. Department of Public Safety			-	1,106,624	1,090,664
<u>N.C. Dept. of Cultural Resources</u>					
State Aid to Public Libraries			-	321,336	-
<u>N.C. Dept. of Transportation</u>					
Rural Operating Assistance Program Cluster:					
Elderly and Disabled Transportation Assistance Program (E&DTAP)					
			-	184,332	-
Rural General Program			-	85,196	-
Work First Transitional/Employment Trans. Assistance			-	88,780	-
Total Rural Operating Assistance Program Cluster			-	358,308	-
Bicycle and Pedestrian Division:					
NC Regional Bike Plan					
				25,851	
Governor's Highway Safety Program					
Community Grants					
			-	30,540	-
Total N.C. Department of Transportation			-	414,699	-
<u>N.C. Dept. of Administration</u>					
Domestic Violence Program			-	83,547	-
<u>N.C. Dept. of Commerce</u>					
Rural Economic Development Grant - Building Reuse Program			-	27,780	27,780
Total State awards			-	6,265,871	1,515,098
Total Federal and State awards	\$ 42,243,169		\$ 8,916,610	\$ 1,646,139	\$ 23,146,258

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

YEAR ENDED JUNE 30, 2020

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the Federal and State grant activity of the County of Cumberland under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the County of Cumberland, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Cumberland

2. Summary of Significant Accounting Policy

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The County of Cumberland has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Subrecipients

Of the federal and State expenditures presented in the schedule, the County of Cumberland provided federal & State 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	\$ 197,052	\$ -
Supportive Housing Program	14.235	131,041	-
Juvenile Crime Prevention Program		-	1,105,664
Stream Debris Removal Grant		-	396,654
Rural Economic Development Grant		-	27,780

4. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption.

5. Coronavirus Relief Funds

The County of Cumberland received \$5,708,842 of funding from the Coronavirus Relief Fund (21.019) in accordance with HB 1043 and is scheduled to receive \$6,511,541 appropriated from HB 1023. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within the County of Cumberland, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.

END OF REPORT

